

28 February 2018

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$13.6 M @ \$0.13

Shares on issue: 104,293,923

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Projects:

Wilcherry JV, SA (67.35%): gold and base metals

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

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

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WILCHERRY AND NEPEAN SOUTH UPDATES

Weednanna Gold Prospect, Wilcherry Project, South Australia

The Directors of Alliance Resources Ltd (“Alliance” or “the Company”) are pleased to provide an update of the ongoing drilling program at the Weednanna gold prospect, part of the Wilcherry Project, a joint venture between Alliance (67.35%) and Tyranna Resources Ltd (ASX Code: TYX) (32.65%).

Reverse circulation (RC) drilling commenced at the Weednanna gold prospect on 21 February to test the limits of the new Target 4 gold zone. To date 10 RC holes have been completed for 1,434m at Target 4.

Following completion of the Target 4 drilling, three holes will be drilled at Target 5, a new gold target area, before returning to the regional targets to drill test the remainder of the shallow MLEM anomalies for base metals.

Details of the Weednanna drilling will be announced upon completion of the drilling program once all results have been received.

In January, Alliance announced high-grade gold results from the third phase of RC drilling at Weednanna, including the following intercepts from Target 4:

- 15m @ 18.21 g/t Au from 107m in 17WDRC067, incl. 7m @ 35.94 g/t Au from 109m
- 3m @ 25.45 g/t Au from 81m in 17WDRC070, incl. 1m @ 74.2 g/t Au from 81m

Refer to Alliance ASX announcements dated 30 November 2017 and 17 January 2018 for details of the Exploration Results.

Nepean South Project, Western Australia

Alliance also advises that the results of aircore drilling at the Nepean South Project in Western Australia did not report any significant gold in regolith beneath the previously defined gold in soil sampling anomalism.

No further work is planned at Nepean South in the next six months due to higher priorities at other projects.

Nepean South remains prospective for nickel sulphide mineralisation.

Table A: Nepean South aircore drillhole collar information

Hole_ID	North_MGA	East_MGA	RL (m)	Azimuth	Dip	Depth (EOH)
NSAC001	6,546,636	314,852	400	0	-90	67
NSAC002	6,546,635	315,008	400	0	-90	39
NSAC003	6,546,633	315,167	400	0	-90	21
NSAC004	6,546,638	315,331	400	0	-90	41
NSAC005	6,546,643	315,488	400	0	-90	49
NSAC006	6,546,646	315,649	400	0	-90	38
NSAC007	6,546,628	315,807	400	0	-90	30
NSAC008	6,546,644	315,962	400	0	-90	56
NSAC009	6,546,646	316,128	400	0	-90	23
NSAC010	6,546,638	316,286	400	0	-90	64
NSAC011	6,546,643	317,002	400	0	-90	46
NSAC012	6,546,643	317,171	400	0	-90	32
NSAC013	6,546,635	317,341	400	0	-90	4
NSAC014	6,546,645	317,493	400	0	-90	13
NSAC015	6,546,961	314,852	400	0	-90	43
NSAC016	6,546,965	315,014	400	0	-90	50
NSAC017	6,546,967	315,171	400	0	-90	23
NSAC018	6,546,956	315,325	400	0	-90	58
NSAC019	6,546,960	315,491	400	0	-90	66
NSAC020	6,546,957	315,642	400	0	-90	49
NSAC021	6,546,954	315,815	400	0	-90	46
NSAC022	6,546,949	315,964	400	0	-90	63
NSAC023	6,546,960	316,128	400	0	-90	45
NSAC024	6,547,277	314,848	400	0	-90	17
NSAC025	6,547,276	315,012	400	0	-90	42
NSAC026	6,547,280	315,165	400	0	-90	50
NSAC027	6,547,276	315,329	400	0	-90	49
NSAC028	6,547,276	315,488	400	0	-90	60
NSAC029	6,547,274	315,654	400	0	-90	52
NSAC030	6,547,279	315,805	400	0	-90	74
NSAC031	6,547,755	314,536	400	0	-90	9
NSAC032	6,547,762	314,698	400	0	-90	10
NSAC033	6,547,755	314,851	400	0	-90	79
NSAC034	6,547,757	315,005	400	0	-90	57
NSAC035	6,547,758	315,173	400	0	-90	43
NSAC036	6,547,765	315,327	400	0	-90	43
NSAC037	6,547,770	315,490	400	0	-90	65
NSAC038	6,547,766	315,657	400	0	-90	32
NSAC039	6,547,746	315,814	400	0	-90	27
NSAC040	6,547,759	315,973	400	0	-90	38
NSAC041	6,547,764	316,137	400	0	-90	47
NSAC042	6,547,765	316,287	400	0	-90	62
NSAC043	6,547,761	316,444	400	0	-90	40
NSAC044	6,548,077	314,211	400	0	-90	75
NSAC045	6,548,076	314,368	400	0	-90	51
NSAC046	6,548,077	314,517	400	0	-90	33
NSAC047	6,548,082	314,691	400	0	-90	37
NSAC048	6,548,076	314,844	400	0	-90	46
NSAC049	6,548,081	315,010	400	0	-90	81
NSAC050	6,548,084	315,161	400	0	-90	64
NSAC051	6,548,081	315,332	400	0	-90	27
NSAC052	6,548,083	315,490	400	0	-90	51
NSAC053	6,548,082	315,649	400	0	-90	40
NSAC054	6,548,085	315,800	400	0	-90	60
NSAC055	6,548,084	315,973	400	0	-90	77
NSAC056	6,548,084	316,132	400	0	-90	56
NSAC057	6,548,079	316,289	400	0	-90	31
NSAC058	6,548,071	316,443	400	0	-90	41
NSAC059	6,548,080	316,607	400	0	-90	42
NSAC060	6,548,085	316,762	400	0	-90	38

