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ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$9.0.M @ \$0.086

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

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OUTSTANDING GOLD RESULTS *Weednanna RC Drilling (Target 3)*

Alliance Resources Ltd (Alliance) is pleased to announce that it has received results for the circulation (RC) drilling at the Weednanna gold prospect, Target 3.

Weednanna is the most advanced gold prospect at the Wilcherry Project Joint Venture between Alliance (51%) and Tyranna Resources Ltd (ASX Code: TYX) (49%).

The RC drilling program was designed to test the strike, dip, and plunge continuity of three possible high-grade gold mineralised shoots referred to as Targets 1, 2 and 3 (Figure 1). A total of 24 RC holes were completed for 3,920 metres.

Significant new gold (Au) intercepts (>5g/t Au) at Target 3 include:

- **14m @ 36.1 g/t Au from 118m (including 5m @ 95.6 g/t Au from 120m) and 7m @ 7.4 g/t Au from 147m (including 1m @ 40.0 g/t Au from 149m) in 17WDRC017**
- **3m @ 5.5 g/t Au in hole from 144m in 17WDRC021**
- **3m @ 3.1 g/t Au from 84m in 17WDRC022**

The gold intercepts are amongst the best grades reported from Weednanna and highlight the mineral potential of this prospect.

This builds on a previous best intercept at Target 3 of:

- **6m @ 18.6 g/t Au from 126m in 98WDRC049**

Refer Trafford ASX Announcement dated 17 April 2012 for further details.

The results are based on 1m samples for Au using 50g charge fire assay with AAS finish. The high-grade Au results reported in hole 17WDRC017 have been validated by acceptable comparison with 4m composite scoop samples collected prior to 1m sampling.

The location of the drillhole collars are shown as Figures 1 and 2 respectively and cross-section 6373170mN as Figure 3. Refer to Table A for all significant gold results greater than 1 g/t Au and Table B for drill hole location details.

Results for Targets 1 and 2 at Weednanna are expected over the next week.

Background

Weednanna is the most advanced gold prospect in the Wilcherry Project area. In 1997 Acacia Resources identified a strong gold-in-calcrete anomaly at Weednanna which is coincident with a prominent NNW-trending magnetic anomaly. Successive drilling campaigns identified gold mineralisation associated with skarn alteration and brecciation in the contact aureole of the adjacent granite. However, the structural and lithological controls on the distribution of gold were poorly understood.

Between 2007 and 2013 exploration at Weednanna was focussed onto testing the magnetite skarn for economic concentrations of iron ore.

The joint venture's current exploration program led by Alliance includes 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, but laterally extensive.

Alliance recently completed a program of assaying historic sample pulps, drilled between 2007-2013 to define iron mineralisation, for gold and XRF analyses for other metals, from Weednanna and other prospects. Refer to ASX announcement dated 2 February 2017 for further details.

Planned Work

Alliance has planned a further program of RC drilling to test for extensions to, and infill, high grade gold intersections at Weednanna returned from the recent RC drilling program.

It should be noted that many other high-grade gold targets exist at the Weednanna prospect.

This drilling program relates only to follow up drilling of Targets 1, 2, and 3 and this announcement relates only to Target 3.

