

**7 May 2018**

**ALLIANCE RESOURCES LTD**

**ASX: AGS**

**ABN: 38 063 293 336**

**Market Cap: \$12M @ \$0.115**

**Shares on issue: 104,293,923**

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**Projects:**

**Wilcherry JV, SA (71.09%):** gold and base metals

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

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

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## REGIONAL GOLD POTENTIAL *Wilcherry Project Joint Venture*

- Preliminary assessment of the regional gold potential within trucking distance to Weednanna indicates historic high grade gold intercepts, including:
  - *5m @ 2.46 g/t gold from 159m in 08MAW008, incl. 3m @ 3.30 g/t gold from 161m (Mawson)*
  - *1m @ 4.09 g/t gold from 14m in 99UDSR029 (Ultima Dam South)*
- Gold mineralisation at Mawson is reported over 1,500m open to the north, up-dip and at depth
- Maiden Mineral Resource Estimate at Weednanna anticipated 1H 2018

The Board of Alliance Resources Ltd (Alliance) is pleased to update the market on the regional gold potential at the Wilcherry Project area, which forms part of the joint venture (JV) between Alliance (71.09%) and Tyranna Resources Ltd (ASX Code: TYX) (28.91%).

Since formation of the JV, Alliance's primary focus has been to assess the potential of the high grade Weednanna gold prospect for economic development. The Company is well advanced with this work and plans to establish a maiden mineral resource estimate in 1H 2018.

Alliance has improved its understanding of the gold skarn mineralisation model at Weednanna with two significant advances:

- (1) The recognition of discrete high grade gold shoots
- (2) The location of gold shoots in both Paleo-Proterozoic meta-sediments and Archaean granite-gneiss (e.g. Weednanna Target 1).

Furthermore, the Company has identified that previous exploration did not use appropriate drill hole spacing for the discrete high grade gold shoots and largely ignored the opportunities in the Archaean granite-gneiss.

Alliance has commenced a review of the regional gold prospectivity to identify prospects with potential for gold mineralisation within 5 km of Weednanna.

Preliminary compilation of the historic geochemical and drilling databases indicates intercepts >1 g/t gold (Au) exist at the **Mawson, Ultima Dam South** and **Weednanna North** prospects, with anomalous gold >0.2 g/t Au at the **Ultima Dam** and **Ultima Dam North** prospects.

Managing Director, Steve Johnston commented “Now that our flagship Weednanna gold prospect is advancing towards a maiden mineral resource estimate, we have turned our attention to the regional gold potential proximal to the prospect. It is emphasised that the exploration potential at Weednanna itself remains very high, however, the high grade gold intercepts at Mawson and Ultima Dam South, both within a short trucking distance to Weednanna, are also very exciting.”

