

28 August 2017

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$8.4M @ \$0.081

Shares on issue: 104,293,923

Principal Office:

Suite 3, 51-55 City Road
Southbank Victoria 3006
AUSTRALIA
Tel: +61 3 9697 9090
Fax: +61 3 9697 9091

Email:

info@allianceresources.com.au

Web:

www.allianceresources.com.au

Projects:

Wilcherry JV, SA (51%): gold
and base metals

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

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

Bogan Gate, NSW (100%): gold-
base metals

Garema, NSW (100%): gold

Share Registry:

Computershare Investor
Services
GPO Box 2975
Melbourne Victoria 3001
AUSTRALIA
Tel: 1300 850 505
Fax: +61 3 9473 2500

HIGH GRADE GOLD RESULTS INCREASE WEEDNANNA POTENTIAL

Further high grade gold results from Weednanna prospect, including:

- 60m @ 5.65 g/t from 47m in 17WDRC032 (incl. 9m @ 15.57 g/t Au from 63m and 8m @ 13.38 g/t Au from 99m)
- 16m @ 7.66 g/t Au from 81m in 17WDRC030 (incl. 8m @ 12.90 g/t Au from 88m)
- 30m @ 2.95 g/t Au from 53m in 17WDRC029
- 7m @ 12.15 g/t Au from 153m in 17WDRC046 (incl. 4m @ 18.81 g/t Au from 154m)
- 41m @ 1.62 g/t Au from 44m in 17WDRC031
- These results confirm the high-grade gold shoots are ovoid to rod-like in geometry and have continuity along strike
- Further drilling is planned at Weednanna in October 2017.

The Directors of Alliance Resources Ltd (Alliance) are pleased to announce results for the reverse circulation (RC) drilling at the Weednanna gold prospect, part of the Wilcherry Project Joint Venture between Alliance (51%) and Tyranna Resources Ltd (ASX Code: TYX) (49%).

The RC drilling program was completed in June and was designed to test the geometry and plunge continuity of three high-grade gold shoots referred to as Targets 1, 2 and 3.

A total of 25 RC holes were drilled for 4,041 metres (17WDRC025-49).

Eighteen out of 25 holes reported intercepts >1 g/t Au, with 5 holes returning >50 g/t-m Au. Intercepts >1 g/t gold (Au) are shown in Table A and drill collar plans and cross-sections may be found in Figures 1 to 8.

This improved understanding of the mineralisation style at Weednanna will be used to better define the distribution of gold at this prospect.

Managing Director, Steve Johnston, commented: ***"The Board is encouraged by these excellent results and as our understanding of the controls on the gold mineralisation increases, Weednanna should continue to develop toward becoming a significant South Australian gold project for Alliance and its shareholders."***

Table A: Significant Intercepts >1 g/t Au (highlighted intercepts >50 g/t-m grade x thickness)

Hole ID	Target	East MGA	North_MGA	RL (m)	Azimuth	Dip	EOH	Depth From (m)	Depth To (m)	Interval (m)	Au (ppm)
17WDRC025 and	1	638,282	6,372,398	278	358.2	- 60.8	126	53 66	62 70	9 4	1.30 1.55
17WDRC026	1	638,282	6,372,380	278	358.5	- 60.0	126	81	88	7	2.47
17WDRC027	1	638,282	6,372,362	279	4.3	- 60.1	144	92	95	3	1.24
17WDRC028 and and and	1	638,308	6,372,400	278	0.9	- 61.0	149	48 54 60 133	50 55 71 134	2 1 11 1	2.20 1.26 1.67 1.02
17WDRC029 and and and	1	638,307	6,372,379	279	0.2	- 60.3	150	53 87 107 135	83 89 109 136	30 2 2 1	2.95 1.32 1.12 1.17
17WDRC030 and and	1	638,307	6,372,359	279	0.3	- 60.3	128	54 60	57 62	3 2	3.74 1.51
and including and								81 88 102	97 96 104	16 8 2	7.66 12.90 1.15
17WDRC031 including including including	1	638,332	6,372,398	279	0.1	- 60.0	140	44 44 55 72	85 49 64 85	41 5 9 13	1.62 2.30 3.10 1.56
17WDRC032 including including and	1	638,332	6,372,380	279	0.0	- 60.6	140	47 63 99 112	107 72 107 113	60 9 8 1	5.65 15.57 13.38 1.55
17WDRC033 and and	1	638,332	6,372,359	279	1.7	- 59.1	140	48 75 84	49 76 94	1 1 10	1.02 1.50 1.53
17WDRC034 and	2	638,704	6,372,623	274	270.6	- 60.1	150	55 93	56 94	1 1	6.85 6.51
17WDRC035	2	638,745	6,372,623	272	269.8	- 59.5	180	No Significant Assays (NSA)			
17WDRC036	2	638,783	6,372,624	271	271.4	- 59.0	258	202	204	2	4.18
17WDRC037	2	638,700	6,372,648	273	268.4	- 60.4	128	NSA			
17WDRC038	2	638,740	6,372,649	272	270.8	- 59.8	180	160	161	1	1.44
17WDRC039	2	638,779	6,372,649	271	268.3	- 59.8	204	NSA			
17WDRC040	2	638,689	6,372,697	273	269.7	- 60.8	132	67	68	1	1.46
17WDRC041	2	638,730	6,372,697	271	270.5	- 60.3	180	NSA			
17WDRC042 and	2	638,688	6,372,723	272	270.0	- 60.4	138	83 106	84 107	1 1	1.67 7.86
17WDRC043	2	638,707	6,372,723	271	270.0	- 60.0	174	NSA			
17WDRC044 and	2	638,729	6,372,723	271	270.8	- 60.2	192	57 134	58 140	1 6	1.56 3.31
17WDRC045	2	638,749	6,372,723	270	269.1	- 59.5	204	142	143	1	1.48
17WDRC046 including	3	638,658	6,373,142	265	269.0	- 59.2	186	153 154	160 158	7 4	12.15 18.81
17WDRC047	3	638,697	6,373,145	265	270.3	- 60.5	222	NSA			
17WDRC048	3	638,577	6,373,192	264	269.5	- 59.3	120	NSA			
17WDRC049	3	638,618	6,373,193	264	269.6	- 60.2	150	94	96	2	12.19

The results are based on 1m samples for Au using 50g charge fire assay with AAS finish. The high-grade gold results have been validated by acceptable comparison with 4m composite scoop samples collected prior to 1m sampling.