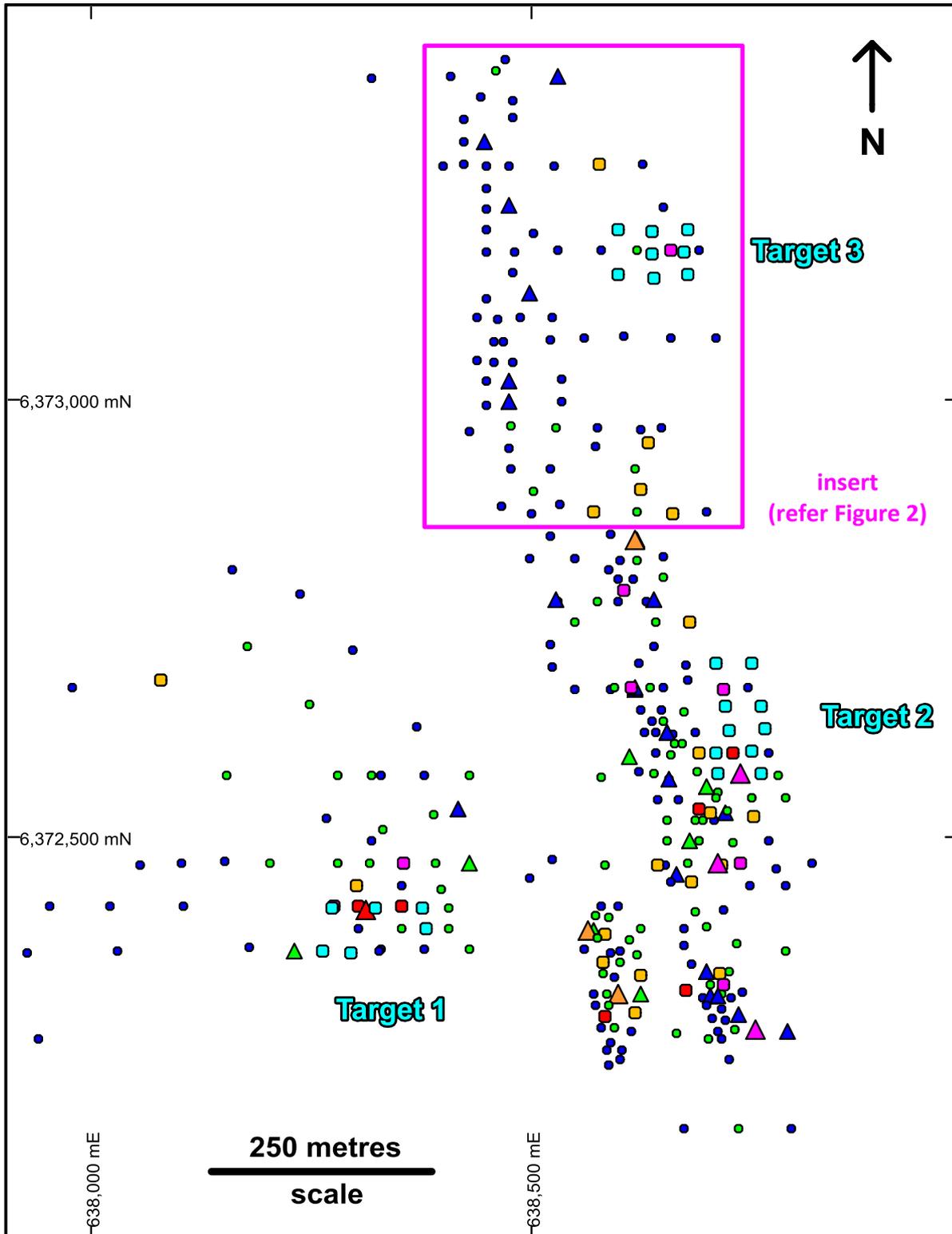


Figure 1. Weednanna: Location of recent drilling on maximum gold in hole collar plan

Legend-

Maximum Gold in Drilling

- Blue: 0 – 1 g/t Au*
- Green: 1 – 5 g/t Au*
- Orange: 5 – 10 g/t Au*
- Red: 10 – 20 g/t Au*
- Magenta: > 20 g/t Au*

