

QUARTERLY REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020



29 October 2020

ASX Code: **AGS**

No. of pages: 10

QUARTERLY REPORT - FOR THE PERIOD ENDED 30 SEPTEMBER 2020

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ended 30 September 2020 (4 pages)
- Appendix 5B for the period ended 30 September 2020 (5 pages)

Authorised for release by the Board

Bob Tolliday
Company Secretary

Further information relating to the Company and its various mining and exploration projects can be found on the Company's website at www.allianceresources.com.au

30 September 2020

ASX Code: AGS

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

HIGHLIGHTS

CORPORATE

- Alliance Resources Limited (Alliance) submitted an offer to acquire the Jumbuck project from Tyranna Resources Ltd (Tyranna) for \$2.025 million. Tyranna received two previous offers and had called a shareholder general meeting to vote on the sale. Both competing submissions increased their offers considerably prior to and after the general meeting. Alliance did not increase its bid for the assets which was subsequently rejected by Tyranna.
- Alliance commenced discussions with CSIRO to undertake a Research project on the Weednanna Au-Fe deposit genesis to better understand the mineralised system to assist with targeting future exploration.
- Travel restrictions imposed due to the Covid19 virus continued to cause disruptions to corporate and exploration activities during the quarter. Personnel continue to work remotely from the Corporate office and access to South Australian exploration locations remains restricted due to interstate travel restrictions and quarantine requirements.
- Cash reserves of \$0.72 million as at 30 September 2020.

WILCHERRY PROJECT, SOUTH AUSTRALIA (100%)

Weednanna Drilling

- During May 2020, 41 RC holes, for a total of 5,033 metres were drilled in Shoots 2 and 10. Preliminary 4 metre composite sample assay results were received in June with encouraging results. During July, 1 metre samples were collected from site and submitted for assaying with results for gold and Iron received during August.

Significant gold assay results include;

8m @ 20.1 g/t Au from 185m in 20WDRC072, incl 2m @ 72.7 g/t Au from 186m
9m @ 15.3 g/t Au from 67m in 20WDRC058, incl. 6m @ 20.6 g/t Au from 69m
39m @ 3.5 g/t Au from 99m in 20WDRC040, incl. 25m @ 4.7 g/t Au from 102m
7m @ 8.1 g/t Au from 85m in 20WDRC067, incl. 4m @ 12.6 g/t Au from 86m
4m @ 7.0 g/t Au from 73m in 20WDRC055, incl. 1m @ 23.5 g/t Au from 75m

Significant Iron assay results include;

13m @ 60.5 % Fe from 17m in 20WDRC033
25m @ 58.3 % Fe from 17m in 20WDRC043
12m @ 62.6 % Fe from 16m in 20WDRC044
28m @ 61.0 % Fe from 28m in 20WDRC051
36m @ 56.8 % Fe from 22m in 20WDRC052
33m @ 58.5 % Fe from 23m in 20WDRC056
11m @ 55.1 % Fe from 110m in 20WDRC062, and
16m @ 58.1 % Fe from 188m in 20WDRC072

A total of 22 holes for 954 metres were drilled into Shoot 10 focusing on defining a near-surface Measured Resource in an area defined as a potential economic shallow open pit in the 2019 Weednanna Scoping Study.

18 holes for 3,941 metres were drilled at Shoot 2 to upgrade the interpreted underground mineable areas of this shoot from the Inferred to Indicated category.

The company is currently finalising a revised Mineral Resource Estimate for release in the next quarter.

Weednanna Study work

- During the September quarter, the Metallurgical testwork project was completed and draft final deliverables received for review. The testwork provides detailed metallurgical recovery and operating cost details for the proposed 250,000 tonnes per annum CIL gold processing plant, including line diagrams of the process flow from ore stockpile to tailings storage facility. This detailed information has been provided to Engineering design consultants to provide for-construction detailed design diagrams and provide detailed construction costs to Bankable Feasibility Study (BFS) level.
- A small weather station and four dust monitoring stations were installed at Weednanna during the June quarter to collect baseline environmental data to build the pre-mining model for the planned mining area. Data collection and analysis continued throughout the quarter building our baseline model and shall continue throughout the life of the project with data recorded to manage mine outputs against the stated performance.
- Surface hydrological data collection continued during the quarter with data incorporated into our baseline quality and quantity records.

West Australian Exploration

Nepean Project (E15/1658)

- Following success of the auger soil sampling program completed during March 2020 to extend the previously defined gold in soil anomalism at the Nepean Project, an application was made for two Exploration Licenses and a Prospecting license adjacent to the existing Nepean North tenement.

A detailed literature search commenced on these additional tenements to catalogue all previous exploration reports and assay results undertaken by previous explorers, prior to preparing the exploration programs for 2021.

- The next phase of exploration planned at the Project is aircore drilling to test for gold in regolith anomalism, which can be used as a vector towards a primary gold deposit.

