

8 February 2016

DRILLING COMMENCES AT MONARDES COPPER-URANIUM PROJECT

Alliance Resources Limited (ASX: AGS) (Alliance) is pleased to announce that drilling has commenced at its Monardes copper-uranium project in Chile.

Ten reverse circulation drill holes totalling between 1,500 and 2,000 metres are scheduled to test for copper (**Cu**)-uranium (**U**) mineralisation along strike and down dip within the eastern anomalous unit at Monardes. Refer Figure 1.

Previously reported rock chip sampling results from several discontinuous outcrops of pebble conglomerate on the **eastern anomalous unit** reported Cu mineralisation over 1.8 km, including:

- **17 samples reporting Cu >3000ppm (highest value of 3.36 % Cu) and**
- **9 samples reporting U >300ppm (highest value of 2660 ppm U).**

Previously reported rock chip sampling results from discontinuous outcrops on the **western anomalous unit** reported Cu mineralisation over 2.3 km, including:

- **4 samples reporting Cu >3000 ppm (highest value of 3.34 % Cu).**

Background

Alliance acquired an option to purchase 100% of the Monardes mining concessions in 2014 and has two exploration concessions to the west of the Monardes concessions (Vega Uno and Vega Dos). The concessions are located within the eastern margin of the Monardes Basin adjacent to the Maricunga Belt metallogenic province of Atacama Region III.

In early 2014, Alliance's geologists mapped a quartz-pebble conglomerate containing a small artisanal excavation for Cu at locality 465150E, 6970140N. The Cu-U mineralisation occurs within the matrix of the pebble-conglomerate striking N10°E and dipping 70°SE (locally overturned) and which is locally associated with a stratigraphically overlying thin laminated carbonate unit and amygdaloidal basalt. The pebble conglomerate which is in a reduced oxidation state lies within the Lower Cretaceous Monardes Formation, comprising, for the most part, an oxidised red-bed sequence of siltstones, sandstones and pebble conglomerates.

An airborne radiometric survey (uranium channel spectrometer) confirmed the potential strike length of the known (eastern) anomalous unit and identified a second parallel unit of anomalism some 300m to 500m west of the known unit.

On 27 October 2015, Alliance announced that it has secured an option to purchase tenements registered in the names of Mantos de Fuego SpA, a wholly owned subsidiary of Mantos Exploration Pty Ltd and Roland Mountford (Mantos Tenements), located immediately along strike from Alliance's Monardes Project.

Refer to ASX announcements dated 27 October 2014, 30 January 2015 and 27 October 2015 for further details and competent person's consent. There has been no material change to the information since those announcements.

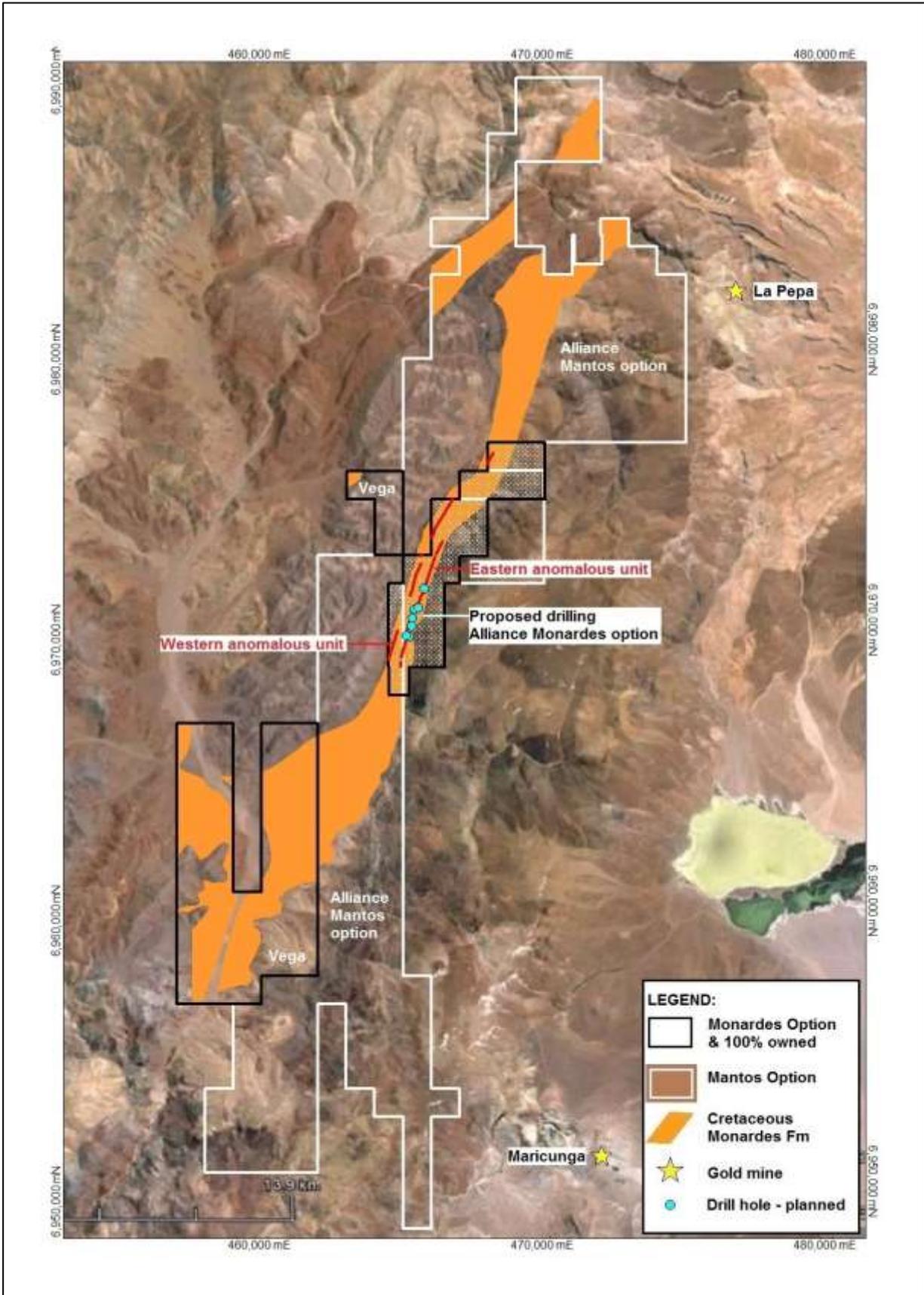


Figure 1: Monardes Project, Chile

Alliance has lodged applications for 14 additional exploration concessions at Vega (Vega 3 to Vega 16), immediately west of Monardes and the Mantos Tenements.

The total project area now available to Alliance is 242 km² and the strike length of the prospective Cretaceous Monardes Formation available to Alliance is 30 km.

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 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 and Mr Stephen Johnston who is a Member of The Australasian Institute of Mining and Metallurgy. Messrs Bowden and Johnston are part-time and full-time employees, respectively, of Alliance Resources Ltd and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Messrs Bowden and Johnston consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.