At Target 1, 9 holes (17WDRC025-033) were drilled on three north oriented traverses to better define the geometry of the gold mineralisation. This drilling intersected moderate to strong chlorite-sericite alteration with variable disseminated arsenopyrite in Sleaford Complex (Archaean) granite. The geometry of the gold mineralisation appears to be ovoid in shape, strike east-west, and dip to the south. Mineralisation appears to increase in thickness and intensity towards the east and appears to be open to the east and the west. Significant results include 60m @ 5.65 g/t Au from 47m in 17WDRC032, 30m @ 2.95 g/t Au from 53m in 17WDRC029 and 16m @ 7.66 g/t Au from 81m in 17WDRC030. The gold mineralisation at Target 1 shows no obvious lithological

controls that explains the alteration and gold distribution. Accordingly, there is potential for further gold mineralisation in the granite to the west of the magnetite skarn, especially in areas of discrete historic high-grade intercepts.

Twelve holes (17WDRC034-045) were drilled at Target 2 to infill and extend the gold mineralisation previously identified at this target. This drilling continued to intersect variable thicknesses of sulphide mineralisation often associated with the eastern contact of a magnetite skarn. The best result from this round of drilling was 6m @ 3.31 g/t Au from 134m in 17WDRC044. The drilling confirmed that the high-grade gold mineralisation strikes NNW, plunges shallowly to the north with a rod-like geometry and is open to the north and the south.

Four holes (17WDRC046-049) were drilled at Target 3 to test for extensions of the gold mineralisation previously intersected in holes 17WDRC017 and 98WDRC049. The drilling intersected encouraging zones of sulphide mineralisation mainly associated with the margins of magnetite skarn and returned significant results including 7m @ 12.15 g/t Au from 153m in 17WDRC046. The drilling identified two apparent gold mineralised shoots and confirmed the high-grade gold mineralisation strikes northwest with a pod-like geometry and is open to the north and the south.

Background

Weednanna is the most advanced gold prospect at the Wilcherry Project. Historic exploration completed by Acacia Resources, Aquila, and Trafford Resources targeted primary gold beneath coincident calcrete soil anomalies and magnetic highs. This work identified a calc-silicate and magnetite skarn system containing discrete intersections of high-grade gold.

The Wilcherry Project Joint Venture is systematically re-logging all available RC chips and diamond core from Weednanna with the objectives of identifying structural and lithological controls on the distribution of gold, constructing a 3D geological model of the prospect, and planning further exploration with a view towards defining a mineral resource.

During the re-logging program it has become apparent that due to the high metamorphic grade of the rocks at Weednanna, deformation is ductile and likely to occur along bedding planes. As a consequence, the distribution of gold may be high-grade and discrete in cross-section, but laterally extensive in strike.

Two drilling programs have been completed at Weednanna during 2017 (49 holes for 7,961m), initially in three areas of discrete historic high grade intercepts, to confirm this interpretation. These drilling programs have demonstrated that the high-grade gold shoots are ovoid to rod-like in geometry and have continuity along strike. Close-spaced drilling is required for accurate definition.

This improved understanding of the mineralisation style at Weednanna will be used to better define the distribution of gold at this prospect.

Planned Work

Alliance has planned a further program of RC drilling in October 2017 to extend the high grade gold shoots at Targets 1, 2 and 3 which each remain open along strike in several directions and to test further discrete historic drilling intercepts outside of these target areas.

Preliminary metallurgical testing of ore samples collected from Weednanna has commenced to assess its amenability to processing using conventional carbon in leach (CIL) technology.

