24 January 2017

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: $8.6 M @ $0.083

Shares on issue: 104,293,923

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Projects:

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

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

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

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

Garema, NSW (100%): gold

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

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BROAD GOLD-IN-SOIL ANOMALY

Nepean South Project

Alliance Resources Limited (Alliance) is pleased to announce an update of exploration activities at its Nepean South nickel-gold project (Project) in Western Australia's Eastern Goldfields.

The Project is located 26 km southwest of Coolgardie and captures the interpreted southern extension of the ultramafic sequence hosting the Nepean Nickel Mine (now closed). The project is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits.

A broad area of gold-in-soil anomalism has been identified in the northwest of the auger soil survey area and approximately 4km southwest of the Nepean Mine. The main gold anomaly (>5.5ppb) is approximately 1,100m in length, has a variable width up to 900m and is open the north (Figure 1).

Background

Following a detailed literature review of the existing geological data, it was revealed that historic Metals Exploration percussion hole MLX005 (6,546,600mN / 317,150mE) returned 19.8m @ 0.37 g/t Au from 10.7m to EOH, including 4.6m @ 1.0 g/t Au from 25.9m to EOH.

Alliance completed a 156 sample orientation auger soil survey on three 400m x 50m spaced lines in areas of interpreted shallow transported cover and analysed for gold and base metals. The objective of this orientation survey was to determine the effectiveness of using auger soil sampling as an exploration tool across areas of known ultramafic rock and gold in regolith anomalism, including over MLX005.

Whilst the effectiveness of this sampling technique was variable and no gold in soil anomalism was returned over MLX005 in the east of the survey area, broad gold-in-soil anomalism in the northwest justified a second phase of auger soil sampling to infill the sample spacing to 200m x 50m and extend the survey area to the north (247 samples).

A third phase of auger soil sampling is planned for January 2017 to infill gold anomalism to a 50 metre by 50 metre spaced grid and extend the survey area to the north with 2 x 200m spaced lines (624 samples).

Subject to results, planned work will consist of aircore drilling to vector towards the primary source of gold.