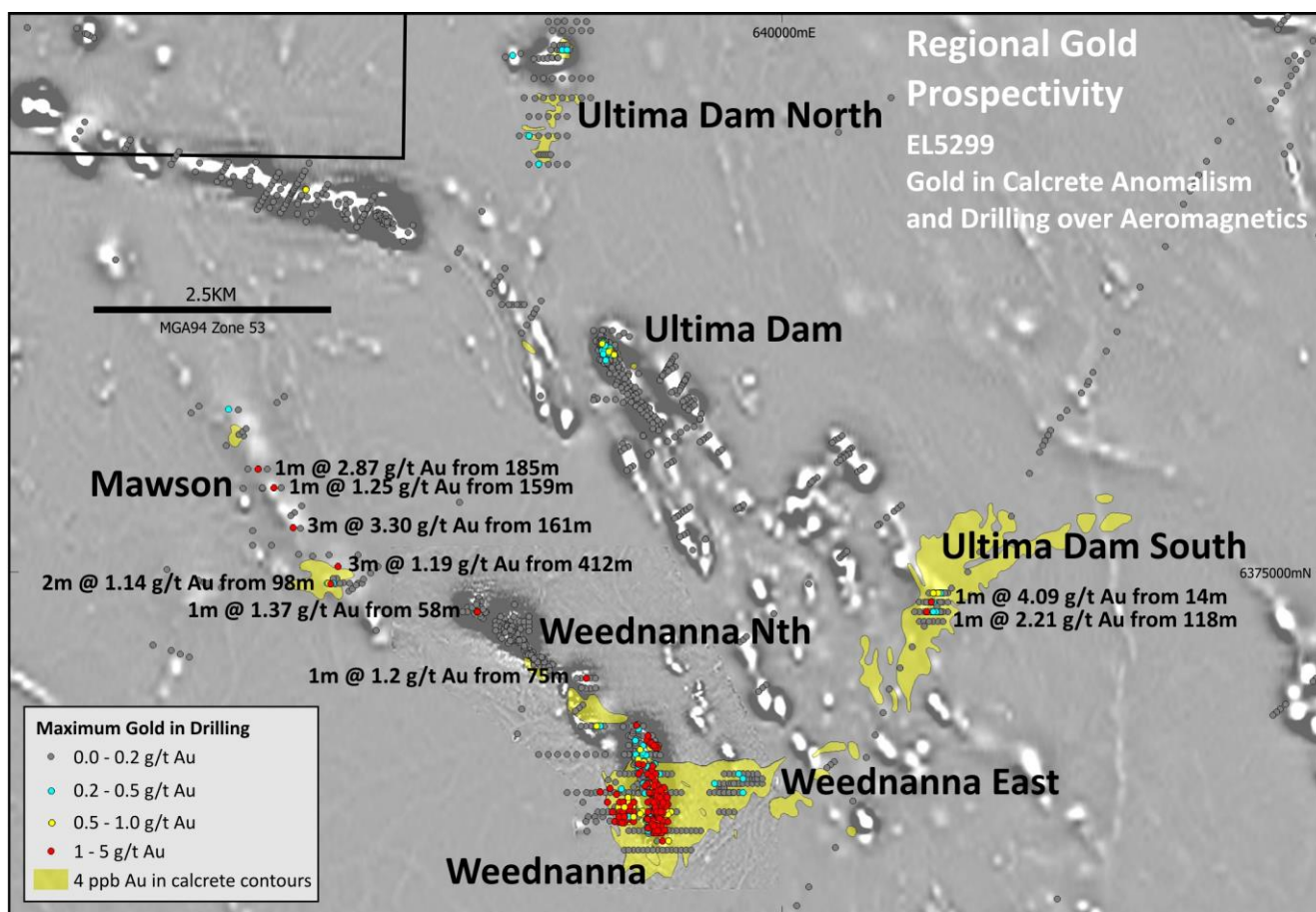


Figure 1: Regional Gold Prospectivity

The Mawson prospect, 3,600m to the northwest of Weednanna, was initially identified by calcrete sampling in the 1990's that defined a gold-in-calcrete anomaly over the southern part of the prospect. In 1999, drilling by AngloGold into the calcrete gold anomaly intersected 29m @ 0.86% Cu from 41m in 99WDRC061. Trafford drilled nine RC holes across Mawson in 2008, including four with diamond tails. Five holes report significant intercepts >1 g/t Au, with a best intercept of:

- **5m @ 2.46 g/t Au from 159m in 08MAW008, including 3m @ 3.30 g/t gold from 161m.**

This drilling targeted a belt of northwest-striking magnetic anomalism (6 km long by 300-400m wide) and corresponding with the eastern edge of a gravity anomaly. These high grade holes occur over a strike length of approximately 1,500m. The mineralisation is open to the north, up-dip and at depth. Refer Figure 2.

The Ultima Dam South prospect, 3,200m to the northeast of Weednanna, was drilled by AngloGold in 1999. Two holes report significant intercepts >1 g/t Au, with a best and shallow intercept of:

- **1m @ 4.09 g/t Au from 14m in 99UDSR029**

This drilling targeted a belt of northwest-striking magnetic anomalism that locally strikes northeast at Ultima Dam South and is approximately 350m long by 250m wide. These high-grade holes occur over a strike length of 100m, although a lower grade intercept (>0.5 g/t Au) to the north extends the strike length to at least 200m. The mineralisation is open to the north and at depth. Refer Figure 3.