Table A: Nepean South aircore drillhole collar information (continued)

Hole_ID	North_MGA	East_MGA	RL (m)	Azimuth	Dip	Depth (EOH)
NSAC061	6,548,082	316,923	400	0	-90	53
NSAC062	6,548,083	317,082	400	0	-90	48
NSAC063	6,548,082	317,250	400	0	-90	51
NSAC064	6,548,397	314,210	400	0	-90	36
NSAC065	6,548,403	314,374	400	0	-90	60
NSAC066	6,548,396	314,532	400	0	-90	81
NSAC067	6,548,405	314,705	400	0	-90	54
NSAC068	6,548,402	314,847	400	0	-90	64
NSAC069	6,548,404	315,031	400	0	-90	61
NSAC070	6,548,399	315,175	400	0	-90	49
NSAC071	6,548,396	315,327	400	0	-90	54
NSAC072	6,548,405	315,487	400	0	-90	76
NSAC073	6,548,396	315,644	400	0	-90	87
NSAC074	6,548,401	315,812	400	0	-90	63
NSAC075	6,548,403	315,965	400	0	-90	60
NSAC076	6,548,406	316,129	400	0	-90	33
NSAC077	6,548,398	316,285	400	0	-90	56
NSAC078	6,548,407	316,452	400	0	-90	64
NSAC079	6,548,399	316,635	400	0	-90	54
NSAC080	6,548,400	316,771	400	0	-90	66
NSAC081	6,548,400	316,932	400	0	-90	72
NSAC082	6,548,400	317,089	400	0	-90	71
NSAC083	6,548,390	317,246	400	0	-90	45
NSAC084	6,549,044	316,452	400	0	-90	50
NSAC085	6,549,039	316,604	400	0	-90	47
NSAC086	6,549,038	316,765	400	0	-90	39
NSAC087	6,549,043	316,922	400	0	-90	52
NSAC088	6,549,044	317,085	400	0	-90	59
NSAC089	6,549,039	317,245	400	0	-90	42
NSAC090	6,549,046	317,408	400	0	-90	33

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About Alliance

Alliance Resources Ltd (Alliance) is an Australian gold and base metals exploration company with projects in South Australia and Western Australia.

Competent Person's Statement

The information in this report that relates to the Exploration Results is based on information compiled by Mr Stephen Johnston who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Johnston is a full time employee of Alliance Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Johnston consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Section 1 – Sampling Techniques and Data		
Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	Sample type was drill cuttings from aircore drilling.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Industry standard practice has been applied on site to ensure sample representivity. The laboratory has applied appropriate QA-QC to sample preparation and appropriate calibration/QA-QC to analytical instruments.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (eg. ‘reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay’</i>	Aircore drilling was used to obtain 1m samples down hole. Four x 1m scoop samples were taken from consecutive 1m samples and composited into a single sample and assayed for gold using a 50g charge fire assay with AAS finish. The samples were also XRF analysed for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S and Zn, which is a semi-quantitative scan with precision and accuracy in the order of 20%.
Drilling techniques	<i>Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	Aircore drilling is a reverse circulation drilling technique using a 4.5” diameter drill (blade) bit. The drill holes were oriented vertically.
Drill sample recovery	<i>Method recording and assessing core and chip sample recoveries and results assessed.</i>	Samples were logged and sample recovery estimated on site by a geologist.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	The majority of drilling was dry and the sample recovery 100%. Where the water table was intersected, the relatively shallow depth of drilling (average 48.8m) allowed the injected air to keep the sample relatively dry in most cases.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Dry RC samples have a low potential for sample bias.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Samples were logged by a geologist for lithology, minerals, colour, weathering, alteration and magnetic susceptibility.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Sample logging is qualitative (e.g. colour) and quantitative (e.g. % minerals) in nature depending on the feature being logged.
	<i>The total length and percentage of the relevant intersections logged.</i>	All holes were logged from start to finish.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not applicable.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	One metre samples were collected at the drilling rig using a bucket mounted directly below the cyclone. The majority of samples were dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation and analyses was carried out by ALS in Perth as described above.
	<i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i>	Approximately 4% of the analysed samples were in the form of Company submitted standards, blanks or duplicates.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	The sampling measures described above ensured the sampling was representative of the in-situ material.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The samples sizes are considered appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	For gold, a 50g charge fire assay for gold with AAS finish (AU-AA26). Fire assay is considered to be a total digestion technique for gold. The samples were also analysed by XRF for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S and Zn (pXRF-30), which is a semi-quantitative scan with precision and accuracy in the order of 20%. The technique is considered to be equivalent to a total digestion technique and is considered appropriate for the