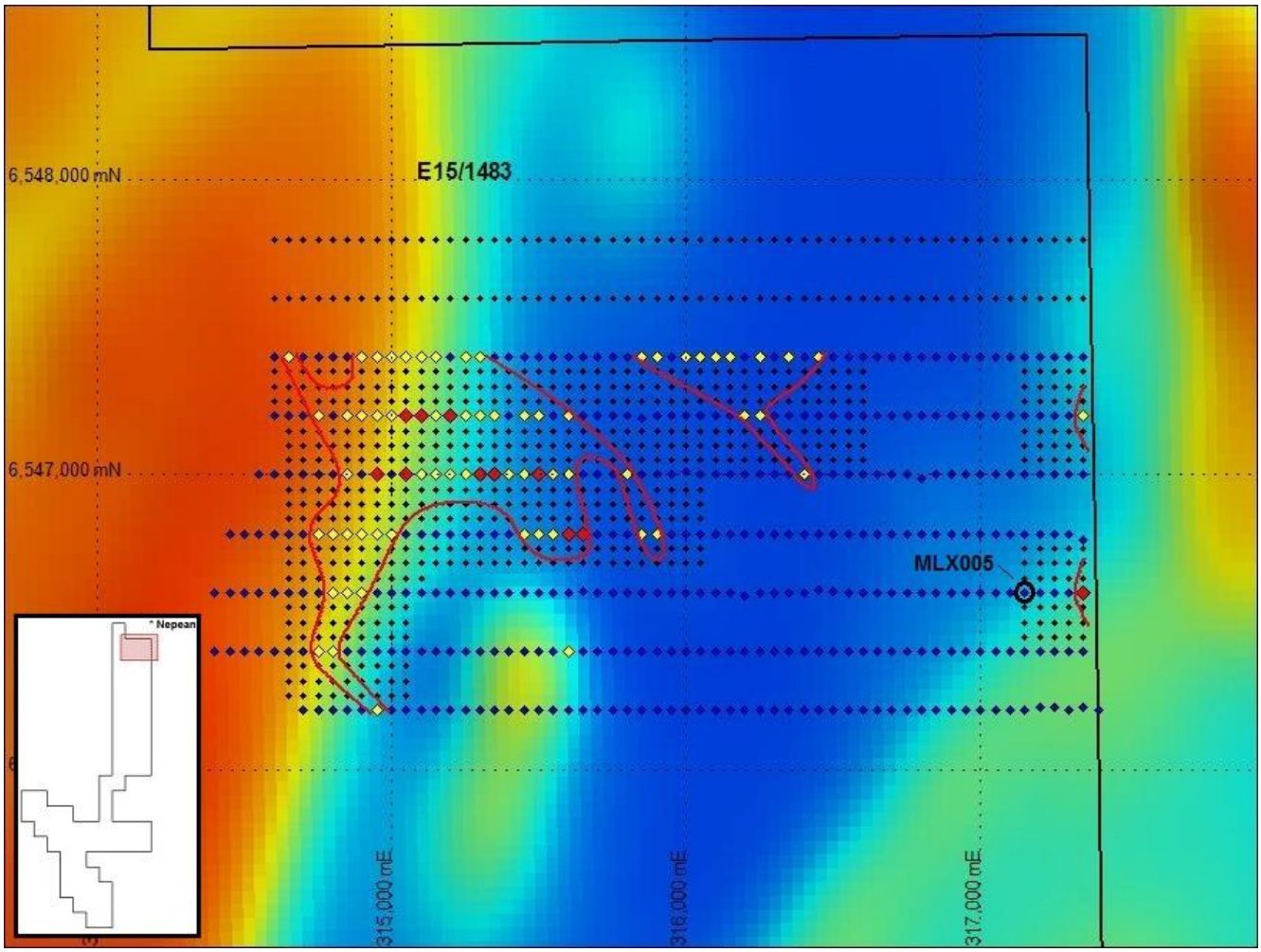

Figure 1. Nepean South Project: gold-in-soil results on an aeromagnetic image and planned third phase auger soil sampling

Legend -
Blue diamonds: 0 – 5.5 ppb Au
Yellow diamonds: 5.5 – 10 ppb Au (anomalous)
Red diamonds: > 10 ppb Au (highly anomalous)
Black diamonds: planned Phase 3 auger soil samples
Red line: > 5.5 ppb Au contour

