

27 October 2014

ASX Code: AGS

HIGH GRADE COPPER AND URANIUM GEOCHEMISTRY MONARDES PROJECT, CHILE

HIGHLIGHTS

- An airborne magnetic and radiometric survey over the eastern limb of the Monardes Basin identifies two sub-parallel uranium-anomalous units with a combined strike length of 9 km within Alliance's concessions.
 - Limited rock chip sampling of the eastern anomalous unit over a strike length of 1.8 km has reported copper >10,000 ppm in 6 out of 8 samples with uranium >2000 ppm in 2 of the samples.
 - The uranium results represent a previously unrecognised or underexplored exploration target requiring systematic follow-up.
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Introduction

The Directors of Alliance Resources Limited are pleased to report the completion of a detailed airborne magnetic and radiometric survey, together with significant copper and uranium geochemistry at its 100% owned Monardes Project concessions in the eastern margin of the Monardes basin, located in Region III, 95 km east of Copiapo in northern Chile.

The primary target of the geophysical survey was a quartz-pebble conglomerate containing a small artisanal excavation for copper (465150E, 6970140N), which Alliance geologists recognised to be locally anomalous with uranium-thorium based on results from a portable spectrometer. The uranium values are associated with the contact between a basalt and carbonate veining within a coarse grained arkose to pebble conglomerate striking N10°E and dipping 70°SE within the otherwise oxidised red-bed environment of the Monardes Formation.

The preliminary results of the airborne radiometric survey (uranium channel spectrometer) have confirmed and extended the potential strike length of the known (eastern) anomalous unit and identified a second parallel unit of potential interest some 300m to 500m west of the known unit. The combined strike length of the uranium anomalous units is 9 km within Alliance's concessions.

Eight rock chip samples were collected at four discontinuous outcrop localities within the eastern anomalous unit over a strike length of 1.8 km. Seven of those eight samples reported anomalous copper and/or uranium. Six samples returned copper >10,000 ppm (limit of detection) and two samples returned uranium >2,000 ppm (limit of detection).

The discovery of high grade uranium and copper mineralisation in a reduced conglomerate within a lower red-bed sandstone sequence represents, in Alliance's view, a previously unrecognised or underexplored exploration target requiring systematic follow-up.

Additional rock chip sampling has been carried out around known occurrences of uranium and copper including sampling of the associated rock types, to check whether any anomalous values were associated with particular lithological units which might provide information on the source and or pathways for the uranium. Several soil sample traverses were carried out to test for possible soil anomalies signalling continuity of mineralisation between the known mineralised outcrops. Results for these additional samples are awaited.

Further work is planned, including: costeaming, drilling and associated sampling and analysis to investigate the continuity, mineralogy and grade of the known Cu-U mineralisation along strike and down dip and follow-up of radiometric anomalies along the full strike length of the newly identified anomalous units from the airborne survey.

Background

Alliance (Chile) Pty Ltd acquired an option to purchase 100% of the Monardes mining concessions (17km²) in May 2014. In addition, the company has two applications for exploration concessions to the west of the Monardes concessions, named Vega 1 and 2 (4km²). The concessions are located within the Monardes Basin adjacent to the Maricunga Belt metallogenic province of Atacama Region III. Alliance considers the area to be prospective for copper, gold, silver and uranium. The concessions are located on the Altiplano and the areas of interest are at an altitude of approximately 3,850 metres.

Geology

The Lower Cretaceous Monardes Formation comprises a red-bed sequence of conglomerates and cross-bedded and laminar arkosic sandstones intruded, in the western part of the basin, by sills and dykes ranging from diorite to dacite and rhyodacite composition. Minor secondary copper mineralisation is associated with the contacts between the intrusives and the red-bed sequence at several localities.

In the eastern half of the basin, copper and uranium mineralisation is associated with the contact between an amygdaloidal basalt and carbonate veining within a polymict supported conglomerate close to the contact with the carbonate rich Lautaro Formation. The conglomerate is reduced over much of the mineralised area.

