

6 June 2018

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$9.2 M @ \$0.089

Shares on issue: 104,293,923

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Projects:

Wilcherry JV, SA (71.09%): gold and base metals

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

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

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COMPLETION OF AIRCORE DRILLING

Gundockerta South Project

The Directors of Alliance Resources Ltd (Alliance) are pleased to announce the completion of the first phase of aircore drilling at the Gundockerta South Project for gold.

The Project is located 72 km east of Kalgoorlie, Western Australia and is prospective for greenstone-hosted orogenic gold deposits.

A 66 hole aircore drilling program, totalling 3,007 metres, was completed over the northern part of the target zone at the Gundockerta South Project (Figure 1).

This first phase of aircore drilling is designed to test for low-level gold in regolith anomalous beneath gold in soil sample anomalous that can be used to vector towards a primary gold deposit.

All holes were drilled vertically on a 160 metre by 640 metre spaced grid and the average depth of drilling was 46m.

Four metre composite scoop samples have been submitted for gold and base metal analyses with results expected in approximately four weeks.

Background

The Project is located within the northwest trending Kurnalpi Terrane between the Avoca Fault in the east and the Railway Fault in the west.

Compilation of historic surface geochemical sampling by CRAE, Mawson, Mt Kersey, Spinifex, North, Yilgarn, Croesus, Heron, and Teck indicates several target zones of anomalous gold results have been defined, overlying or adjacent to outcropping Archaean rocks within the tenement.

The largest target zone (~8 km x 3.5 km) of sporadic gold-in-soil anomalous located in the northwest of the tenement area has been untested by drilling until now. Refer Figure 1.

The target zone overlies a flexure in the interpreted position of the Railway Fault where it truncates mafic and felsic volcanic rocks against younger Penny Dam Conglomerate.

Given the size of this gold anomaly, the surface cover conditions and proximity to a flexure in a major fault truncating rocks of differing rheology contrast, this target has the potential to host primary gold mineralisation.

Refer to Alliance Quarterly Report dated 30 January 2017 for further details.

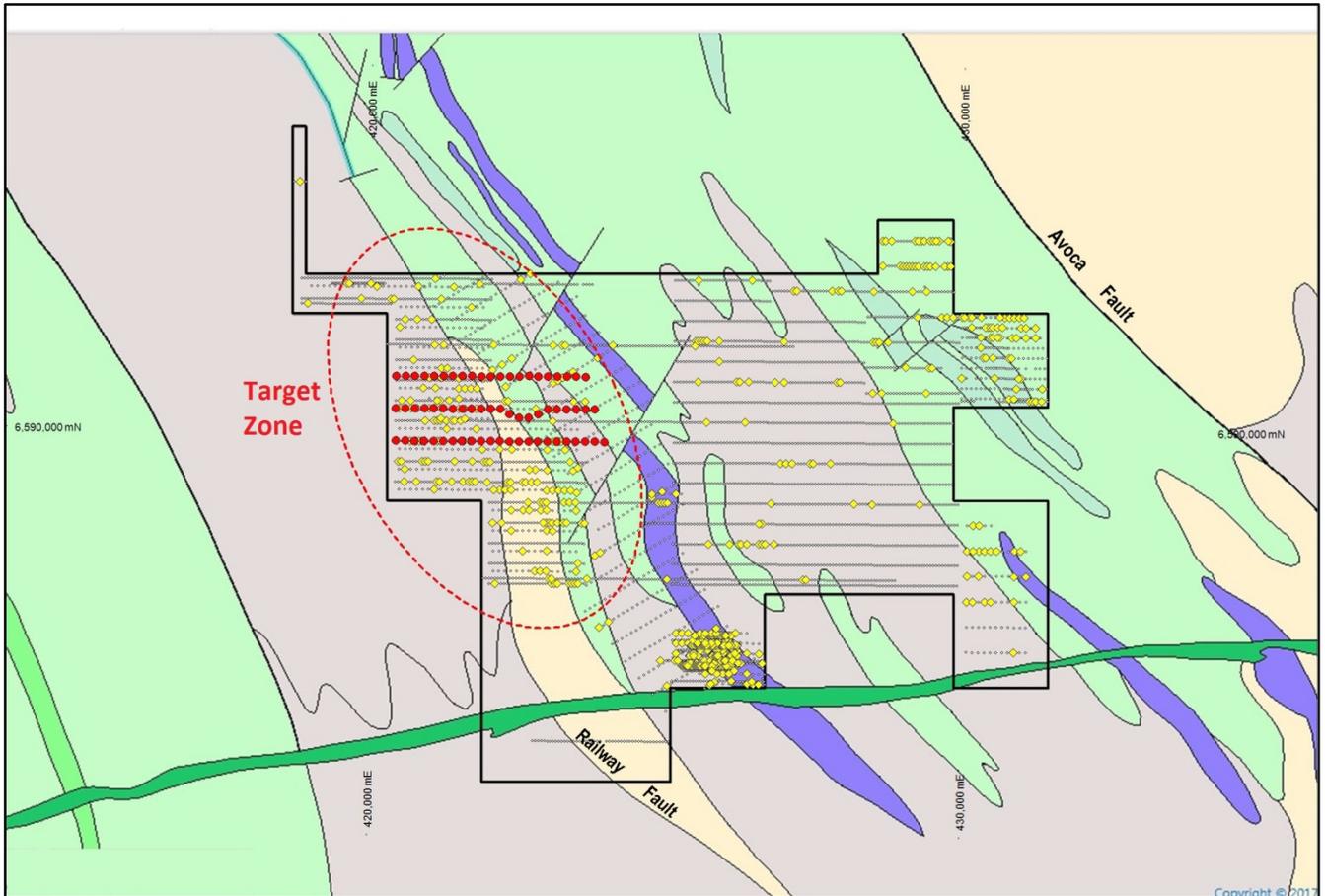


Figure 1. Gundockerta South aircore drilling and historic soil sampling over GSWA geology

Legend-

Red circles: aircore drilling (completed)

Yellow diamond: anomalous gold in soil result

Grey diamond: gold in soil sample site

Planned work includes completing aircore drilling over the southern part of the target zone in FY2019. Infill drilling will be dependant on the results of this first phase of drilling.

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About Alliance

Alliance Resources Ltd is an Australian gold and base metals exploration company with projects in South Australia and Western Australia.

The Company's flagship project is the Wilcherry Project Joint Venture (Alliance 71.09%), located within the southern part of the Gawler Craton in the northern Eyre Peninsula of South Australia.

Weednanna is the most advanced gold prospect at the Wilcherry Project Joint Venture, where high grade gold shoots are associated with a calc-silicate and magnetite skarn system.

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.