Table A – Auger soil gold results >=5.5ppb

Sample_ID	North_MGA	East_MGA	Depth_m	Regolith	Au_Avg (ppb)
NS000001	6547000	314950	1.2	loam	11.5
NS000003	6547000	315050	1.2	loam	10
NS000004	6547000	315100	1.2	loam	9.5
NS000005	6547000	315150	1.2	calcrete	8
NS000006	6547000	315200	1	calcrete	9
NS000007	6547000	315250	1.2	calcrete	8
NS000008	6547000	315300	1.2	calcrete	14.5
NS000009	6547000	315350	1.2	loam	12
NS000010	6547000	315400	1.2	loam	9
NS000011	6547000	315450	1.2	loam	8
NS000012	6547000	315500	1.2	calcrete	10
NS000013	6547000	315550	1.2	calcrete	8
NS000014	6547000	315600	1.2	loam	7
NS000018	6547000	315800	1.2	loam	6
NS000030	6547000	316400	1.2	calcrete	5.5
NS000050	6546600	314800	1.2	calcrete	6
NS000051	6546600	314850	1.2	calcrete	6
NS000052	6546600	314900	1	calcrete	6
NS000101	6546600	317350	0.5	subcrop	15
NS000107	6546200	314950	1	calcrete	6
NS000164	6546400	314750	1.2	loam	9.5
NS000165	6546400	314800	1.2	loam	6
NS000181	6546400	315600	2	sand and gravel	6.5
NS000231	6546800	314750	1	calcrete	6
NS000232	6546800	314800	1	calcrete	6
NS000233	6546800	314850	1.2	calcrete	6
NS000234	6546800	314900	1.2	calcrete	6
NS000235	6546800	314950	1	calcrete	9
NS000236	6546800	315000	1	calcrete	6
NS000245	6546800	315450	1.2	calcrete	6
NS000246	6546800	315500	1	calcrete	6
NS000247	6546800	315550	1.2	calcrete	7
NS000248	6546800	315600	1.2	calcrete	11.3
NS000249	6546800	315650	1.2	calcrete	14.3
NS000253	6546800	315850	1	calcrete	9
NS000254	6546800	315900	1.2	loam	9
NS000290	6547000	314850	1.2	loam	7
NS000295	6547200	314750	1.2	loam	8
NS000297	6547200	314850	1.2	loam	7.5
NS000298	6547200	314900	1.2	loam	6
NS000299	6547200	314950	1.2	loam	9
NS000300	6547200	315000	1.2	loam	9
NS000301	6547200	315050	1	calcrete	14.5
NS000302	6547200	315100	1.2	loam	11.5
NS000303	6547200	315150	1	calcrete	9.5
NS000304	6547200	315200	1	calcrete	11
NS000305	6547200	315250	1.2	loam	8
NS000306	6547200	315300	1.2	loam	6
NS000307	6547200	315350	1.2	loam	8
NS000309	6547200	315450	1.2	loam	8.5
NS000310	6547200	315500	1.2	loam	8
NS000312	6547200	315600	1.2	loam	6
NS000324	6547200	316200	1	calcrete	6
NS000325	6547200	316250	1	loam	9
NS000347	6547200	317350	1	saprolite	6
NS000349	6547400	314650	1.2	loam	6.5
NS000354	6547400	314900	1	calcrete	6
NS000355	6547400	314950	1.2	loam	7
NS000356	6547400	315000	1.2	loam	8
NS000357	6547400	315050	1	calcrete	8
NS000358	6547400	315100	1.2	clay soil	7
NS000359	6547400	315150	1.2	loam	7
NS000361	6547400	315250	1.2	loam	7
NS000362	6547400	315300	1	loam	6
NS000373	6547400	315850	1.2	loam	6
NS000374	6547400	315900	1.2	loam	6
NS000376	6547400	316000	1	loam	6
NS000377	6547400	316050	1.2	loam	6.5
NS000378	6547400	316100	1.2	loam	7.5
NS000379	6547400	316150	1.2	loam	6
NS000381	6547400	316250	1.2	loam	6
NS000383	6547400	316350	1.2	loam	6
NS000385	6547400	316450	1	calcrete	8

Steve Johnston
Managing Director

Alliance Resources Ltd has projects in South Australia, Western Australia and New South Wales for gold and base metals. 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 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	*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.*	Sample type was soil samples from auger drilling.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Industry standard practice has been applied on site to ensure sample representivity. The laboratory has applied appropriate QA-QC to sample preparation and appropriate calibration/QA-QC to analytical instruments.
	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'	Auger drilling was used to obtain a ~200g sample from the end of auger hole (between 0.5m and 2m depth) which was pulverised to produce a 10g charge prior to aqua regia digestion with ICP-MS finish.
Drilling techniques	*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.).*	Open hole auger drilling.
Drill sample recovery	*Method recording and assessing core and chip sample recoveries and results assessed.*	~200g sample collected from end of hole in calcrete horizon (if present)
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Sample recovery 100% due to method of sampling (auger drilling). Calcrete horizon preferentially sampled.
	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.	Low potential for sample bias due to method of geochemical sampling (auger drilling).
Logging	*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.*	The sample medium and carbonate abundance was noted for all samples collected.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Sample logging is qualitative (e.g. regolith type and carbonate intensity).
	The total length and percentage of the relevant intersections logged.	All soil samples were logged for regolith type and carbonate intensity.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	A sample scoop was used to collect a ~200g sample of auger drill spoil from the end of hole.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation and analyses was carried out by MinAnalytical in Perth. All samples were dried, crushed, pulverised and split to produce a charge of 10g for analyses.
	Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.	The calcrete horizon was preferentially sampled. Acid was used to test for presence of carbonate. The sample medium and carbonate abundance was note for all samples.
	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.	All samples were collected as ~200g samples at the end of each hole. No duplicate samples were submitted to the laboratory.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The analytical technique (AR10MS) uses 3 acid (partial) digestion followed by ICP-MS for Ag, Au, Bi, Cu, Ni, Pb, Sb, Te, W and Zn. The technique is considered appropriate for the sample type.
	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.	Not applicable.