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		sample type.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their deviation, etc.</i>	Not applicable.
	<i>Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have been established.</i>	Sample duplicates and sample standards were inserted into the sample sequence every 26 samples by the laboratory. Sample blanks were inserted into the sample sequence every 47 samples by the laboratory. The analyses of the duplicates indicate acceptable levels of accuracy have been established.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Alternative company geologists have verified the significant results that are tabled in this report.
	<i>The use of twinned holes.</i>	Not applicable.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Each sample bag was labelled with a unique sample number. Sample numbers are used to match analyses from the laboratory to the in-house database containing sampling data.
	<i>Discuss any adjustment to assay data.</i>	Other than arithmetically averaging of repeat analyses, no adjustments have been made to analyses.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other location used in Mineral Resource estimation.</i>	Hole collars were surveyed by handheld GPS. Expected horizontal accuracy is claimed to be <1m in handheld GPS units from 1 July 2017 due to Satellite Based Augmentation System (SBAS) test bed trial in Australia.
	<i>Specification of the grid system used.</i>	MGA94, zone 51.
	<i>Quality and adequacy of topographic control.</i>	RL's were estimated from exiting topographic maps and is considered adequate at this stage of exploration.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Data spacing is listed in Table A in the body of the report.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedures(s) and classifications applied.</i>	Not applicable at this stage of exploration.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Not applicable at this stage of exploration.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Not applicable at this stage of exploration.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples were transported offsite each day to a secure location prior to transportation to the laboratory.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken.

Section 2 – Reporting of Exploration Results		
Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Nepean South Project (E15/1483, P15/6072 and E15/1543) are owned 100% by Alliance (SA) Pty Ltd (Alliance). The Project is centred 40 km southwest of Coolgardie, Western Australia.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenements are in good standing with no known impediments to obtaining a licence to operate in the area.
Exploration done by other	<i>Acknowledgement and appraisal of exploration by other parties.</i>	The area has been explored by companies including Metals Exploration Ltd (1968-1985), Triton Resources Ltd (1994-2000),

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Criteria	JORC Code explanation	Commentary
parties		Resolute Ltd (1995-1999), Hannans Reward Ltd (2005-2008), Mincor Resources Ltd (2006-2013) and HD Mining and Investment Pty Ltd (2012-2014). All previous work has been appraised by Alliance.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	The Nepean South project captures the interpreted southern extension of the ultramafic sequence hosting the Nepean Nickel Mine (historic production: 1.1 Mt @ 3.0% Ni for 32,200 t Ni) (not part of Alliance's tenements). The project is considered prospective for both komatiitic-hosted nickel sulphide mineralisation and greenstone-hosted orogenic gold mineralisation.
Drill hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar;</i> • <i>elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;</i> • <i>dip and azimuth of the hole;</i> • <i>down hole length and interception depth;</i> • <i>hole length.</i> <p><i>If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	<p>Refer to the Table A in the body of report for details of the aircore hole collars to which this report relates.</p> <p>The assay and analytical results did not report any significant gold or base metals results.</p>
Data aggregation methods	<i>In reporting Exploration results, weighting averaging techniques, maximum and/or minimum grade truncation (eg. cutting of high grades) and cut-off grades are usually material and should be stated.</i>	Not applicable.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregation should be shown in detail.</i>	Not applicable.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg. 'down hole length, true width not known').</i></p>	Not applicable as no significant results are reported.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Not applicable as no significant results are reported.
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	Not applicable as no significant results are reported.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density; groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All relevant exploration data have been reported.
Further work	<i>The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Refer to main body of report.