

# **Alliance Resources Limited**

**ABN 38 063 293 336**

**Interim Report - 31 December 2017**

**Alliance Resources Limited**  
**Corporate directory**  
**31 December 2017**

Directors	Ian J Gandel (Chairman) Stephen F Johnston (Managing Director) Anthony D Lethlean (Director)
Company secretary	Robert P Tolliday
Registered Office and Principle Place of Business	Suite 3 51-55 City Road Southbank Victoria 3006 Phone +61 3 9697 9090
Share register	Computershare Investor Services GPO Box 2975 Melbourne Victoria 3001
Auditor	BDO East Coast Partnership Collins Square Tower Four Level 18, 727 Collins Street Melbourne Victoria 3008
Stock exchange listing	Alliance Resources Limited shares are listed on the ASX (ticker code: AGS)
Website	<a href="http://www.allianceresources.com.au">www.allianceresources.com.au</a>
Email	<a href="mailto:info@allianceresources.com.au">info@allianceresources.com.au</a>

**Alliance Resources Limited**  
**Directors' report**  
**31 December 2017**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or 'Alliance') consisting of Alliance Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

**Directors**

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ian Jeffrey Gandel  
Stephen Frederick Johnston  
Anthony Dean Lethlean

**Principal activities**

The principal activities of the Consolidated Entity during the six months ended 31 December 2017 were exploring its projects in South Australia (Wilcherry Project Joint Venture) and Western Australia.

**Review of operations**

The loss for the Consolidated Entity after providing for income tax and non-controlling interest amounted to \$593,000 (31 December 2016: \$560,000).

During the period, Alliance released its Annual Report for the year to 30 June 2017. It also released Quarterly Activities Reports to 30 September 2017 and 31 December 2017, with significant events as follows:

**Increased JV interest to 67.35% in the Wilcherry Project**

The Company through its wholly owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE), increased its JV equity interest at 31 December 2017 to 67.35% in the Wilcherry Project Joint Venture (WPJV or Project) as a result of its sole funding of the FY2018 Programme and Budget (FY2018 P&B). Joint venturers ACE and Trafford Resources Pty Ltd (Trafford) are to contribute to expenditure in accordance with their percent equity in the Project, or dilute using a standard dilution formula. At 31 December 2017 Trafford has a 32.65% equity interest.

The WPJV is located within the southern part of the Gawler Craton in the northern Eyre Peninsula and comprises seven exploration licences covering approximately 1,400 km<sup>2</sup>. The Project area is prospective for gold and base metals (including tin, zinc-lead-silver). The highest priority exploration target is the Weednanna Gold Prospect.

The half year highlights from activities at the WPJV include:

- Second and third phases of RC drilling continued to return high-grade gold results from Weednanna, including:
  - o 60m @ 5.65 g/t Au from 47m in 17WDRC032 (Target 1), incl. 9m @ 15.57 g/t Au from 63m and 8m @ 13.38 g/t Au from 99m
  - o 16m @ 7.66 g/t Au from 81m in 17WDRC060 (Target 1), incl. 8m @ 12.90 g/t Au from 88m
  - o 7m @ 12.15 g/t Au from 153m in 17WDRC046 Target 1, incl. 4m @ 18.81 g/t Au from 154m
  - o 35m @ 3.65 g/t Au from 43m in 17WDRC051 (Target 1), incl. 9m @ 8.91 g/t Au from 44m
  - o 6m @ 13.63 g/t Au from 59m in 17WDRC057 (Target 2), incl. 3m @ 26.60 g/t Au from 62m
  - o 15m @ 18.21 g/t Au from 107m in 17WDRC067 (Target 4), incl. 7m @ 35.94 g/t Au from 109m
  - o 3m @ 25.45 g/t Au from 81m in 17WDRC070 (Target 4), incl. 1m @ 74.2 g/t Au from 81m
  - o Target 4, a new high-grade gold lode is confirmed and is open down plunge
- Metallurgical testwork from Targets 1, 2 and 3 indicates that the gold mineralisation is amenable to conventional grinding and cyanide recovery techniques
- Best results from drilling of regional EM Targets:
  - o 12.7m @ 3.9% Pb, 0.2% Zn and 114 g/t Ag from 65.8m in 17TDDH001, incl. 5.6m @ 6.8% Pb, 0.2% Zn and 209 g/t Ag from 66.9m (Telephone Dam)
  - o 8m @ 457ppm Cu from 160.5m in 17ZLDH001 (northwest of Zealous)
  - o 3m @ 0.4% zinc from 159m (to EOH) in 17EMRC006 (HEM Target 2)

Refer to Alliance ASX announcements dated 28 August 2017, 5 October 2017, 11 October 2017, 30 November 2017, 17 January 2018 and 19 January 2018 for further details of the Exploration results and metallurgical testwork results.