Alliance has not been able to locate previous ASX announcements for these gold and copper results, therefore these Exploration Results are reported in accordance with the JORC Code. Refer to Figures 1 to 3 and Table A for details of these intersections.

**Table A: Significant gold intercepts >1 g/t gold (highlighted intercepts >2 g/t Au)**

Hole ID	Method	East_MGA	North_MGA	RL (m)	Azimuth	Dip	EOH	DEPTH_Fron	DEPTH_To	Interval	Au (ppm)	Cu (%)	Company
<b>Mawson</b>													
00WDDH006	DDH	6375171	635529	314	240	-60	443.76	412	415	3	1.19		Anglogold
including								412	413	1	2.41		
08MAW003	RC	6374571	641569	251	270	-60	207	157	158	1	1.20		Trafford
and								159	160	1	1.25		
08MAW005	DDH	6374575	636790	284	270	-60	399.7	185	186	1	2.87		Trafford
08MAW008	DDH	6375446	634927	326	272	-59.9	405.8	159	164	5	2.46		Trafford
including								161	164	3	3.30		
99WDRC061	RC	6374865	635298	317	270	-60	250	41	70	29		0.86	Anglogold
including								51	61	10		1.80	
and								98	100	2	1.14		
<b>Ultima Dam South</b>													
99UDSR029	RAB	6374671	641554	250	0	-90	45	14	15	1	4.09		Anglogold
99UDSRC003	RC	6375872	634728	327	270	-60	148	118	119	1	2.21		Anglogold
<b>Weednanna North</b>													
08WNRC005	RC	6376071	634579	329	269	-55.8	82	58	59	1	1.37		Ironclad
08WNRC023	RC	6373872	637932	275	270.4	-61.1	148	75	76	1	1.20		Ironclad