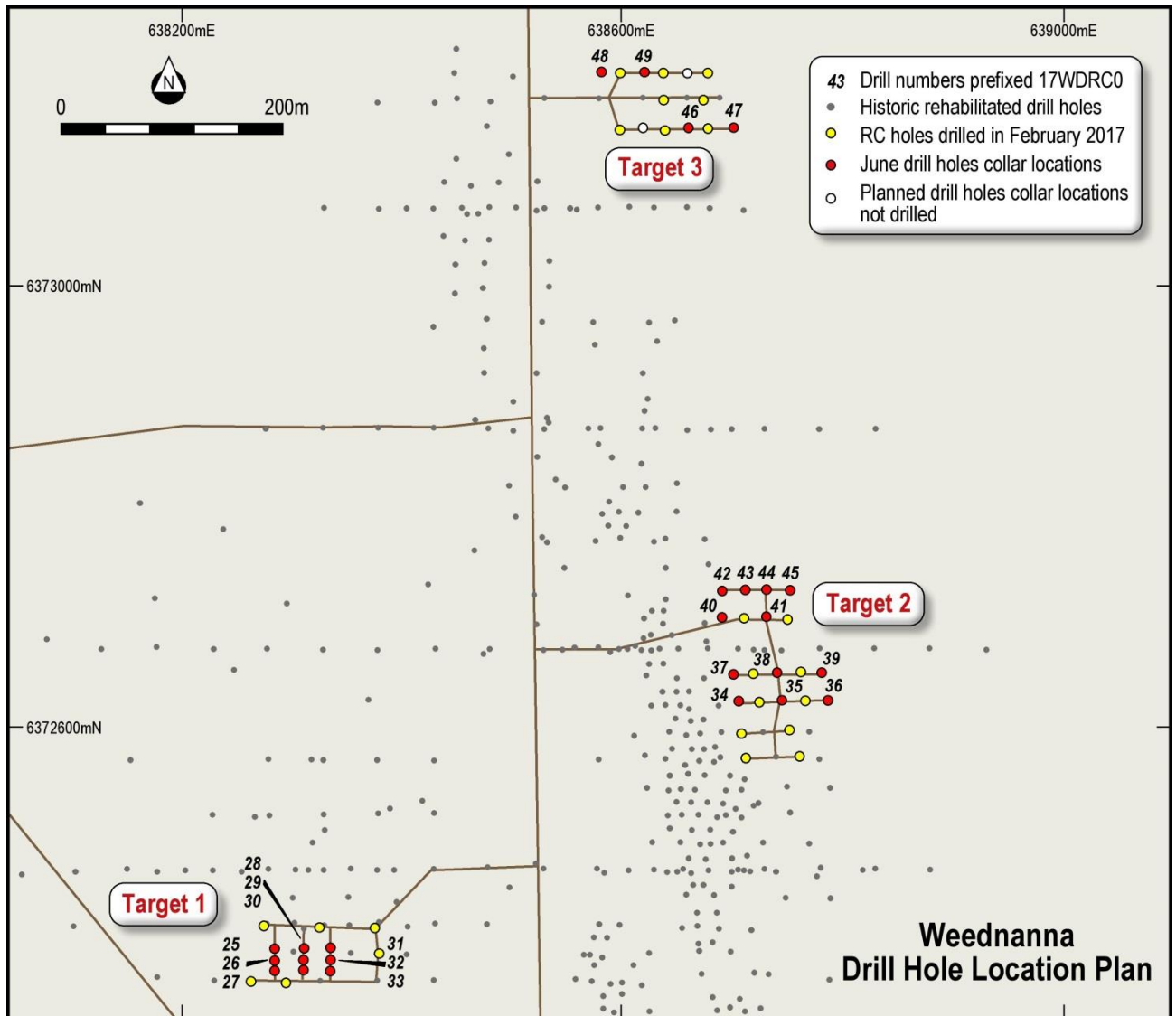


Figure 1

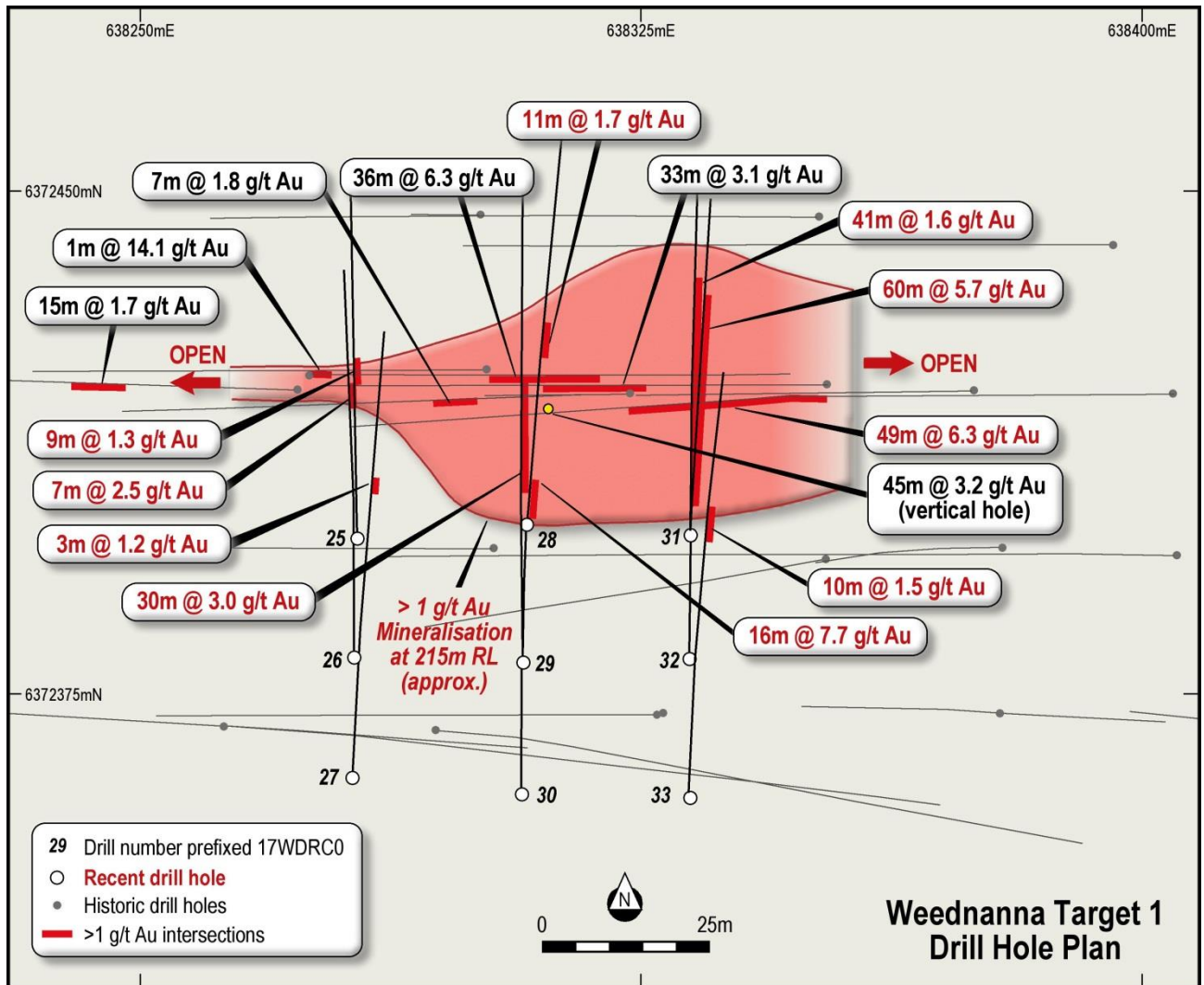


Figure 2