### **West Australian Nickel - Gold - Projects (Alliance 100%)**

Alliance (SA) Pty Ltd has two projects in Western Australia - Nepean South and Gundockerta South.

The Nepean South project is located 26 km southwest of Coolgardie and is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits. The results for the final phase of infill auger soil sampling in the northeastern part of the project area were received in October 2017 and confirmed the gold anomalism previously indicated by wider-spaced sampling.

The results from all phases of soil sampling defined two coherent anomalies greater than 7.5 ppb gold (Au) and totalling 2.1 km<sup>2</sup> in area.

Post-reporting, an aircore drilling program to test these gold anomalies was completed on 21 January 2018, with 90 holes drilled for a total of 4,392m. No significant gold was reported from this drilling program.

Refer to Alliance's ASX announcements dated 25 October 2017, 22 January 2018 and 28 February 2018 for further details.

The Gundockerta South project is located 72 km east of Kalgoorlie and is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits. No exploration was conducted on this project during the reporting period.

### **New South Wales Projects (Alliance 100%)**

The Bogan Gate West and Garema tenements were surrendered during the reporting period in order to focus on the Company's higher priority projects in South Australia and Western Australia.

### **Corporate**

During the reporting period:

#### *Cash reserves*

Alliance had available cash reserves of \$7.3 million at 31 December 2017.

#### *Investment in Tyranna Resources Limited and Centennial Mining Limited*

Alliance holds 71,393,843 ordinary shares in Tyranna Resources Limited and 11,000,000 ordinary shares in Centennial Mining Limited.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

### **Matters subsequent to the end of the financial half-year**

On 17 January 2018, Alliance announced the assaying results of an outstanding new high grade gold shoot at the Weednanna Gold Prospect (Wilcherry Project JV) in South Australia, including:

- 35m @ 3.65 g/t Au from 43m in 17WDRC051 (Target 1), incl. 9m @ 8.91 g/t Au from 44m
- 6m @ 13.63 g/t Au from 59m in 17WDRC057 (Target 2), incl. 3m @ 26.60 g/t Au from 62m
- 15m @ 18.21 g/t Au from 107m in 17WDRC067 (Target 4), incl. 7m @ 35.94 g/t Au from 109m
- 3m @ 25.45 g/t Au from 81m in 17WDRC070 (Target 4), incl. 1m @ 74.2 g/t Au from 81m

**Alliance Resources Limited**  
**Directors' report**  
**31 December 2017**

On 19 January 2018, Alliance announced the results of positive gold metallurgical testwork on two composite RC samples from the Weednanna Gold Prospect, and confirmed positive gold recovery highlights including:

- Fast leach kinetics (avg. 91 % in 24 hours) using a conventional grind size
- Cyanide and lime consumptions are low for both samples
- No evidence of coarse or nuggetty gold
- Past and present metallurgical testwork indicates that gold mineralisation from Weednanna Targets 1, 2 and 3 is amenable to conventional grinding and cyanide recovery techniques
- Metallurgical testwork on the new Target 4 gold zone is planned

On 22 January 2018, Alliance announced the completion of aircore drilling at the Nepean South Project in Western Australia, targeting gold mineralisation. Ninety aircore holes were completed for a total of 4,392 metres.

On 29 January 2018, Alliance announced that its JV interest in the Wilcherry Project had increased to 67.35% at 31 December 2017 as a result of its sole funding of the FY2018 Programme and Budget.

On 21 February 2018, Alliance announced the commencement of regional drilling for base metals at the Wilcherry Project. Fourteen ground moving loop electromagnetic (MLEM) targets were defined, eight of which will be drilled using an RC rig for 1,525 metres, and six will be drilled using a diamond rig for 1,960 metres. The drilling will commence on MLEM target HP7 in the western part of the project area. The drill rig will then move to the Weednanna gold prospect to test the limits of the new Target 4 gold zone and to test a new gold target area, before returning to the regional targets to drill test the remainder of the MLEM anomalies for base metals.

On 28 February 2018, Alliance announced that:

- (1) Ten RC holes had been completed for 1,434m at Weednanna gold prospect Target 4; and
- (2) Results of the aircore drilling at the Nepean South Project had returned no significant gold results.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Anthony Lethlean  
Chairman - Audit & Risk Committee


13 March 2018  
Melbourne

**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF ALLIANCE RESOURCES LIMITED**

As lead auditor for the review of Alliance Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alliance Resources Limited and the entities it controlled during the period.