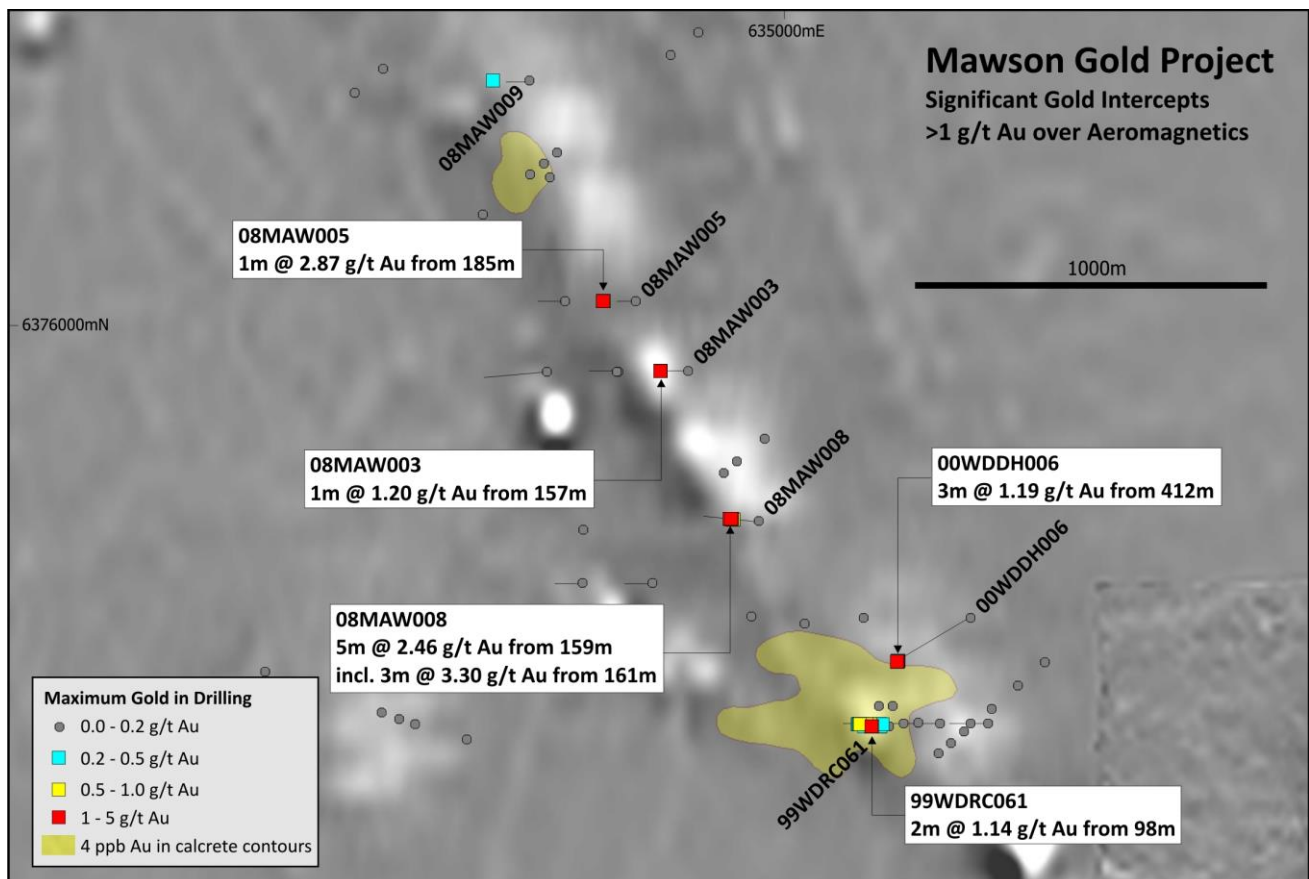


Figure 2: Mawson Gold Prospect

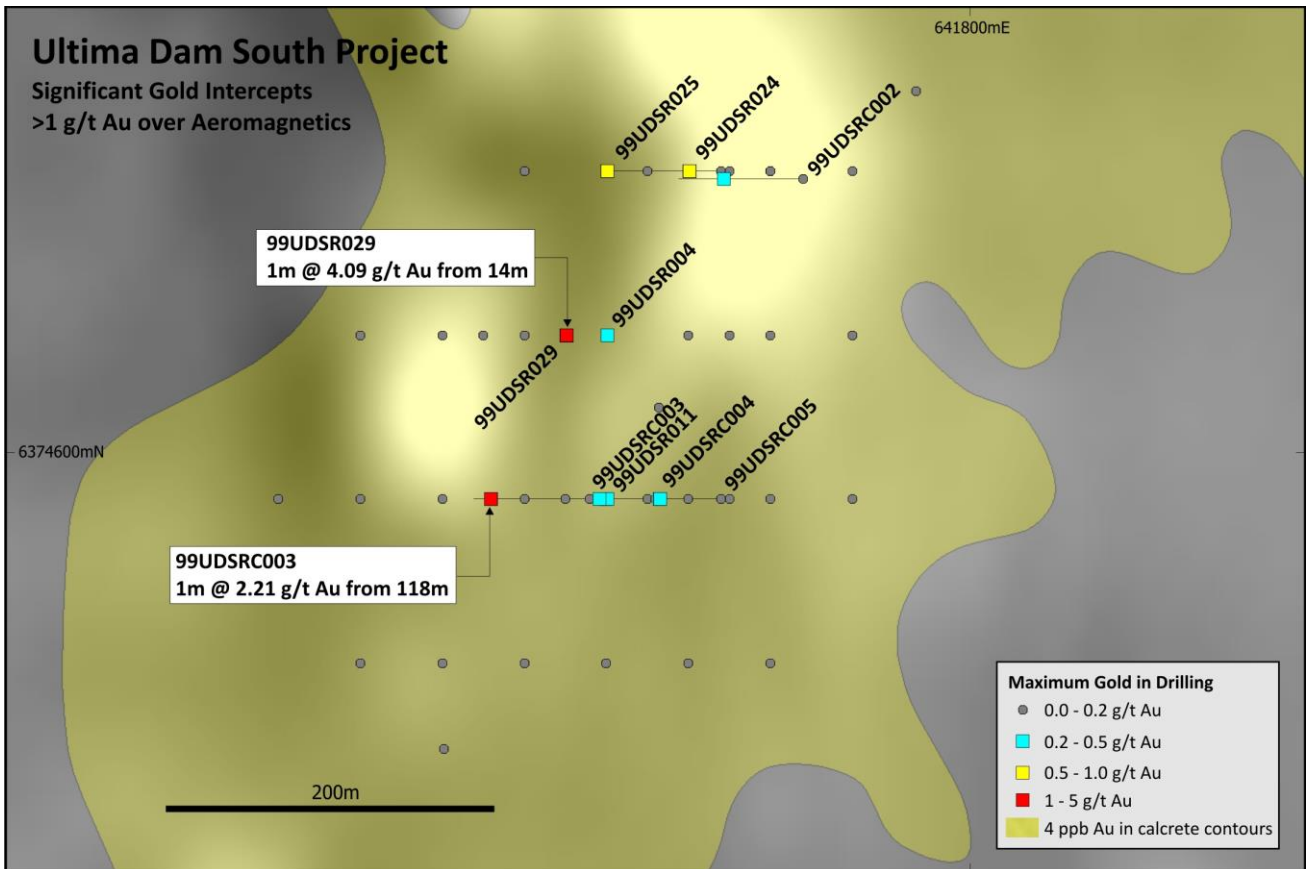


Figure 3: Ultima Dam South Gold Prospect

## Planned Work

- Complete a regional structural and lithological interpretation of aeromagnetic and gravity data to identify gold skarn targets in favourable structural positions;
- Review our surface geochemical database to identify priority gold target areas and complete additional sampling as necessary;
- Complete aircore drilling over highest ranked targets , and
- Follow up any aircore gold anomalies with bedrock RC drilling.

**Steve Johnston**  
Managing Director

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## **About Alliance**

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

The Company's flagship project is the Wilcherry Project Joint Venture (Alliance 71.09%), located within the southern part of the Gawler Craton in the northern Eyre Peninsula of South Australia.

Weednanna is the most advanced gold prospect at the Wilcherry Project Joint Venture, where high grade gold shoots are associated with a calc-silicate and magnetite skarn system.

Planned work includes establishing a maiden mineral resource estimate in 1H 2018, together with a staged program of metallurgical work on Weednanna gold mineralisation with the aim of optimising gold recovery and culminating in process design criteria and capital and operating costs for the processing base case.

The outcomes of both work streams, if positive, will feed into a scoping study in 2H 2018.

## **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 either drill cuttings from rotary air blast (RAB) or reverse circulation (RC) drill holes or diamond core (DDH) as stated under 'Method' in Table A.
	<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 was applied on site to ensure sample representivity. The laboratories 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>	Reverse circulation, rotary air blast or diamond drilling was used to obtain 1m samples from which approximately 2 kg was pulverised to produce a 50g charge for fire assay.
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>	RC drilling for Acacia Resources in 1999 used a 5 ¼" diameter face sampling bit.  RAB drilling for Anglogold used an open hole blade bit.  Diamond drilling in 2000 and 2008 was NQ cored.