Geophysical Survey

New-Sense Geophysics Ltd conducted a helicopter-borne aeromagnetic and radiometric survey over the eastern limb of the Monardes Basin in late September to early October 2014. The survey employed an Aerospatiale Astar 350 B3 helicopter flying at a nominal 40 metres above the terrain and used a gradient magnetometer together with an RS-500 Airborne Spectrometer with RSX-5 detector pack. Line spacing was 100m.

Rock Chip Sampling and Analyses

Rock chip samples were taken from outcrop with obvious copper secondaries and/or from outcrop showing high total counts per second on the RS-125 handheld spectrometer. The samples were taken to establish the presence and indicative grades of copper and uranium within the rock and as such the samples should not be considered necessarily representative of the mineralised rock unit as whole. Each sample comprised between three to five fist sized rock chips taken from an area of about 1 sq.m.

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The samples were despatched to ACME Labs in Vancouver. The samples were crushed, split and pulverized to 200 mesh and subjected to 1:1:1 Aqua Regia digestion and ICP-ES analysis for 34 elements. The copper (Cu) and uranium (U) results are shown below.

Table1: Cu and U analyses

Sample ID	E (WGS84)	N (WGS84)	Cu ppm	U ppm
662827	465,159	6,970,154	>10000	>2000
662902	465,572	6,971,449	>10000	329
662903	465,229	6,970,741	>10000	>2000
629004	464,985	6,969,981	>10000	766
662820	465,087	6,970,414	>10000	10
662823	465,078	6,970,328	651	113
662901	465,902	6,971,828	198	17
662813	465,128	6,970,131	>10000	1456