James Mooney  
Partner

**BDO East Coast Partnership**

Melbourne, 13 March 2018

## Alliance Resources Limited

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### General information

The financial statements cover Alliance Resources Limited as a Consolidated Entity consisting of Alliance Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Alliance Resources Limited's functional and presentation currency.

Alliance Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### Registered office

Suite 3  
51-55 City Road  
Southbank Victoria 3006

#### Principal place of business

Suite 3  
51-55 City Road  
Southbank Victoria 3006  
Telephone +61 3 9697 9090

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 March 2018. The Directors have the power to amend and reissue the financial statements.

**Alliance Resources Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Interest income		87	253
Other income	3	-	37
		<u>87</u>	<u>290</u>
<b>Expenses</b>			
Depreciation and amortisation expense		(7)	(8)
Expense of share options granted		(29)	(33)
Tenement costs abandoned		(85)	(156)
Occupancy expenses		(15)	(10)
Administration expenses		(436)	(422)
Legal expenses		(4)	(63)
Director fees		(83)	(55)
Company secretarial		(34)	(88)
Marketing and Investor Relations		(57)	(15)
		<u>(663)</u>	<u>(560)</u>
<b>Loss before income tax expense</b>		(663)	(560)
Income tax expense		-	-
		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the half-year</b>		(663)	(560)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of equity investments at FVOCI		(79)	(537)
		<u>(79)</u>	<u>(537)</u>
Other comprehensive income for the half-year, net of tax		(79)	(537)
		<u>(79)</u>	<u>(537)</u>
<b>Total comprehensive income for the half-year</b>		<u>(742)</u>	<u>(1,097)</u>
Loss for the half-year is attributable to:			
Owners of Alliance Resources Limited		(593)	(560)
Non-controlling interest		(70)	-
		<u>(663)</u>	<u>(560)</u>
Total comprehensive income for the half-year is attributable to:			
Owners of Alliance Resources Limited		(672)	(1,097)
Non-controlling interest		(70)	-
		<u>(742)</u>	<u>(1,097)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	12	(0.57)	(0.54)
Diluted earnings/(loss) per share	12	(0.57)	(0.54)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Alliance Resources Limited**  
**Statement of financial position**  
**As at 31 December 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>30 June 2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	7,298	9,497
Trade and other receivables		111	238
Other assets		48	18
<b>Total current assets</b>		<u>7,457</u>	<u>9,753</u>
<b>Non-current assets</b>			
Trade and other receivables		-	20
Financial assets at fair value through other comprehensive income	5	1,420	1,499
Property, plant and equipment		6	13
Exploration and evaluation	6	5,493	4,148
<b>Total non-current assets</b>		<u>6,919</u>	<u>5,680</u>
<b>Total assets</b>		<u>14,376</u>	<u>15,433</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		99	444
Employee benefits		22	24
<b>Total current liabilities</b>		<u>121</u>	<u>468</u>
<b>Non-current liabilities</b>			
Employee benefits		77	74
<b>Total non-current liabilities</b>		<u>77</u>	<u>74</u>
<b>Total liabilities</b>		<u>198</u>	<u>542</u>
<b>Net assets</b>		<u>14,178</u>	<u>14,891</u>
<b>Equity</b>			
Contributed equity	7	47,495	47,495
Reserves		(1,425)	(1,375)
Accumulated losses		(32,725)	(32,132)
Equity attributable to the owners of Alliance Resources Limited		13,345	13,988
Non-controlling interest	8	833	903
<b>Total equity</b>		<u>14,178</u>	<u>14,891</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Alliance Resources Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2017**

<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2016	55,841	(64)	(30,981)	-	24,796
Loss after income tax expense for the half-year	-	-	(560)	-	(560)
Other comprehensive income for the half-year, net of tax	-	(537)	-	-	(537)
Total comprehensive income for the half-year	-	(537)	(560)	-	(1,097)
Non-controlling interest - Trafford Resources P/L	-	-	-	545	545
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	33	-	-	33
Share registry costs - Capital return	(3)	-	-	-	(3)
Capital return	(8,343)	-	-	-	(8,343)
Balance at 31 December 2016	<u>47,495</u>	<u>(568)</u>	<u>(31,541)</u>	<u>545</u>	<u>15,931</u>
<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017	47,495	(1,375)	(32,132)	903	14,891
Loss after income tax expense for the half-year	-	-	(593)	(70)	(663)
Other comprehensive income for the half-year, net of tax	-	(79)	-	-	(79)
Total comprehensive income for the half-year	-	(79)	(593)	(70)	(742)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	29	-	-	29
Balance at 31 December 2017	<u>47,495</u>	<u>(1,425)</u>	<u>(32,725)</u>	<u>833</u>	<u>14,178</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Alliance Resources Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2017**