	<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.
Drill sample recovery	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Unknown.
	<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>	Unknown.
	<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 recovery, weathering, moisture, colour, lithology, alteration, texture, mineralogy and mineralisation.
Logging	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Sample logging is both qualitative (e.g. colour) and quantitative (eg. % mineral present) 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.
	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Diamond core was sawn in half using a diamond saw. Samples of half core were collected at one metre intervals when logged as skarn. When not logged as skarn, samples were only taken over specific zones of interest.
Sub-sampling techniques and sample preparation	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	For RC samples the whole sample passed through a rig-mounted cyclone and splitter, to produce one metre sub-samples of approximately 2 kg for submission to the laboratory. RAB samples were collected in buckets in one metre intervals and piled on the ground in rows of ten. Composite samples over 3 metres were collected using a garden trowel to produce a 2 kg sample for submission to the laboratory.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation techniques are unknown. The samples were submitted to Amdel Laboratories in Thebarton, S.A. for assay and analyses.
	<i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i>	The frequency of standards, blanks or duplicates is unknown.
	<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>	Apart from the sampling measures described above, the use of duplicates/second-half sampling is unknown.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered appropriate to the grain size of the material being sampled.
	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	For RC samples, a 50g charge fire assay for Au (FA1) was performed by Amdel Laboratories. Fire assay is considered to be a total digestion technique for gold. RAB holes were also analysed for Ag, As, Bi, Cu, Pb, Zn, Fe and Mn using aqua regia digest ICP-OES (ICE2E).
Quality of assay data and laboratory tests		

