



# **Alliance Resources Limited**

**ABN 38 063 293 336**

**Interim Report - 31 December 2019**

**Alliance Resources Limited**  
**Corporate directory**  
**31 December 2019**

Directors	Ian J Gandel (Chairman) Kevin J Malaxos (Managing Director) Anthony D Lethlean (Non-Executive Director) Stephen F Johnston (Non-Executive Director)
Company secretary	Robert P Tolliday
Registered Office and Principle Place of Business	Suite 3 51-55 City Road Southbank Victoria 3006 Phone +61 3 9697 9090
Share register	Computershare Investor Services GPO Box 2975 Melbourne Victoria 3001
Auditor	BDO Audit Pty Ltd Collins Square Tower Four Level 18, 727 Collins Street Melbourne Victoria 3008
Stock exchange listing	Alliance Resources Limited shares are listed on the ASX (ticker code: AGS)
Website	<a href="http://www.allianceresources.com.au">www.allianceresources.com.au</a>
Email	<a href="mailto:info@allianceresources.com.au">info@allianceresources.com.au</a>

**Alliance Resources Limited**  
**Directors' report**  
**31 December 2019**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Alliance Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial half-year ended 31 December 2019.

**Directors**

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ian Jeffrey Gandel

Kevin John Malaxos (appointed Managing Director on 1 December 2019)

Anthony Dean Lethlean

Stephen Frederick Johnston (resigned as Managing Director as at 30 November 2019 and took up the position of Non-Executive Director on 1 December 2019)

**Principal activities**

The principal activities of the Consolidated Entity during the six months ended 31 December 2019 were exploring its projects in South Australia (Wilcherry Project) and Western Australia for gold and base metals.

**Review of operations**

The loss for the Consolidated Entity after providing for income tax amounted to \$762,000 (31 December 2018: \$598,000).

During the period, the Consolidated Entity released its Annual Report for the year to 30 June 2019. It also released Quarterly Activities Reports to 30 September 2019 and 31 December 2019, with significant events as follows:

*Wilcherry Project*

The Company through its wholly owned subsidiary, Alliance Craton Explorer Pty Ltd ('ACE'), owns the Wilcherry Project 100%. The Project is located within the southern Gawler Craton on the northern Eyre Peninsula, South Australia and comprises seven exploration licences over approximately 1,200 km<sup>2</sup>. The highest priority exploration target is the Weednanna Gold Deposit (Weednanna). The half year highlights from the Wilcherry Project include:

The completion of 92 reverse circulation (RC) holes for 10,839 metres at Weednanna, comprising 33 RC holes for 5,211 metres to extend known gold mineralisation in the southern end of the deposit in the vicinity of Shoot 5E, Shoot 7, Shoots 9/11 and at an unnamed 3DIP geophysical target north of Shoot 1; 58 vertical RC holes drilled on a 10m x 10m spaced grid for 5,490 metres at Shoot 1 to increase the geological confidence in the mineral resource at Shoot 1 and one RC hole for 138 metres drilled at Shoot 13 to test up dip of previous drill intersections.

The completion of 190 aircore holes for 7,753 metres on the western side of Weednanna over an area that is not considered prospective for gold, but may be suitable for mine infrastructure, including waste dump, tailings storage facility, gold processing facility and site administration buildings. The gold assay results received do not indicate the potential for a gold deposit within the area tested and confirm its suitability for mine infrastructure.

Completion of additional metallurgical testwork was undertaken on samples collected from 2019 drilling to improve the understanding of the metallurgical parameters of each of the main gold mineralised shoots at Weednanna. The recent results support the initial metallurgical recovery results from 2018 used in the Scoping Study (April 2019), with the exception of Shoot 1. The original recovery for Shoot 1 mineralisation used in the Scoping Study was 89.4%, but recent analysis resulted in a reduced recovery of 67.1%. This reduced recovery is believed to be the result of a refractory component of the mineralisation in Shoot 1. Further metallurgical testwork is being undertaken with a view to generating improved recoveries and to optimise the process flowsheet to be incorporated into the ultimate design of the gold processing plant proposed for Weednanna.