	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(598)	(964)
Interest received	78	237
Other income	-	37
	<u>          </u>	<u>          </u>
Net cash used in operating activities	(520)	(690)
<b>Cash flows from investing activities</b>		
Payments for investments	-	(2,704)
Payments for exploration and evaluation	(1,682)	(2,482)
Interest earned by JV Partners	3	-
Proceeds from JV Partner	-	192
	<u>          </u>	<u>          </u>
Net cash used in investing activities	(1,679)	(4,994)
<b>Cash flows from financing activities</b>		
Share issue transaction costs	-	(2)
Payment for Capital Distribution	-	(8,301)
	<u>          </u>	<u>          </u>
Net cash used in financing activities	-	(8,303)
Net decrease in cash and cash equivalents	(2,199)	(13,987)
Cash and cash equivalents at the beginning of the financial half-year	9,497	24,687
	<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial half-year	7,298	10,700

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**New and Amended Standards**

For the financial year ended 30 June 2016 the consolidated entity elected to apply AASB9 *Financial Instruments* as issued in December 2014, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

**New or amended Accounting Standards and Interpretations adopted**

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

**Note 2. Operating segments**

The consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach'. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The consolidated entity operates predominately in one geographical location. The consolidated entity does not have any operating segments with discrete financial information. The consolidated entity does not have any customers, and all the consolidated entity's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cashflows. As a result no reconciliation is required because the information as presented is what is used by the Board of Directors to make strategic decisions including assessing performance and in determining the allocation of resources.

**Note 3. Other income**

**Other income**

Wilcherry Project Joint Venture management fees

<b>Consolidated</b>	
<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
<b>\$'000</b>	<b>\$'000</b>
-	37
<hr/> <hr/>	<hr/> <hr/>

**Note 4. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	1,996	1,270
Cash on deposit	5,302	8,227
	<u>7,298</u>	<u>9,497</u>

Cash on deposit includes a \$5.23 million 90 day Term Deposit with an Australian top four banking institution.

**Note 5. Non-current assets - financial assets at fair value through other comprehensive income**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Listed securities	3,984	3,984
Revaluation of investments to fair value	(2,564)	(2,485)
	<u>1,420</u>	<u>1,499</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:

Opening fair value	1,499	189
Additions - Investments in Tyranna Resources Ltd and Centennial Mining Ltd	-	2,703
Movement in fair value	(79)	(1,393)
	<u>1,420</u>	<u>1,499</u>

Refer to note 10 for further information on fair value measurement.

**Note 6. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Exploration and evaluation costs carried forward - WA	263	199
Exploration and evaluation costs carried forward - NSW	-	72
Exploration and evaluation costs carried forward - Wilcherry Project JV	5,228	3,877
Exploration and evaluation costs carried forward - SA	2	-
	<u>5,493</u>	<u>4,148</u>

**Note 6. Non-current assets - exploration and evaluation (continued)**

In October 2016 the Company through its wholly owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE), acquired 51% equity in the Wilcherry Project Joint Venture (Wilcherry Project) in the mineral rich Gawler Craton, South Australia from Trafford Resources Pty Ltd (Trafford), a wholly owned subsidiary of Tyranna Resources Limited (Tyranna) (ASX Code: TYX) for \$2 million. The Wilcherry Project area is located within the southern part of the Gawler Craton in the northern Eyre Peninsula and currently comprises seven exploration licences covering approximately 1,400 km<sup>2</sup>.

Both ACE and Trafford are to contribute to expenditure in accordance with their percent equity in the Project, or dilute using a standard dilution formula. ACE is currently sole funding the FY2018 Programme and Budget and to 31 December 2017 ACE's equity interest had increased to 67.35% and Trafford's equity interest had diluted to 32.65%. The Wilcherry Project is prospective for gold and base metals in a variety of mineralisation styles.

As Alliance holds a controlling interest it has consolidated the assets, liabilities, income and expenses of the Wilcherry Project on a line by line basis into its financial statements and accounted for Trafford's minority (32.65%) interest through equity in the Statement of Financial Position.

Alliance's direct investment in the Wilcherry Project, representing the purchase price paid \$2 million and stamp duty of \$48,830 on transfer of its tenement interests is included in the above table.