Section 1 – Sampling Techniques and Data		
Criteria	JORC Code explanation	Commentary
	<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>	This is unknown as the original reports for assays and analyses cannot be located.
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 listed 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 assigned at the point of sampling in the field. Sample numbers are used to match assays from the laboratory to the in-house database containing downhole drillhole data.
	<i>Discuss any adjustment to assay data.</i>	No assay data has been adjusted.
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 for autonomous GPS in 1999 was +/- 100m, which had improved to +/- 15m by 2008. If the GPS contained a barometer, altimeter accuracy was around +/- 3m in 2008.
	<i>Specification of the grid system used.</i>	Data collected in AGD84, MGA Zone 53 and converted to GDA94, MGA Zone 53.
	<i>Quality and adequacy of topographic control.</i>	Quality and adequacy of topographic control is unknown.
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>	The data spacing and distribution is considered insufficient to establish geological and grade continuity at this stage.
	<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>	It is unknown whether the orientation of sampling achieved unbiased sampling.
	<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>	Unknown.
Sample security	<i>The measures taken to ensure sample security.</i>	RC sub-samples were stored on site prior to being transported to the laboratory for analyses. RC sample pulps and diamond core are currently stored in a secure off site location.
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 Weednanna Prospect and the regional targets form part of the Wilcherry Project Joint Venture (Project), comprising EL's 5164, 5299, 5470, 5590, 5875, 5931 and 5961, owned by Alliance (71.09%) and Tyranna Resources Ltd (28.91%). The Project is located within the Gawler Craton in the northern Eyre Peninsula, South Australia. There is a royalty of 2% of the NSR payable to Aquila Resources Ltd.
	<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 and there are no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	<i>Acknowledgement and appraisal of exploration by other parties.</i>	The area has been explored since the 1970's by companies including Pan Continental Mining, Asarco, Murumba Minerals, Shell (later Acacia), Anglogold, WMC, Aquila Resources Ltd, Trafford Resources Ltd, Ironclad Mining Ltd (later Tyranna Resources Ltd).
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	The Mawson, Ultima Dam South and Weednanna North prospects are interpreted to be associated with magnetite and

Section 2 – Reporting of Exploration Results		
Criteria	JORC Code explanation	Commentary
		calc-silicate skarn formed in calcareous meta-sedimentary, granitic and gneissic rocks near the contact with granite intrusions. The prospects contain varying anomalous concentrations of gold, copper, silver, bismuth, tin, uranium, lead, and zinc.
Drill hole Information	<p>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:</p> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar;</li> <li>• elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;</li> <li>• dip and azimuth of the hole;</li> <li>• down hole length and interception depth;</li> <li>• hole length.</li> </ul> <p>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.</p>	Refer to Table A in the body of this report for the location of all drill holes.
Data aggregation methods	In reporting Exploration results, weighting averaging techniques, maximum and/or minimum grade truncation (eg. cutting of high grades) and cut-off grades are usually material and should be stated.	The results are weighted averages by sample length. No high grade cuts have been applied. Results are reported for all intersections of gold greater than 1.0 g/t Au. The mineralised intervals are listed in Table A in the body of the announcement.
	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.	Lengths of low grade results have been incorporated where the adjacent higher grade results are of sufficient tenor such that the weighted average remains above the lower cut-off grades.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>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').</p>	The geometry of the mineralisation is unknown. Assay results are reported in down hole lengths as the true widths are unknown.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to figures (plans) in the body of the announcement. Sectional views are not included due to the paucity of drilling.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	The results reported in Table A represent all significant assay results averaging greater than 1.0 g/t Au from Mawson, Ultima Dam South and Weednanna North.
Other substantive exploration data	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.	All relevant exploration data collected so far has been reported.
Further work	The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Refer to body of announcement.