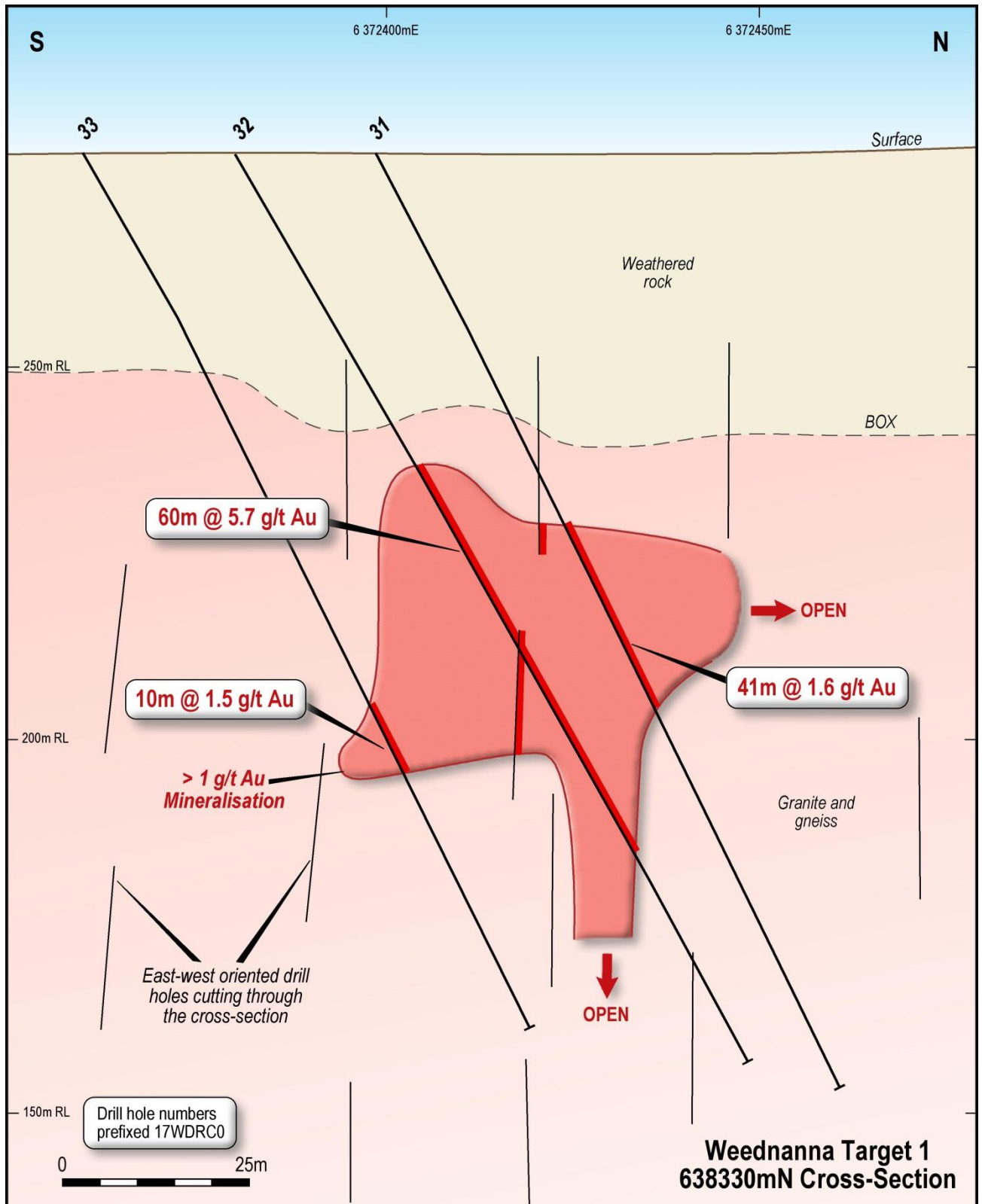


Figure 3

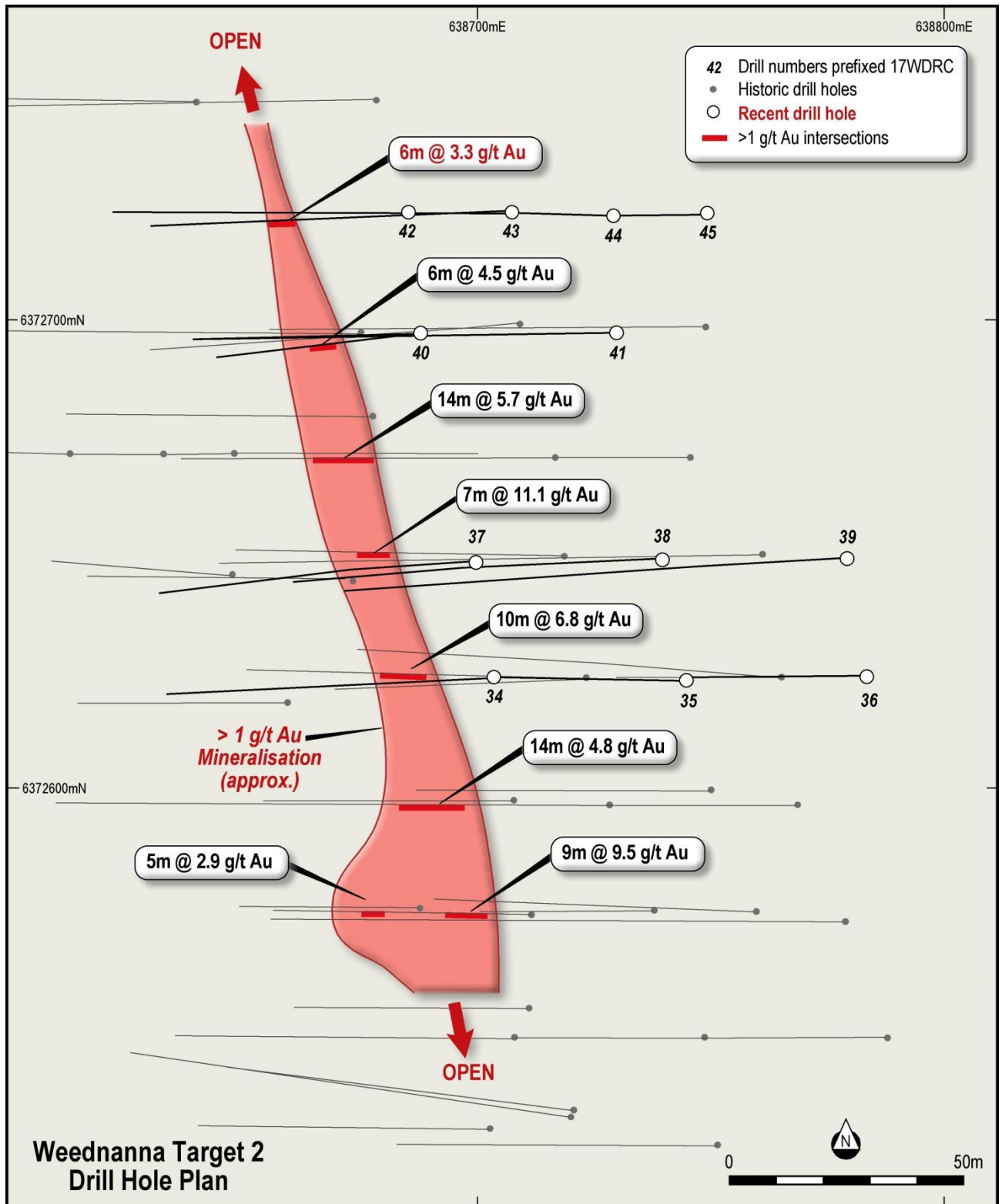


Figure 4