**Note 7. Equity - contributed equity**

	<b>Consolidated</b>			
	<b>31 Dec 2017</b>	<b>30 June 2017</b>	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>104,293,923</u>	<u>104,293,923</u>	<u>47,495</u>	<u>47,495</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 8. Equity - non-controlling interest**

As detailed in note 6 above the Company, through ACE, currently has a 67.35% equity interest in the Wilcherry Project, with Trafford holding a 32.65% interest. As Alliance has deemed control and has accordingly consolidated in full the Wilcherry Project assets and liabilities, plus income and expenses, with the interest of Trafford being represented in the financial accounts as a non-controlling interest.

The movement in Trafford's non-controlling interest during the 6 months ending 31 December 2017 is shown below and is represented by contributed equity and adjusted for its share of interest income and administration expenses during the period. The majority of costs incurred by the Joint Venture were capitalised into exploration and evaluation in the Statement of financial position.

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Contributed equity	903	903
Accumulated losses	(70)	-
	<u>833</u>	<u>903</u>

**Note 9. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 10. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 31 Dec 2017</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Ordinary shares	1,420	-	-	1,420
Total assets	1,420	-	-	1,420

<b>Consolidated - 30 June 2017</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Ordinary shares	1,499	-	-	1,499
Total assets	1,499	-	-	1,499

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

**Note 11. Events after the reporting period**

On 17 January 2018, Alliance announced the assaying results of an outstanding new high grade gold shoot at the Weednanna Gold Prospect (Wilcherry Project JV) in South Australia, including:

- 35m @ 3.65 g/t Au from 43m in 17WDRC051 (Target 1), incl. 9m @ 8.91 g/t Au from 44m
- 6m @ 13.63 g/t Au from 59m in 17WDRC057 (Target 2), incl. 3m @ 26.60 g/t Au from 62m
- 15m @ 18.21 g/t Au from 107m in 17WDRC067 (Target 4), incl. 7m @ 35.94 g/t Au from 109m
- 3m @ 25.45 g/t Au from 81m in 17WDRC070 (Target 4), incl. 1m @ 74.2 g/t Au from 81m

On 19 January 2018, Alliance announced the results of positive gold metallurgical testwork on two composite RC samples from the Weednanna Gold Prospect, and confirmed positive gold recovery highlights including:

- Fast leach kinetics (avg. 91 % in 24 hours) using a conventional grind size
- Cyanide and lime consumptions are low for both samples
- No evidence of coarse or nuggetty gold
- Past and present metallurgical testwork indicates that gold mineralisation from Weednanna Targets 1, 2 and 3 is amenable to conventional grinding and cyanide recovery techniques
- Metallurgical testwork on the new Target 4 gold zone is planned

On 22 January 2018, Alliance announced the completion of aircore drilling at the Nepean South Project in Western Australia, targeting gold mineralisation. Ninety aircore holes were completed for a total of 4,392 metres.

On 29 January 2018, Alliance announced that its JV interest in the Wilcherry Project had increased to 67.35% at 31 December 2017 as a result of its sole funding of the FY2018 Programme and Budget.

**Alliance Resources Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 11. Events after the reporting period (continued)**

On 21 February 2018, Alliance announced the commencement of regional drilling for base metals at the Wilcherry Project. Fourteen ground moving loop electromagnetic (MLEM) targets were defined, eight of which will be drilled using an RC rig for 1,525 metres, and six will be drilled using a diamond rig for 1,960 metres. The drilling will commence on MLEM target HP7 in the western part of the project area. The drill rig will then move to the Weednanna gold prospect to test the limits of the new Target 4 gold zone and to test a new gold target area, before returning to the regional targets to drill test the remainder of the MLEM anomalies for base metals.

On 28 February 2018, Alliance announced that:

- (1) Ten RC holes had been completed for 1,434m at Weednanna gold prospect Target 4; and
- (2) Results of the aircore drilling at the Nepean South Project had returned no significant gold results.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**Note 12. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(663)	(560)
Non-controlling interest	70	-
	<u>(593)</u>	<u>(560)</u>
Loss after income tax attributable to the owners of Alliance Resources Limited		
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>104,293,519</u>	<u>104,293,519</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>104,293,519</u>	<u>104,293,519</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	(0.57)	(0.54)
Diluted earnings/(loss) per share	(0.57)	(0.54)



**Alliance Resources Limited**  
**Directors' declaration**  
**31 December 2017**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Anthony Lethlean  
Chairman - Audit & Risk Committee

13 March 2018  
Melbourne

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Alliance Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Alliance Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

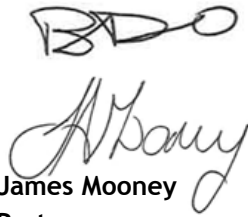
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

### BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'James Mooney'. The signature is written in a cursive style with a large initial 'J' and 'M'.

James Mooney  
Partner

Melbourne, 13 March 2018