TENEMENTS

Tenement	Name	Location		Beneficial percentage acquired or disposed of during the quarter	Beneficial percentage held at end of quarter
South Australia (Wilcherry Project)					
EL6379	Uno/Valley Dam	60 km northeast of Kimba		0%	100%
EL5875	Mount Miccollo	60 km north of Kimba		0%	100%
EL6475	Peterlumbo	40 km north of Kimba		0%	100%
EL5931	Maratchina Hill	35 km north of Kimba		0%	100%
EL6072	Eurila Dam	40 km northeast of Kimba		0%	100%
EL6188	Wilcherry Hill	40 km north of Kimba		0%	100%
EL6521	Buckleboo West	60 km northwest of Kimba		100%	100%
Western Australia					
E15/1658	Nepean North	65 km southwest of Kalgoorlie		0%	100%
E15/1787	Nepean	65 km southwest of Kalgoorlie		0%	0%
E15/1788	Nepean	65 km southwest of Kalgoorlie		0%	0%
P15/6591	Nepean	65km southwest of Kalgoorlie		0%	0%
E26/208	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P15/6389	Kalgoorlie South	20 km south of Kalgoorlie		0%	0%
P26/4458	Kalgoorlie South	15 km south of Kalgoorlie		0%	0%
P26/4459	Kalgoorlie South	15 km south of Kalgoorlie		0%	0%
P26/4460	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P26/4461	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P26/4462	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P26/4463	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%

Kevin Malaxos

Managing Director

T: 03 9697 9090

E: info@allianceresources.com.au

About Alliance

Alliance Resources Ltd is an Australian gold and base metals exploration company with 100% owned projects in South Australia and Western Australia.

The Company's flagship project is the Wilcherry Project, located within the southern part of the Gawler Craton, approximately 45 km north of the township of Kimba, South Australia.

The maiden Mineral Resource estimate for the Weednanna Gold Deposit, part of the Wilcherry Project, is 1.097 Mt grading 5.1 g/t gold for 181,000 oz gold (classified 49% Indicated and 51% Inferred). Refer to ASX announcement dated 6 September 2018 for details concerning the Mineral Resource and the Competent Persons consent. Alliance is not aware of any new information or data that materially affects the information included in the above-mentioned announcement. All material assumptions and technical parameters underpinning the above-mentioned Mineral Resource estimate continue to apply and have not materially changed.

An independent scoping study is positive and supports a new, 250 ktpa gold plant at Weednanna. Total indicative capital cost is approximately \$44 million, including an open pit pre-strip of approximately \$8 million. Refer to ASX announcement dated 18 April 2019 for details concerning the scoping study including the above-mentioned financial information. All material assumptions underpinning the above-mentioned financial information continue to apply and have not materially changed.

There is potential to increase the size of this Mineral Resource with further drilling. Alliance also owns an 80 person camp located on leased land in the township of Kimba which will be utilised during construction.

Competent Persons

The information in this report that relates to the Exploration Results is based on information compiled by Mr Anthony Gray. Mr Gray is a Member of the Australian Institute of Geoscientists and is an employee of Alliance Resources Ltd. Mr Gray 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 Gray consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALLIANCE RESOURCES LIMITED

ABN

38 063 293 336

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(158)	(158)
(e) administration and corporate costs	(303)	(303)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	38	38
1.8 Other (GST paid/recouped)	94	94
1.9 Net cash from / (used in) operating activities	(326)	(326)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(529)	(529)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Cashflow Boost)		
2.6	Net cash from / (used in) investing activities	(529)	(529)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,575	1,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(326)	(326)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(529)	(529)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	720	720

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	630	1,485
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other -Term deposits and Performance	90	90
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	720	1,575

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	188
6.2	Aggregate amount of payments to related parties and their associates included in item 2	75
<p>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</p>		
<p><i>All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbusement of expenses and payments in terms of management service agreement with a Director related entity.</i></p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
8.	Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(326)	
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(529)	
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(855)	
8.4	Cash and cash equivalents at quarter end (item 4.6)	720	
8.5	Unused finance facilities available at quarter end (item 7.5)	-	
8.6	Total available funding (item 8.4 + item 8.5)	720	
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.8	

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The entity proposes to raise new equity through a capital raising in due course.

The major shareholder companies associated with the director Mr Ian Gandel, namely Gandel Metals Pty Ltd and Abbotsleigh Pty Ltd, currently collectively own 71.77% of the issued capital of the entity and have committed to participate in any capital raisings for the next 12 months, thus providing the entity with a solid platform to raise sufficient capital to continue to fund its operations. This commitment, coupled with the entity's history of successfully raising funds, plus the fact that the top 20 shareholders own in excess of 90% of the entity's issued capital leads the Board of Directors to believe any capital raising will be successful.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity does expect that it will be able to continue its operations and to meet its business objectives based on the entity's expectations to raise capital as detailed in Answer 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2020

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.