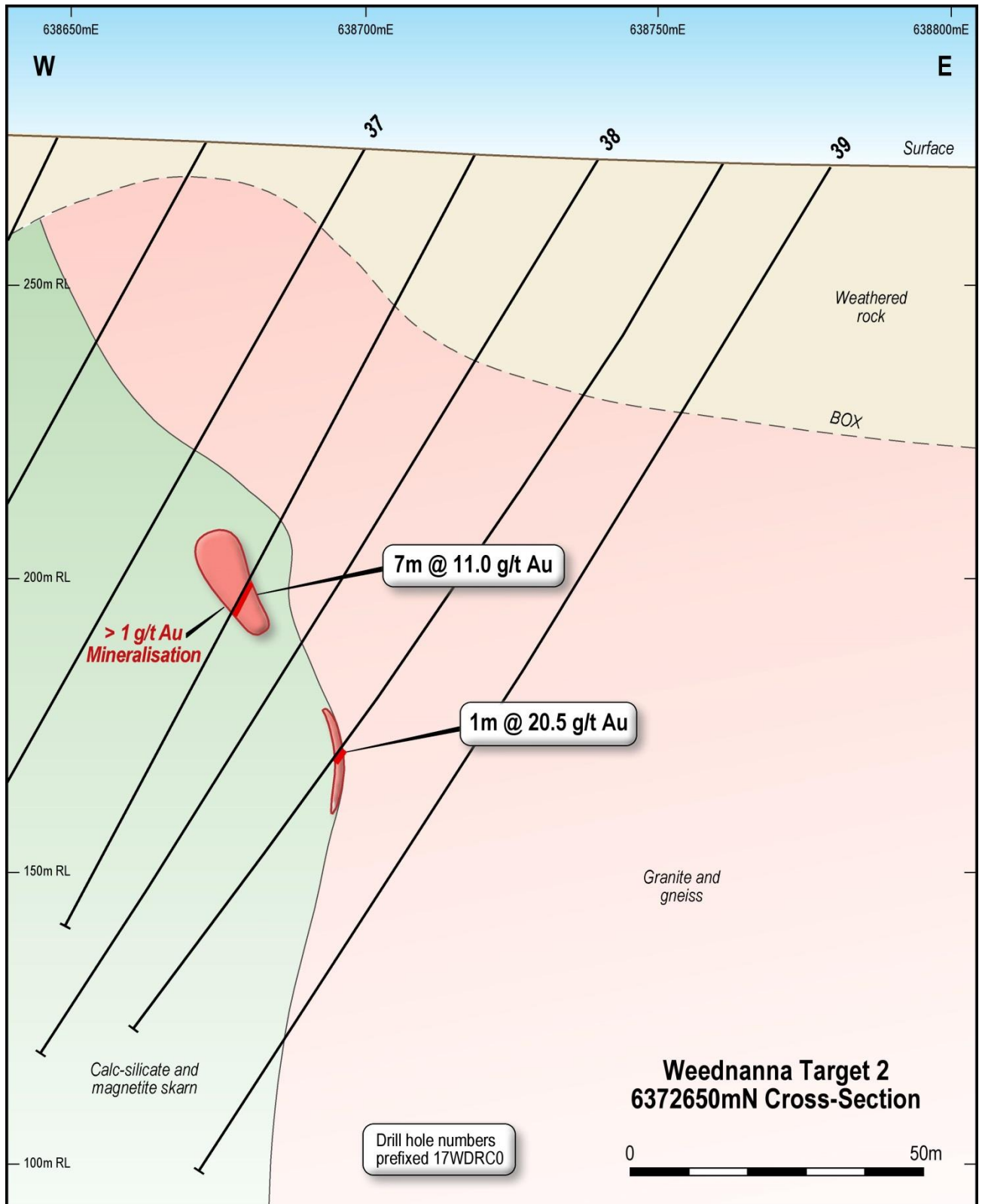


Figure 5 - Refer also to Figure 6 for long-section of Target 2 interpreted mineralisation