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

Steve Johnston
Managing Director

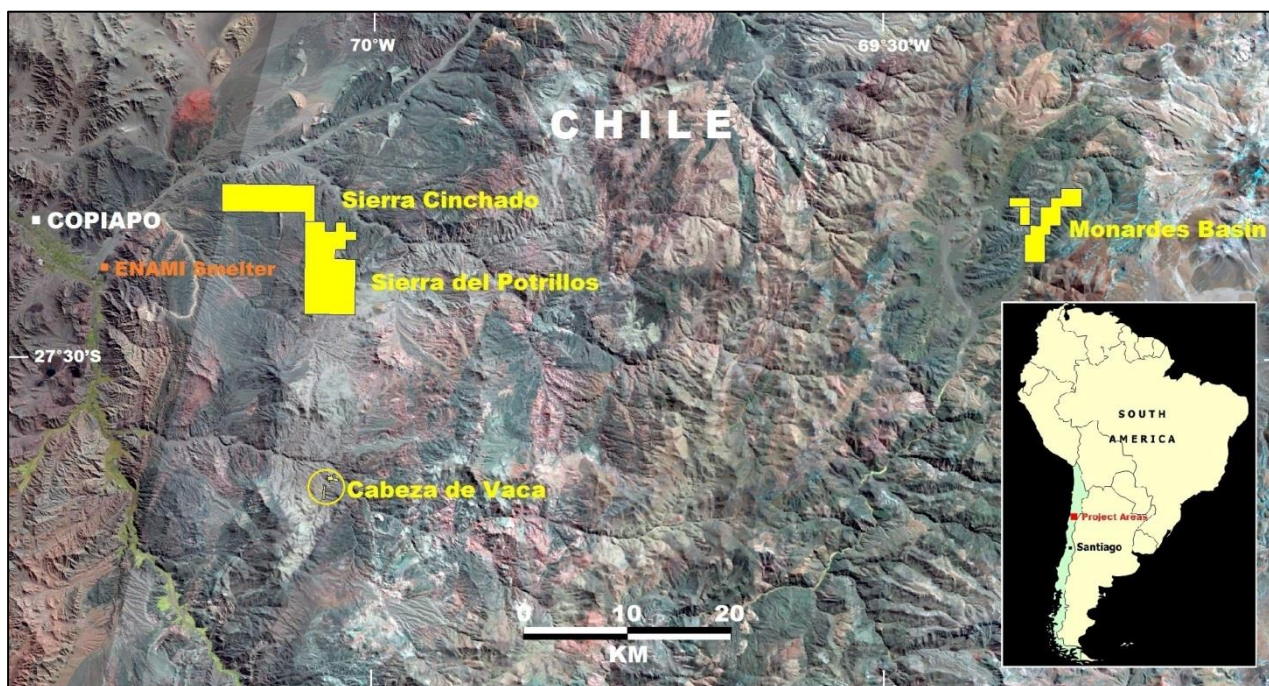


Figure 1: Monardes Basin Project Location

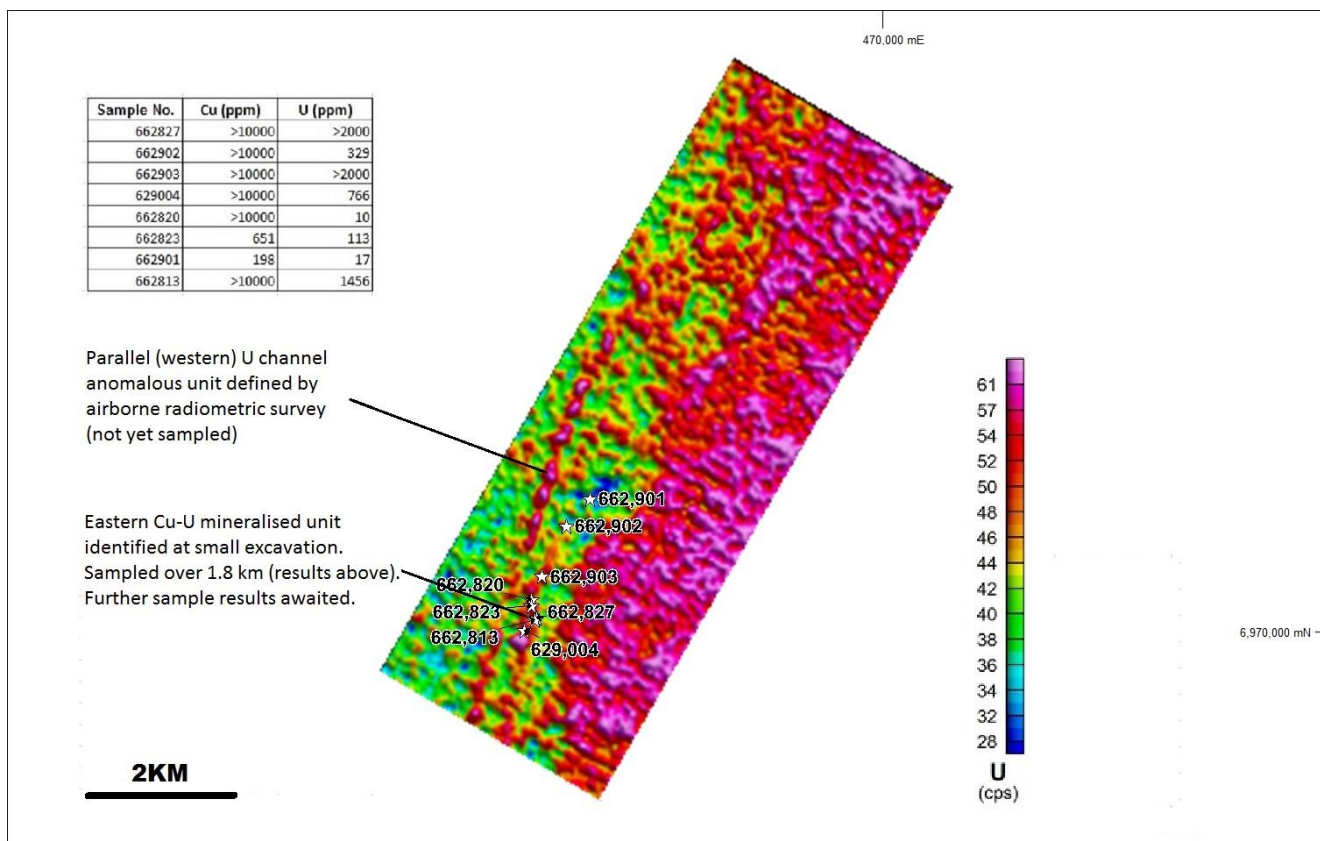


Figure 2: Uranium (U) channel spectrometer