Section 1 – Sampling Techniques and Data		
Criteria	**JORC Code explanation**	**Commentary**
	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.	Sample duplicates and sample standards were inserted into the sample sequence every 26 samples by the laboratory. Sample blanks were inserted into the sample sequence every 52 samples by the laboratory. The analyses of the duplicates indicate acceptable levels of accuracy have been established.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Alternative company geologists have verified the significant results that are tabled in this report.
	The use of twinned holes.	Not applicable.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Each sample bag was labelled with a unique sample number. Sample numbers are used to match analyses from the laboratory to the in-house database containing sampling data.
	Discuss any adjustment to assay data.	Other than arithmetically averaging of repeat analyses, no adjustments have been made to analyses.
Location of data points	*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.*	Auger collars were surveyed by handheld GPS. Expected horizontal accuracy is +/-4m (95%) and vertical accuracy is +/-10m (95%).
	Specification of the grid system used.	MGA94, zone 51.
	Quality and adequacy of topographic control.	Topographic control is considered adequate.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Data spacing is listed in Table A in the body of the report.
	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.	Not applicable at this stage of exploration.
	Whether sample compositing has been applied.	No sample compositing has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Not applicable at this stage of exploration.
	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.	Not applicable at this stage of exploration.
Sample security	*The measures taken to ensure sample security.*	Samples were transported offsite each day to a secure location prior to transportation to the laboratory.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been undertaken.

Section 2 – Reporting of Exploration Results		
Criteria	**JORC Code explanation**	**Commentary**
Mineral tenement and land tenure status	*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.*	The Nepean South Project (E15/1483) is owned 100% by Alliance (SA) Pty Ltd (**Alliance**). The Project is centred 40 km southwest of Coolgardie, Western Australia.
	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.	The tenement is in good standing with no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	The area has been explored by companies including Metals Exploration Ltd (1968-1985), Triton Resources Ltd (1994-2000), Resolute Ltd (1995-1999), Hannans Reward Ltd (2005-2008), Mincor Resources Ltd (2006-2013) and HD Mining and Investment Pty Ltd (2012-2014). All previous work has been appraised by Alliance.
Geology	*Deposit type, geological setting and style of mineralisation.*	The Nepean South project captures the interpreted southern extension of the ultramafic sequence hosting the Nepean Nickel Mine (historic production: 1.1 Mt @ 3.0% Ni for 32,200 t

Section 2 – Reporting of Exploration Results		
Criteria	**JORC Code explanation**	**Commentary**
		Ni) (not part of E15/1483). The project is prospective for both komatiitic-hosted nickel sulphide mineralisation and greenstone-hosted orogenic gold mineralisation.
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 the Table A in the body of report for all significant results from the auger soil drilling.
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.*	Repeat results were arithmetically averaged for the purpose of reporting. Only results >=5.5ppb Au are reported in Table A.
	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.	Not applicable.
	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').*	Not applicable as results are soil geochemical results.
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 figure 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.*	Only results >=5.5ppb Au are reported in Table A. The location of all samples (including those <5.5ppb Au) is illustrated in Figure 1.
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 have 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 report.