Receipt of analyses for 525 x 4m composite sample pulps from the Weednanna deposit that were previously identified for re-analyses for an iron ore suite of elements. Sample selection focussed on the top 80m of the deposit where higher grade iron ore may be available for direct shipping.

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*Announcement of takeover offer for all the fully paid shares in Alliance Resources Limited*

On 19 August 2019, Alliance received an off-market takeover bid by Gandel Metals Pty Ltd (Bidder) to acquire all of the shares in Alliance at an offer price of \$0.14 per share. The Independent Expert declared the offer to be fair and reasonable. Alliance's independent directors recommended that shareholders accept the offer in the absence of a superior offer. The offer closed on 14 October 2019 with the Bidder securing 35.91% of the issued capital of Alliance, resulting in total holdings of 68.21% at the close of the bid for entities associated with Mr Gandel, including the Bidder.

*Resignation of Stephen Johnston, Managing Director*

Mr Stephen Johnston resigned as Managing Director on 30 November 2019 and will remain on the Board as a non-executive director from 1 December 2019.

*Appointment of Kevin Malaxos, new Managing Director*

Mr Kevin Malaxos commenced as Managing Director effective 1 December 2019.

*Unmarketable share parcel sale facility*

A share sale facility for unmarketable parcels of Alliance shares was opened during December 2019. This facility included the opportunity for shareholders with parcels of shares valued at less than \$500 to sell their shares without incurring a transaction fee. The facility closed on 4 February 2020.

*West Australian Nickel - Gold - Projects (Alliance 100%)*

The Gundockerta Project is located approximately 70 km east of Kalgoorlie, Western Australia. During the period, assay results were received for an aircore drilling program completed during June 2019. The gold assay results received from this drilling program do not indicate the potential for a large gold deposit within the target area, given the type of host rocks present and depth of weathering.

Exploration licence E15/1658 (Nepean North) was granted during the period and is located approximately 26 km SW of Coolgardie, Western Australia.

No exploration was conducted at other projects in Western Australia during the reporting period.

**Corporate**

During the reporting period:

*Cash reserves*

The Consolidated Entity had available cash reserves of \$1.366 million at 31 December 2019.

*Investment in Tyranna Resources Limited and Centennial Mining Limited*

The Consolidated Entity holds 71,393,843 ordinary shares in Tyranna Resources Limited and 11,000,000 ordinary shares in Centennial Mining Limited (CTL). On 21 March 2019, CTL was placed into Administration and on 7 June 2019 CTL executed a Deed of Company Arrangement. Shareholders in CTL are not expected to receive any returns and as such, the CTL investment has been written down to Nil.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

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

No matter or circumstance has arisen since 31 December 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' report**  
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**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.

**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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Anthony Lethlean  
Chairman - Audit & Risk Committee

13 March 2020  
Melbourne

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

As lead auditor for the review of Alliance Resources Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Wai Aw  
Director

**BDO Audit Pty Ltd**

Melbourne, 13 March 2020

## Alliance Resources Limited

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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 financial half-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 are:

#### Registered office

Suite 3  
51-55 City Road  
Southbank Victoria 3006

#### Principal place of business

Suite 3  
51-55 City Road  
Southbank Victoria 3006  
Telephone +61 3 9697 9090

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 13 March 2020. 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 half-year ended 31 December 2019**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Interest income	15	41
<b>Expenses</b>		
Depreciation expense	(60)	(3)
Expense of share options granted	(3)	(12)
Tenement costs abandoned	-	(29)
Occupancy expenses	(10)	(10)
Administration expenses	(374)	(444)
Legal expenses and take-over costs	(191)	(2)
Director fees	(85)	(83)
Company secretarial	(35)	(32)
Marketing and investor relations	(18)	(24)
Finance costs	(1)	-
<b>Loss before income tax expense</b>	<b>(762)</b>	<b>(598)</b>
Income tax expense	-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Alliance Resources Limited</b>	<b>(762)</b>	<b>(598)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Change in fair value of equity investments at FVOCI	(20)	(601)
Other comprehensive income for the half-year, net of tax	(20)	(601)
<b>Total comprehensive income for the half-year attributable to the owners of Alliance Resources Limited</b>	<b>(782)</b>	<b>(1,199)</b>
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.50)	(0.57)
Diluted loss per share	(0.50)	(0.57)