- Circles: RC holes*
- Triangles: diamond holes*

Light blue dots: location of recent RC drilling

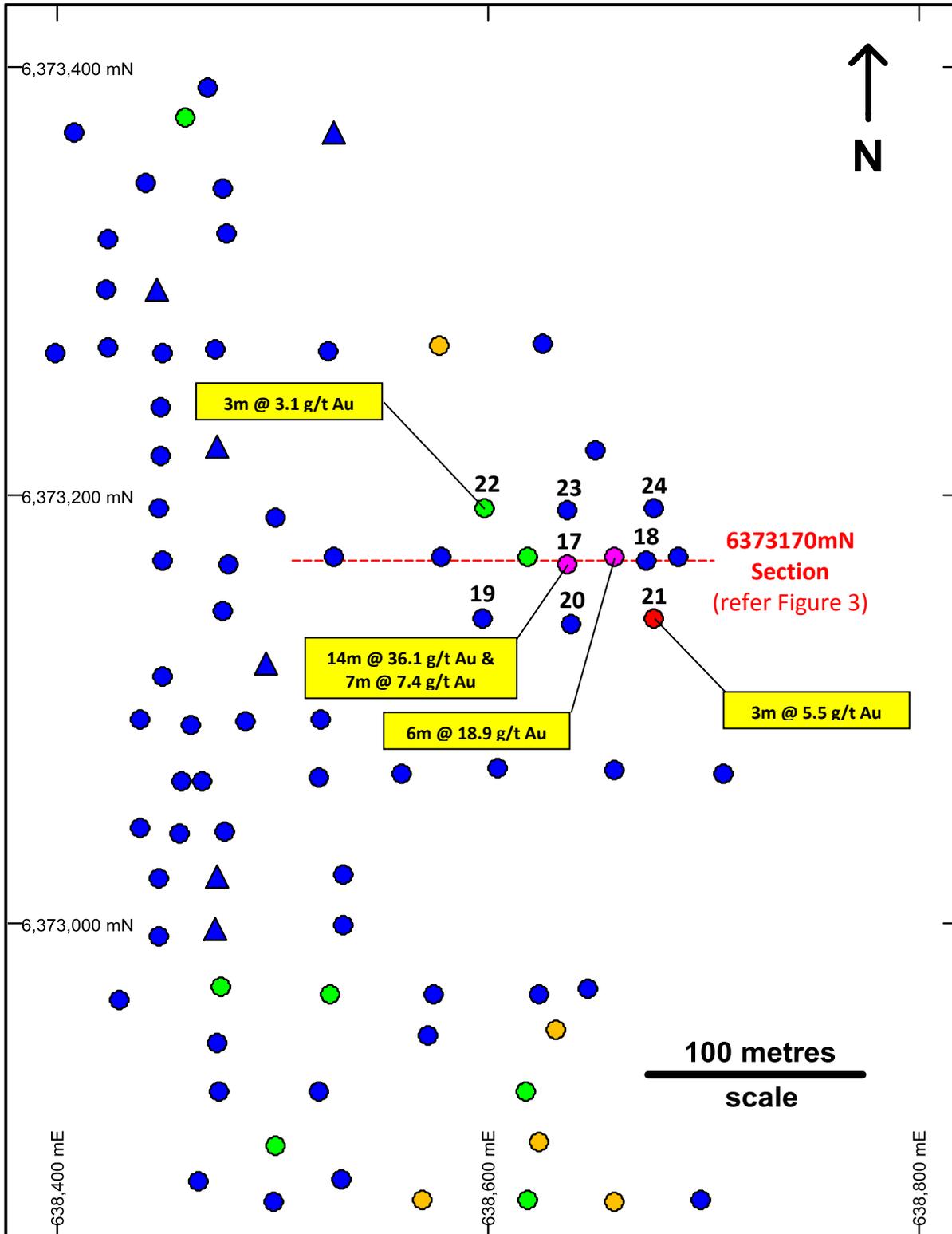


Figure 2. Target 3: Location of recent drilling on maximum gold in hole collar plan (insert to Figure 1)

Legend-

Maximum Gold in Drilling

- Blue: 0 – 1 g/t Au
- Green: 1 – 5 g/t Au
- Orange: 5 – 10 g/t Au
- Red: 10 – 20 g/t Au
- Magenta: > 20 g/t Au