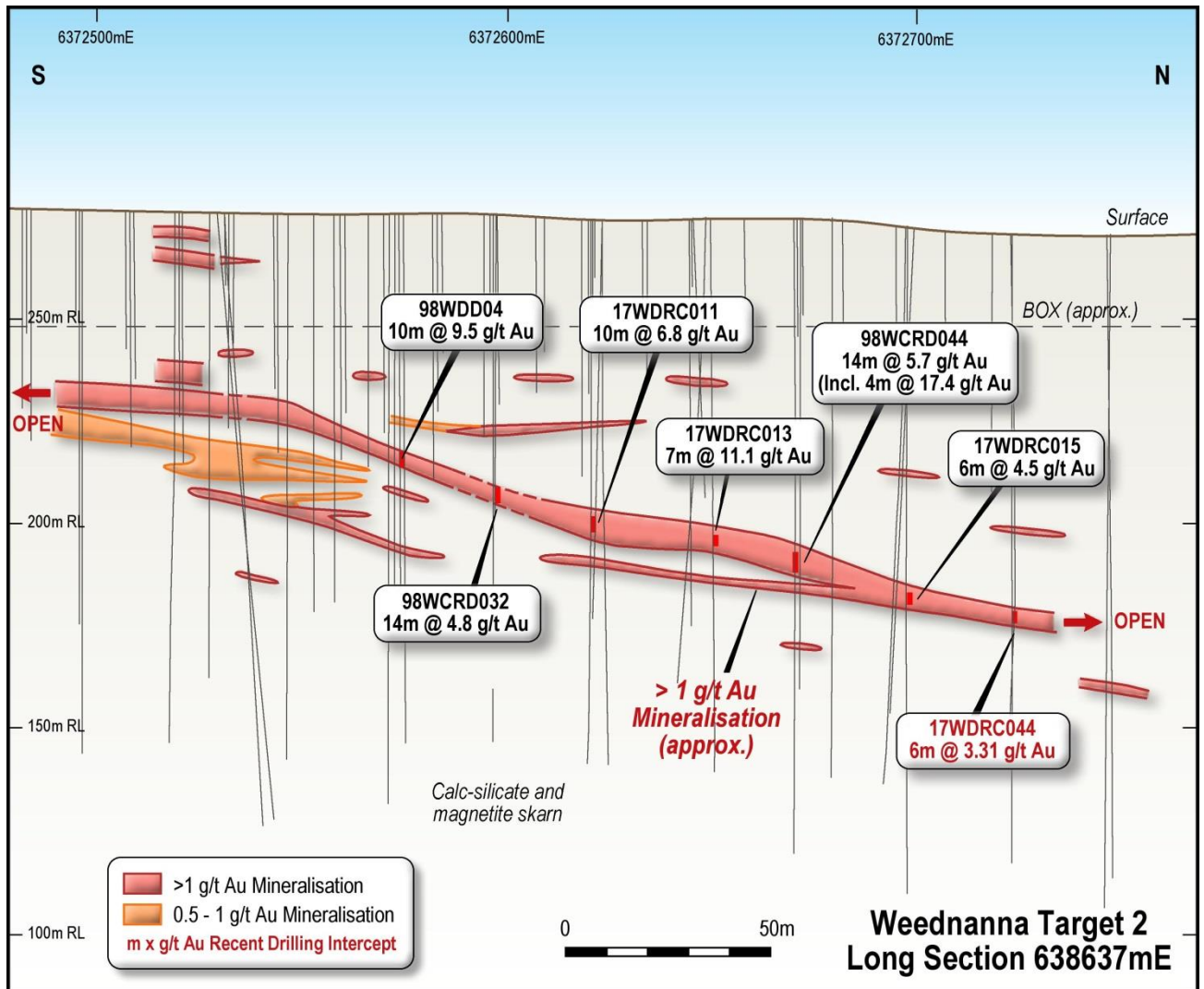


Figure 6

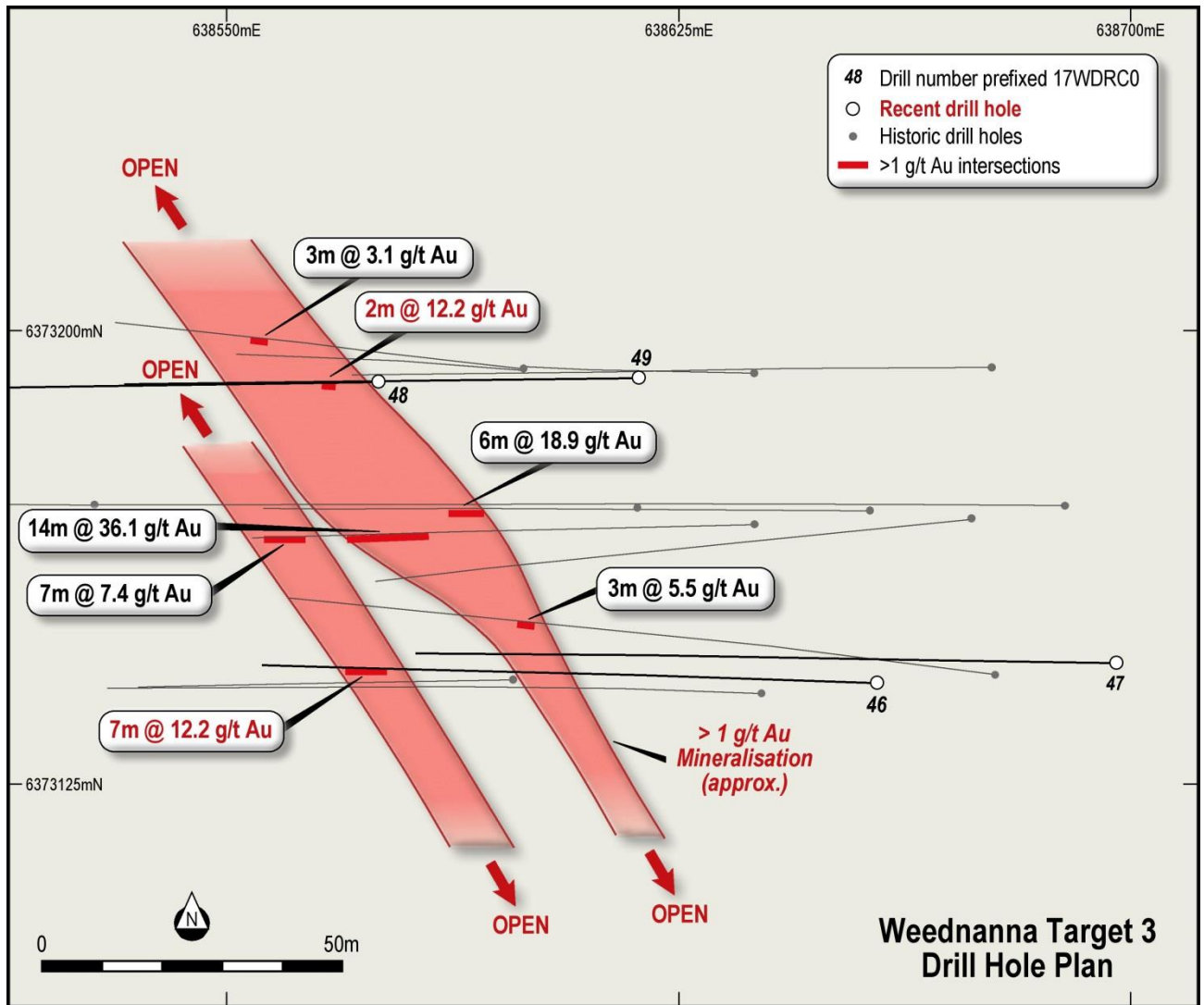


Figure 7

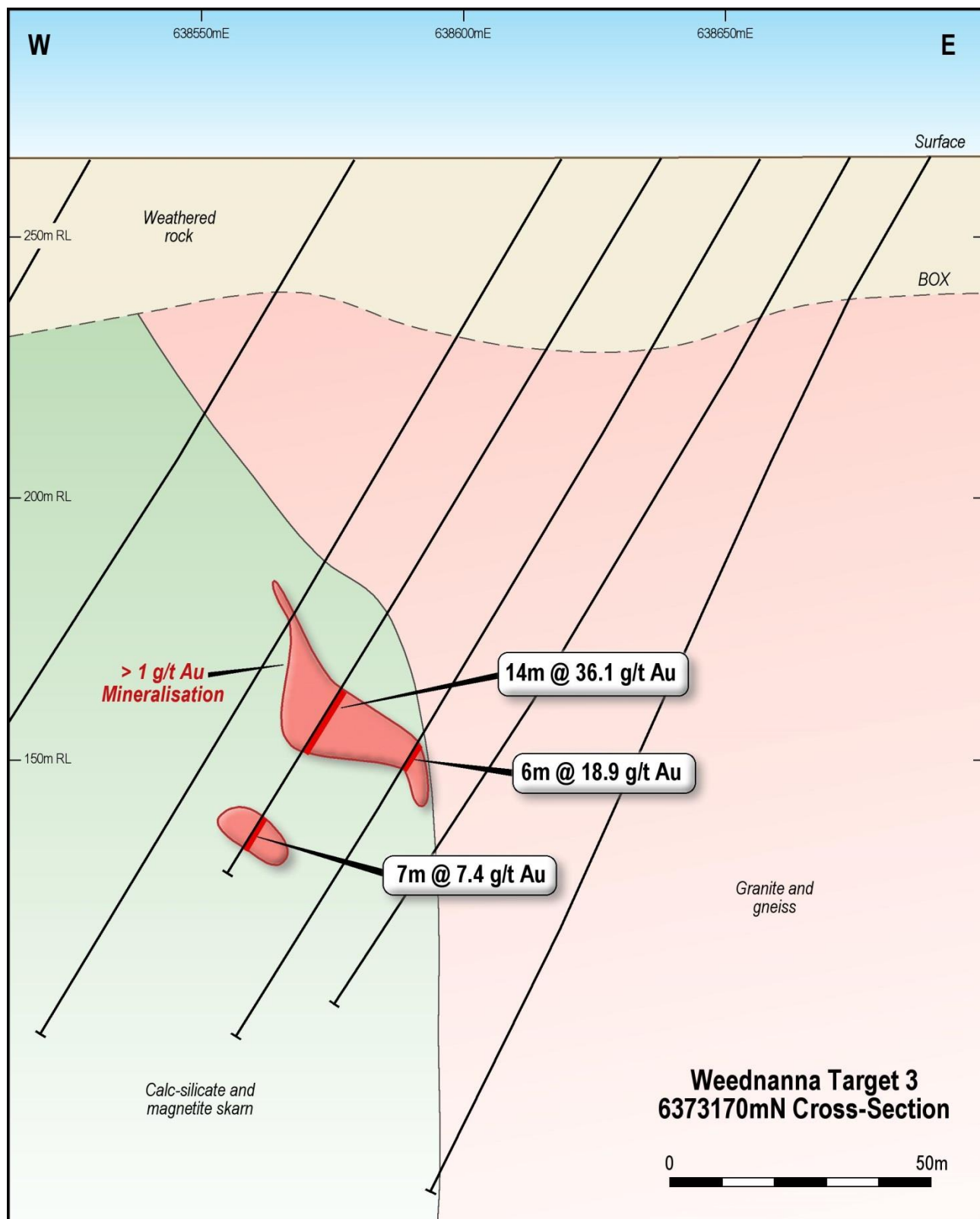


Figure 8

Steve Johnston
Managing Director

Peter Taylor
Investor Relations
0412 036 231
peter@nwrcommunications.com.au

About Alliance

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

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 reverse circulation (RC) 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 laboratories have 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 drilling was used to obtain 1m samples from which 3kg was pulverised to produce appropriate sized samples for 50g fire assay analysis.
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>	The drilling method was RC using a 5 ¾" hammer drilled at an inclination of 60°.
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>	Every effort was made to ensure RC samples remained dry to ensure the representative nature of the samples.
	<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 recovery, weathering, moisture, colour, lithology, alteration, texture, mineralogy and mineralisation.
	<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.
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 RC samples were split on the drilling rig using a cone splitter to produce approximately 3kg sub-samples for submission to the analytical laboratory. All samples were dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation was carried out by ALS Minerals Laboratory in Adelaide as described above.
	<i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i>	Approximately 6% of 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 method described above ensured representivity of the in-situ material.
	<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.
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>	All samples were analysed by ALS Minerals in Perth for 50g charge fire assay for gold (Au-AA26) with AAS finish. Fire assay is considered to be a total digestion technique for gold.