*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 31 December 2019**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,366	3,693
Trade and other receivables		94	153
Other assets		44	22
<b>Total current assets</b>		<u>1,504</u>	<u>3,868</u>
<b>Non-current assets</b>			
Trade and other receivables		15	15
Financial assets at fair value through other comprehensive income	4	274	294
Property, plant and equipment		745	794
Right-of-use assets	5	31	-
Exploration and evaluation	6	11,385	9,810
<b>Total non-current assets</b>		<u>12,450</u>	<u>10,913</u>
<b>Total assets</b>		<u>13,954</u>	<u>14,781</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		157	264
Lease liabilities	7	23	-
Employee benefits		4	92
<b>Total current liabilities</b>		<u>184</u>	<u>356</u>
<b>Non-current liabilities</b>			
Lease liabilities	8	8	-
Employee benefits		2	1
<b>Total non-current liabilities</b>		<u>10</u>	<u>1</u>
<b>Total liabilities</b>		<u>194</u>	<u>357</u>
<b>Net assets</b>		<u>13,760</u>	<u>14,424</u>
<b>Equity</b>			
Contributed equity	9	51,930	51,815
Reserves		(2,528)	(2,511)
Accumulated losses		(35,642)	(34,880)
<b>Total equity</b>		<u>13,760</u>	<u>14,424</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 half-year ended 31 December 2019**

<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018	47,498	(1,577)	(33,404)	904	13,421
Loss after income tax expense for the half-year	-	-	(598)	-	(598)
Other comprehensive income for the half-year, net of tax	-	(601)	-	-	(601)
Total comprehensive income for the half-year	-	(601)	(598)	-	(1,199)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	12	-	-	12
Joint venturers' interest received	2	-	-	1	3
Balance at 31 December 2018	<u>47,500</u>	<u>(2,166)</u>	<u>(34,002)</u>	<u>905</u>	<u>12,237</u>

<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2019	51,815	(2,511)	(34,880)	14,424
Loss after income tax expense for the half-year	-	-	(762)	(762)
Other comprehensive income for the half-year, net of tax	-	(20)	-	(20)
Total comprehensive income for the half-year	-	(20)	(762)	(782)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	115	-	-	115
Share-based payments	-	3	-	3
Balance at 31 December 2019	<u>51,930</u>	<u>(2,528)</u>	<u>(35,642)</u>	<u>13,760</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 half-year ended 31 December 2019**

	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(900)	(563)
Finance Costs	(1)	-
	<u>(901)</u>	<u>(563)</u>
Interest received	14	38
	<u>14</u>	<u>38</u>
Net cash used in operating activities	<u>(887)</u>	<u>(525)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(1,578)	(1,862)
Proceeds from JV interest	-	2
Interest earned by JV partner	-	1
	<u>(1,578)</u>	<u>(1,859)</u>
Net cash used in investing activities	<u>(1,578)</u>	<u>(1,859)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	165	-
Share issue transaction costs	(4)	-
Repayment of lease liabilities	(23)	-
	<u>138</u>	<u>-</u>
Net cash from financing activities	<u>138</u>	<u>-</u>
Net decrease in cash and cash equivalents	(2,327)	(2,384)
Cash and cash equivalents at the beginning of the financial half-year	<u>3,693</u>	<u>5,408</u>
Cash and cash equivalents at the end of the financial half-year	<u>3</u> <u>1,366</u>	<u>3,024</u>

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

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

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

The following new Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

*AASB 16 Leases*

The Consolidated Entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

*Impact of adoption*

AASB 16 was adopted using the modified retrospective approach #1 and as such the comparatives have not been restated.

The Company's wholly owned subsidiary, ACE, has a Ground Lease for land on which its accommodation village has been built. Using the modified retrospective approach #1 this land, being the Right-of-Use asset, has been treated as being equal in value to the Lease Liability on the initial application date, being 1 July 2019.

The impact of adoption on opening accumulated losses as at 1 July 2019 was nil.

*Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Going concern**

For the half-year ended 31 December 2019, the Consolidated Entity made a loss after taxation of \$762,000, and had net cash outflows from operating activities of \$887,000 and net cash outflows from investing activities of \$1,578,000. At 31 December 2019, the Consolidated Entity reported cash and cash equivalents of \$1,366,000.

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 prepared a twelve-month cash flow budget which include 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.
- The Consolidated Entity has a history of successfully raising funds. The Consolidated Entity has the ability to raise further capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A.
- The major shareholder entities associated with Mr Gandel, namely Gandel Metals Pty Ltd and Abbotsleigh Pty Ltd who now own 68.21% of the Company, have committed to participate in any capital raisings for the next 12 months, thus providing the Company with a solid platform to raise sufficient capital to continue as a going concern.

On the basis that sufficient funding is expected to be raised to meet the Consolidated Entity's expenditure forecasts, the directors consider that the Consolidated Entity remains a going concern and these financial statements have been prepared on this basis.

**Note 2. 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.

**Note 3. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	1,291	3,618
Cash on deposit	75	75
	<u>1,366</u>	<u>3,693</u>

**Note 4. Non-current assets - financial assets at fair value through other comprehensive income**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - listed securities	3,984	3,984
Revaluation of investments to fair value	(3,710)	(3,690)
	<u>274</u>	<u>294</u>

*Reconciliation*

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

Opening fair value	294	1,250
Movement in fair value	(20)	(956)
Closing fair value	<u>274</u>	<u>294</u>

Refer to note 11 for further information on fair value measurement.

**Alliance Resources Limited**  
**Notes to the financial statements**  
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**Note 5. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Land and buildings - right-of-use	42	-
Less: Accumulated depreciation	(11)	-
	<u>31</u>	<u>-</u>

Additions to the right-of-use assets during the half-year were \$Nil.

The Consolidated Entity leases land used for an accommodation village under agreement with 16 months to run as at 31 December 2019.

*Reconciliations*

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

<b>Consolidated</b>	<b>Total</b>
	<b>\$'000</b>
Balance at 1 July 2019	42
Additions	-
Depreciation expense	<u>(11)</u>
Balance at 31 December 2019	<u><u>31</u></u>

**Note 6. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Exploration and evaluation costs carried forward - WA	<u>296</u>	<u>261</u>
Exploration and evaluation costs carried forward - Wilcherry Project	<u>11,089</u>	<u>9,549</u>
	<u><u>11,385</u></u>	<u><u>9,810</u></u>

**Note 7. Current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Property Lease Liability	<u>23</u>	<u>-</u>

**Note 8. Non-current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Property Lease Liability	<u>8</u>	<u>-</u>

**Alliance Resources Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 9. Equity - contributed equity**

	<b>Consolidated</b>			
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>154,038,332</u>	<u>153,038,332</u>	<u>51,930</u>	<u>51,815</u>

A total of 1,000,000 options were exercised and converted at \$0.1192 on 30 August 2019 resulting in the receipt of \$119,200 (before costs).

*Movements in share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2019	153,038,332		51,815
Options exercised	30 August 2019	1,000,000	\$0.1192	119
Share issue transaction costs				<u>(4)</u>
Balance	31 December 2019	<u>154,038,332</u>		<u>51,930</u>

*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.

**Note 10. Equity - dividends**

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

**Note 11. 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 - 31 Dec 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Assets</i>				
Ordinary shares	<u>274</u>	-	-	<u>274</u>
Total assets	<u>274</u>	-	-	<u>274</u>

<b>Consolidated - 30 Jun 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Assets</i>				
Ordinary shares	<u>294</u>	-	-	<u>294</u>
Total assets	<u>294</u>	-	-	<u>294</u>

There were no transfers between levels during the financial half-year.



**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 31 December 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**  
**31 December 2019**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Anthony Lethlean  
Chairman - Audit & Risk Committee

13 March 2020  
Melbourne

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alliance Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Alliance Resources Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Wai Aw', with a long horizontal flourish extending to the right.

Wai Aw  
Director

Melbourne, 13 March 2020