- Circles: RC holes
- Triangles: diamond holes

17 denoted recent RC hole number 17WDRC017

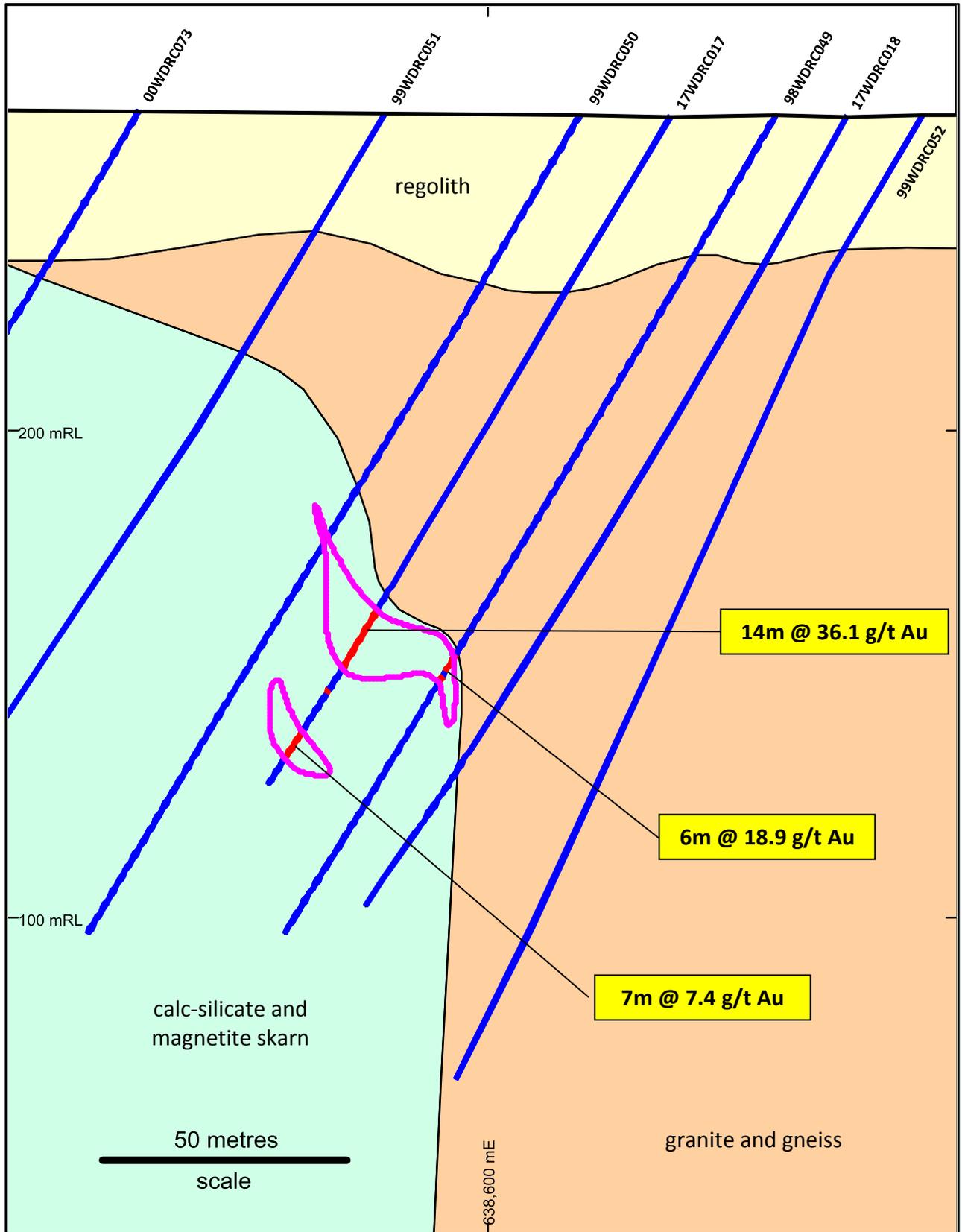


Figure 3. Target 3: 6373170mN Cross-Section with gold drilling results

Legend-

Gold in Drilling

Blue: 0 – 1 g/t Au

Red: >1 g/t Au

Magenta contour: >1 g/t Au

Table A: Weednanna Target 3 Gold Intercepts >1 g/t Au

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)
17WDRC017	118	119	1	1.96
	119	120	1	6.39
	120	121	1	262.00
	121	122	1	108.00
	122	123	1	47.40
	123	124	1	22.80
	124	125	1	37.60
	125	126	1	4.19
	126	127	1	4.47
	127	128	1	3.44
	128	129	1	2.98
	129	130	1	1.31
	130	131	1	1.81
	131	132	1	1.16
	inc	118	132	14
120		125	5	95.56
137		138	1	1.07
137		138	1	1.07
147		148	1	2.06
148		149	1	1.99
149		150	1	40.00
150		151	1	3.31
151		152	1	1.28
152		153	1	1.82
inc	153	154	1	1.12
	147	154	7	7.37
	149	150	1	40.00
17WDRC018				NSA
17WDRC019				NSA
17WDRC020				NSA
17WDRC021	144	145	1	1.36
	145	146	1	13.15
	146	147	1	2.00
	144	147	3	5.50
17WDRC022	84	85	1	4.94
	85	86	1	0.39
	86	87	1	3.82
	84	87	3	3.05
17WDRC023				NSA
17WDRC024				NSA

Table B: Weednanna Target 3 Drill Collar Details

Hole ID	East MGA	North MGA	mRL	Azimuth	Dip	Depth (m)
17WDRC017	638637.2	6373168.1	264.7	270	-60	160
17WDRC018	638673.5	6373169.3	264.8	270	-60	190
17WDRC019	638597.5	6373142.5	264.9	270	-60	130
17WDRC020	638638.6	6373140.2	265.1	270	-60	170
17WDRC021	638677.2	6373143.0	265.0	270	-60	210
17WDRC022	638598.9	6373193.9	264.2	270	-60	130
17WDRC023	638637.4	6373193.0	264.3	270	-60	170
17WDRC024	638676.8	6373194.1	264.5	270	-60	210

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	<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° to the east or west.
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. No wet samples were recorded during the drilling program.
	<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 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.
Quality of assay data and laboratory tests	<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.
	<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</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

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	<i>been established.</i>	reanalysed using either the original pulp or a second split. 6% of samples submitted by Alliance for analysis were in the form of 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 were completed in the collar and at 30m spaced intervals down hole using a Cameq Proshot Dual CTPS200 Camera Probe. These results were acceptable for holes 17WDRC001-006. Magnetic ground adversely affected the down hole surveys in holes 17WDRC007-024. Alliance intends to re-enter these holes and accurately survey their path using a gyroscopic down-hole survey camera when a drilling rig is next onsite.