	<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>	ALS Minerals quality control (QC) protocol requires that each batch of 40 samples analysed include a reagent blank, 2 replicate determinations and 2 standard materials. Samples exhibiting anomalous values (high or low) are routinely reanalysed using either the original pulp or a second split. 6% of samples submitted by Alliance for analysis were in the form of

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		standards, blanks or duplicates. Acceptable levels of accuracy and precision have been established by the two QC programs.
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 analyses 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>	Drill hole collars were surveyed by a registered surveyor using a Leica 1200 RTK GPS. Expected horizontal and vertical accuracy is +/- 25cm. Down hole surveying was completed by the drilling company in the collar and at 10m spaced intervals down hole using an IS Gyro and Azimuth Aligner hired from Downhole Surveys.
	<i>Specification of the grid system used.</i>	GDA94, MGA Zone 53.
	<i>Quality and adequacy of topographic control.</i>	Quality as described above. Topographic control is adequate.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Data spacing is listed in Table B 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 sufficient to establish geological and grade continuity appropriate for a Mineral Resource estimate.
	<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>	At this stage of exploration it is unknown whether the orientation of sampling achieves unbiased sampling, however drilling has been planned using all available data to achieve this objective.
	<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>	It is unknown whether the drilling orientation and the orientation of key mineralised structures introduced a sampling bias. The main rock fabric at the prospect, indicated by high magnetism, strikes broadly north-south and hence drilling at Targets 2 and 3 is orientated west. Drilling at Target 1 was oriented to the north as previous drilling suggested that this mineralisation may strike broadly east-west. The results of this drilling program confirm these interpretations..
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. Sample pulps are currently stored at the laboratory and will be returned to the Company and stored in a secure 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 is located within EL5299 which forms part of the Wilcherry Project Joint Venture (Project) owned by Alliance (51%) and Tyranna Resources Ltd (49%). 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 tenement is 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), WMC, Aquila Resources Ltd, Trafford Resources Ltd, Ironclad Mining Ltd (later Tyranna). All previous work has been appraised by Tyranna.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	The Weednanna Prospect is interpreted to be associated with magnetite and calc-silicate skarn formed in calcareous meta-sedimentary, granitic, and gneissic rocks near the contact with

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		a granite intrusion. The Prospect contains concentrations of gold, silver, bismuth, tin, uranium, lead, and zinc.
Drill hole Information	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: • easting and northing of the drill hole collar; • elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar; • dip and azimuth of the hole; • down hole length and interception depth; • hole length. 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.	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 close to or 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	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 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').	The geometry of the mineralisation is still being assessed. Assay results are reported at down hole lengths as the true width is not known.
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 in the body of the announcement.
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 result reported in Table A represent all significant assay results averaging greater than 1.0 g/t Au.
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 main body of announcement.