

7 June 2016

ASX Code: AGS

GAREMA GOLD PROJECT, NEW SOUTH WALES

EXPLORATION LICENCE APPLICATION

Alliance Resources Limited (Alliance)¹ announces that it has lodged an exploration licence application for gold, centred approximately 25 km south of Forbes in New South Wales (**Garema Gold Project**).

The extrapolation of the SW trending Parkes Fault Zone (**PFZ**) borders the tenement in the west. The PFZ is associated with numerous significant gold deposits and polymetallic gold occurrences over a strike length of 100 km between Forbes and Tomingley and up to 10 km east of the PFZ.

The tenement contains the historic Pinnacles Mining Centre, where a number of mines were worked between 1883 and 1936 with total recorded production of >158kg of gold hosted by quartz veins in metasediments and syenites over a strike length of about 7km. The main gold mines were Ironbarks reef (76kg), Croakers reef (14kg), Soldier's reef (5.3kg) and Wheogo Mountain reef (3kg).

Previous exploration defined a 7km by 500m +10 ppb gold in soil anomaly over this district. Gold-arsenic-mercury mineralisation is accompanied by sericite-pyrite alteration.

The area covered by the tenement contains an undifferentiated sequence of Ordovician sediments and minor andesite which outcrops in the southern part of the tenement. Quaternary alluvial sands, silts and gravels blanket the tenement in the north.

Alliance has selected the area on the basis of its structural position within the PFZ and the existing gold occurrences, which the Company considers have not been thoroughly test at depth, along strike, or below Quaternary cover.

Previous Exploration

The area has attracted a number of explorers, including: Mineral Management and Securities Ltd (ELs 1317 and 1388, 1980-81); Nubola Pty Ltd (ELs 2079 and 2138, 1986-89); BHP-Newcrest (EL3617, 1991); Telberth NL (EL3795, 1992); North Mining Ltd (EL4519, 1994-96); Conquest Mining (EL5015, 1998-99); Plato Mining (EL5151, 1997-99); Gibran Holdings Pty Ltd (EL5283, 1998); Rimfire Pacific Mining NL (EL5581, 2000-02), and Ardent Resources (formerly Centius Gold) (EL7590, 2010-2014).

Exploration work has included stream and soil geochemistry, geological mapping, rock chip sampling, ground magnetic and gravity surveys, costeaning, air core drilling, reverse circulation drilling and diamond drilling. The best drilling intercepts from this previous exploration are shown in Table 1.

¹ via its wholly owned subsidiary Alliance (NSW) Pty Ltd

Table 1 – Pinnacle Mining Centre historic mines and occurrences

Historic mine / occurrence	Deposit Model	Deposit size	Best intercept from previous work
Pinnacle Reef	Hydrothermal shear hosted	small	<u>1.74m @ 2.6g/t Au</u> <u>1.0m @ 4.4g/t Au</u>
Hillview workings	Hydrothermal vein	Occurrence /old workings	
Quirks Mine	Hydrothermal vein/syenite association	Occurrence /old workings	
Young Australia	Hydrothermal vein/syenite association	Occurrence /old workings	
Kirkpatricks Reef	Hydrothermal vein/syenite association	Occurrence /old workings	<u>1m @ 2.13g/t Au</u>
German Hill		Occurrence /old workings	<u>1m @ 4.18g/t Au</u>
Ironbarks Reef	Hydrothermal vein	Occurrence /old workings	<u>6m @ 5.8 g/t Au</u>
Ironbarks North prospect	Hydrothermal vein	Occurrence /old workings only	<u>2m @ 1.56 g/t Au</u>
Ironbarks South	Hydrothermal vein	Occurrence /old workings	
Styles West	Hydrothermal vein/syenite association	small	<u>3.0m @ 5.8g/t Au</u> <u>3.0m @ 2.7g/t Au</u>
Styles East	Hydrothermal vein/syenite association	Occurrence only	<u>6.0m @ 5.6g/t Au</u>
Croakers Reef	Hydrothermal vein/syenite association	Occurrence /old workings	<u>26.4m @ 0.57g/t Au</u> from 62.5m, incl. <u>1m @ 2.3g/t Au</u>
Wheogo Mountain Reef	Hydrothermal vein/syenite association	Occurrence /old workings	<u>1.6m @ 1.89 g/t Au</u>
Lansdowne Prospect		Weak patchy gold geochemical anomaly 1500m; open to the south.	
Halleys-Wirringa lineament		Aeromagnetic linear	
Soldiers Reef	Hydrothermal vein/syenite association	Occurrence /old workings	
Halley's Reef	Hydrothermal vein/syenite association	Occurrence /old workings	
Moon's Mine	Hydrothermal vein/syenite association	Occurrence /old workings	

Planned Work

Proposed work includes reviewing the existing data generated by previous explorers, a first phase of geological mapping, geochemical sampling and geophysical surveying at depth, or along strike from, existing mineral occurrences and a second phase of reverse circulation and/or diamond coring of targets generated in the first phase.