image and locations of rock chip samples

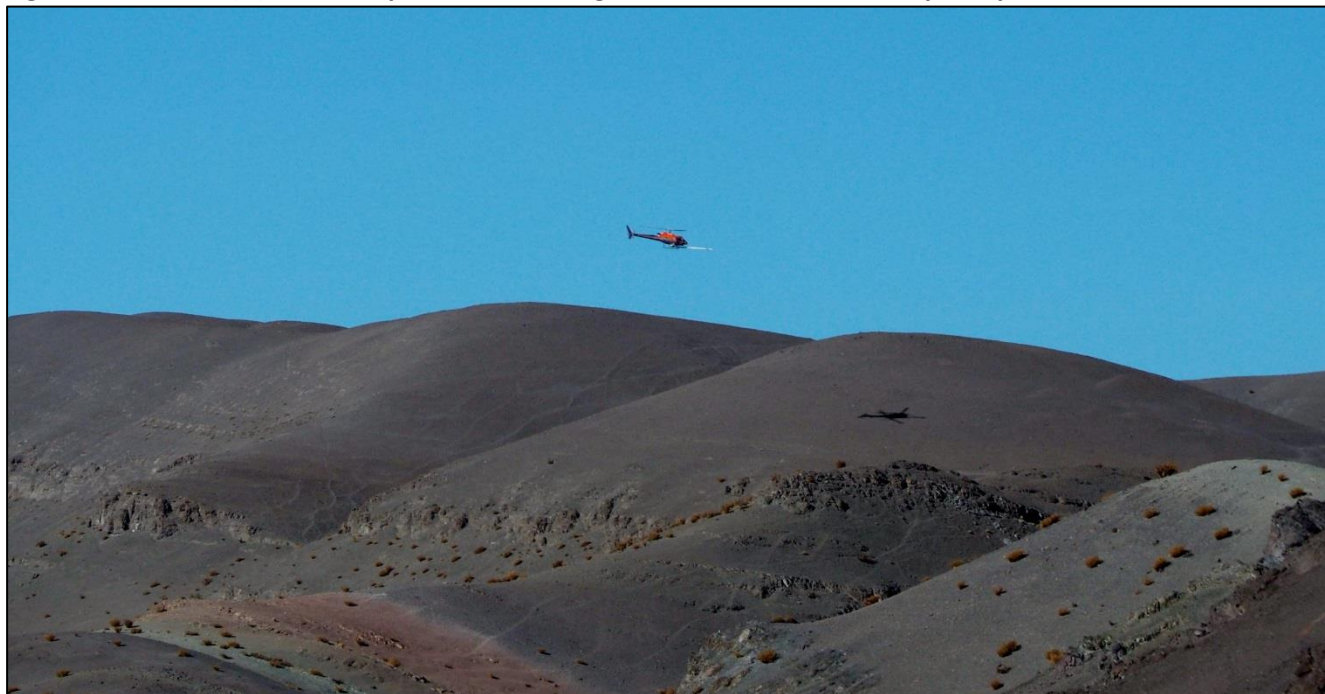


Figure 3: New-Sense Geophysics Ltd helicopter, Monardes Basin survey, October 2014



Figure 4: Excavation for secondary copper mineralisation, eastern mineralised unit