	<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>	Not applicable at this stage of exploration. This may be revised with further drilling.
	<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. It is possible that the significant results reported in this announcement have been biased by drilling sub-parallel to ore shoot trends.
	<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 is orientated east-west. Close spaced drilling at Targets 1 and 3 suggest the potential for either localised ore pods, or drilling sub-parallel to ore shoot trends.
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	<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,

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<i>parties</i>		Shell (later Acacia), WMC, Aquila Resources Ltd, Trafford Resources Ltd, Ironclad Mining Ltd (later Tyranna). All previous work has been appraised by Tyranna.
<i>Geology</i>	<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 a granite intrusion. The Prospect contains concentrations of gold, silver, bismuth, tin, uranium, lead, and zinc.
<i>Drill hole information</i>	<p><i>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:</i></p> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar;</i> • <i>elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;</i> • <i>dip and azimuth of the hole;</i> • <i>down hole length and interception depth;</i> • <i>hole length.</i> <p><i>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.</i></p>	Refer to Table B in the body of this report for the location of all drill holes.
<i>Data aggregation methods</i>	<i>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.</i>	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 1 in the body of the announcement.
	<i>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.</i>	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.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents are reported.
<i>Relationship between mineralisation widths and intercept lengths</i>	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>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').</i></p>	The geometry of the mineralisation is still being assessed. Assay results are reported at down hole lengths as the true width is not known.
<i>Diagrams</i>	<i>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.</i>	Refer to figures in the body of the announcement.
<i>Balanced reporting</i>	<i>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.</i>	The result reported in Table A represent all significant assay results averaging greater than 1.0 g/t Au.
<i>Other substantive exploration data</i>	<i>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.</i>	All relevant exploration data collected so far has been reported.
<i>Further work</i>	<i>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.</i>	Refer to main body of announcement.