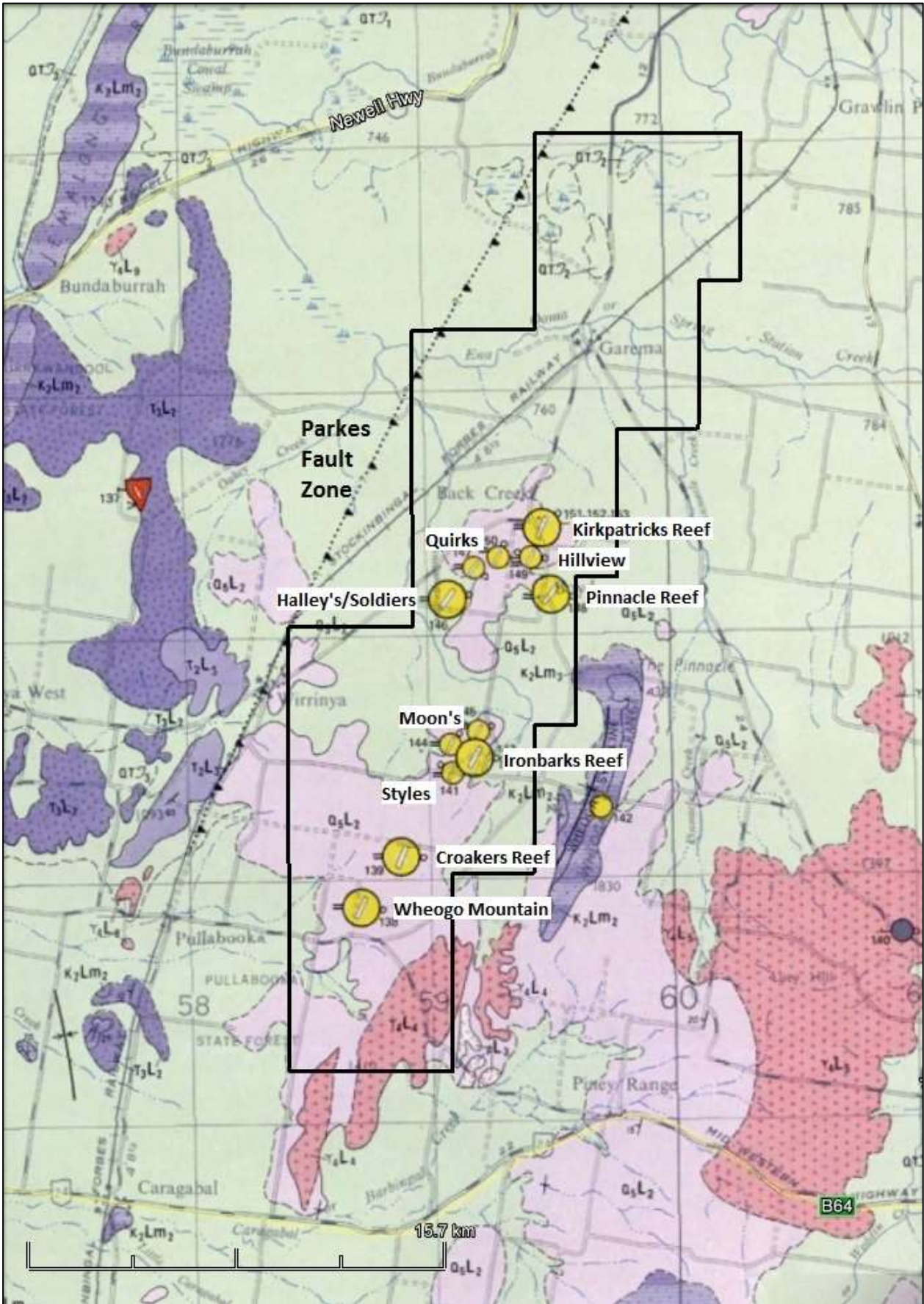


Figure 1: Garema Gold Project ELA location showing geology and mineral occurrences

Steve Johnston
Managing Director

For further information about Alliance Resources Ltd, please visit www.allianceresources.com.au

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.