Figure 5: Pebble conglomerate with secondary copper, eastern mineralised unit

JORC Code, 2012 Edition – TABLE 1 report

Criteria	Commentary
<i>Sampling techniques</i>	Rock chip samples were taken from outcrop with obvious Cu secondaries and/or from outcrop showing high total counts per second on the RS-125 handheld spectrometer. The samples were taken to establish the presence and indicative grades of copper and uranium within the rock and as such the samples should not be considered necessarily representative of the mineralised rock unit as whole. Each sample comprised between three to five fist sized rock chips taken from an area of about 1 sq.m.
<i>Drilling techniques</i>	Not applicable
<i>Drill sample recovery</i>	Not applicable
<i>Logging</i>	Not applicable
<i>Sub-sampling techniques and sample preparation</i>	The samples were despatched to ACME Labs in Vancouver. The samples were crushed, split and pulverized to 200 mesh and subjected to 1:1:1 Aqua Regia digestion and ICP-ES analysis for 34 elements.
<i>Quality of assay data and laboratory tests</i>	Standard quality control by ACME Labs using standard reference materials and blanks Quality controls applied in accordance with ACME Labs standard procedures using standard reference materials and blanks.
<i>Verification of sampling and assaying</i>	Additional samples have been taken and submitted for analysis. The results are awaited.
<i>Location of data points</i>	Sample coordinates were determined by handheld GPS. Survey data are WGS84, Zone 19S
<i>Data spacing and distribution</i>	Entirely dependent on the location of outcrop. The samples were taken from four separate discontinuous outcrops of mineralised pebble conglomerate over a strike length of 1.8km. Within outcrop each sample comprised between three to five fist-sized rock chips taken from an area of about 1 sq.m.
<i>Orientation of data in relation to geological structure</i>	The regional strike of the strata is approximately N10°E with steep dips to the east suggesting the strata may be overturned adjacent to the main “rift” fault defining the eastern margin of the basin. With this orientation samples were taken from within the exposed outcrop face.
<i>Sample security</i>	Not applicable
<i>Audits or reviews</i>	None undertaken
<i>Mineral tenement and land tenure status</i>	The Monardes project comprises 9 contiguous exploitation concessions. Alliance (Chile) Pty Ltd has an option agreement to purchase 100% of the concessions from Ghiglino and Compania Ltda.
<i>Exploration done by other parties</i>	Small workings for secondary Cu mineralisation by Ghiglino and Compania Ltda.

Criteria	Commentary
<i>Geology</i>	Cu-U mineralisation occurs in reduced facies matrix supported polymict pebble conglomerate within the Cretaceous Red-Bed Monardes Formation. At outcrop the mineralised unit is closely associated with a thin laminar siliceous limestone bed and in some outcrops with amygdaloidal basalt. A detailed interpretation of the sedimentary sequence is not yet available.
<i>Drill hole Information</i>	Not applicable
<i>Data aggregation methods</i>	Not applicable
<i>Relationship between mineralisation widths and intercept lengths</i>	Not applicable.
<i>Diagrams</i>	See Figures 1 to 5
<i>Balanced reporting</i>	This announcement communicates preliminary information from the early stages of an exploration program. All available results are reported however the samples collected were selected based on visual identification of Cu secondaries and on anomalous readings from a handheld spectrometer. The results are not necessarily representative of the mineralised rock unit as a whole.
<i>Other substantive exploration data</i>	The preliminary results of a heliborne radiometric and magnetic survey undertaken in September-October 2014 are reported in this announcement.
<i>Further work</i>	Costeaming, drilling and associated sampling and analysis to investigate the continuity, mineralogy and grade of the known Cu-U mineralisation along strike and down dip. Follow-up of radiometric anomalies along the full strike length of the newly identified anomalous unit from the airborne survey.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Andrew Bowden who is a Chartered Geologist and Fellow of the Geological Society of London, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time. Mr Bowden is a part-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 Bowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.