

5 October 2016

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$18.4 M @ \$0.044

Shares on issue: 417,173,773

Cash: \$24.7 M (30 June 2016)

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Projects:

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

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

Garema, NSW (100%): gold

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

Mt Pleasant, NSW (100%):
molybdenum-tungsten-copper-
gold

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NEPEAN SOUTH PROJECT *Fieldwork Commences*

Alliance Resources Limited (Alliance) is pleased to announce the commencement of exploration activities at its Nepean South nickel-copper-gold Project (Project) in Western Australia's Eastern Goldfields (Figure 1).

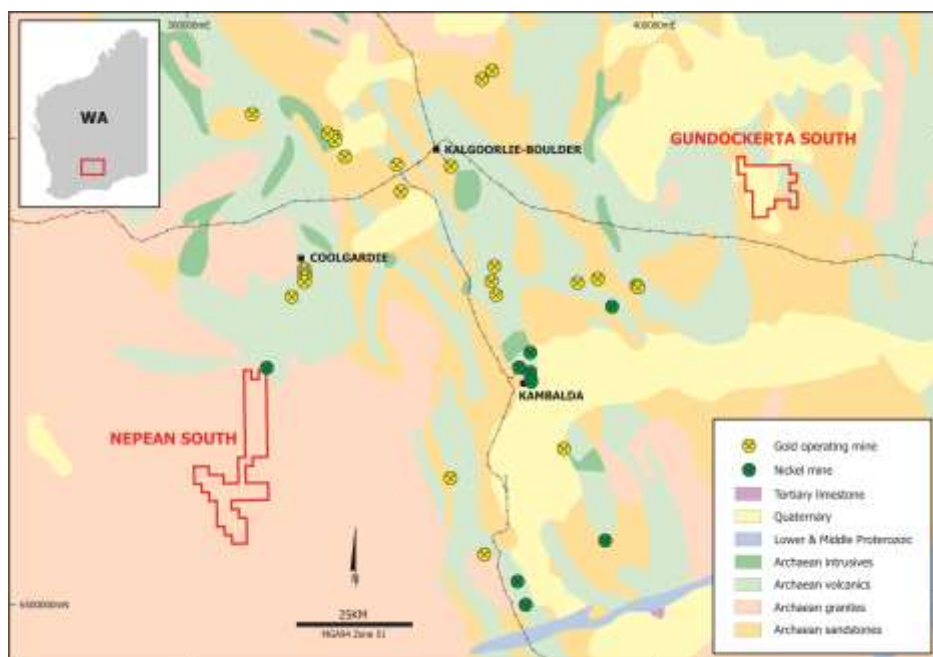


Figure 1: Project location

The Project is located 26 km southwest of Coolgardie and captures approximately 14 km strike length of ultramafics interpreted to be the southern extension of the sequence hosting the Nepean Nickel Mine (historic production: 1.1 Mt @ 3.0 % Ni for 32,200 t Ni metal).

Following a detailed literature review of the existing geological data Alliance has determined that the area immediately to the south of the Nepean Mine is the highest priority target within the Project and is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits (Figure 2).

Alliance has commenced a 156 sample orientation auger soil survey on three 400 metre spaced lines in areas of interpreted shallow transported cover. The objective of this orientation survey is to determine the effectiveness of using auger soil sampling as an exploration tool within the target area. Auger soil samples have been collected at 50 metre spaced intervals across areas of known ultramafic rock and will be analysed for gold and base metals.

The results of this orientation survey are expected in the coming weeks and, if successful, will lead into several phases of extensional and infill auger soil

sampling between now and year end with the objective of defining target areas for drill testing in early 2017.

If the orientation auger soil survey is unsuccessful, Alliance will continue exploration of this priority target area by using a combination of electromagnetic surveys and RAB and/or aircore drilling.

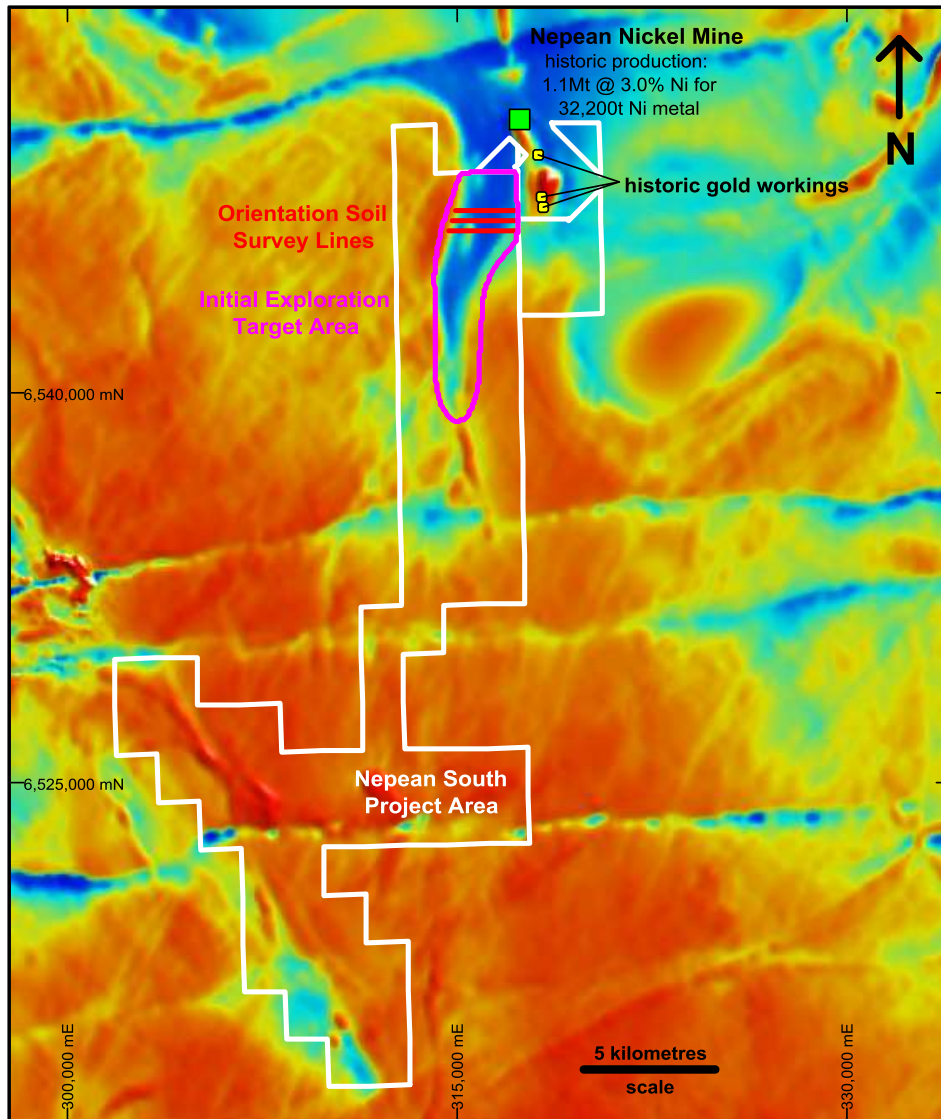


Figure 2: Nepean South, showing priority exploration target area and orientation soil survey lines on background aeromagnetic image.

Steve Johnston
Managing Director

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.