

**9 October 2019**

**ALLIANCE RESOURCES LTD**

**ASX: AGS**

**ABN: 38 063 293 336**

**Market Cap: \$21.4M @ \$0.14**

**Shares on issue: 154,038,332**

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**Projects:**

**Wilcherry, SA (100%):** gold,  
iron, base metals, graphite

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

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

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## Aircore Drilling Results *Weednanna Gold Deposit*

Alliance Resources Ltd (Alliance) announces the results of the recent aircore drilling at Weednanna, including identification of a suitable area for mine infrastructure.

During August, 190 aircore holes were drilled, for 7,753 metres, on the west side of the deposit. Existing RAB and aircore traverses were extended to test a 160 hectare area that was not considered prospective for gold, but may be suitable for mine infrastructure, including:

- A 1.34Mm<sup>3</sup> capacity waste dump to meet the volume requirements for the gold project assuming a 30% swell factor;
- A tailings storage facility to hold 1.75 Million tonnes of dry tailings (7 years production at 250,000 tpa production rate) with 40 hectare footprint;
- A gold processing facility; and
- Site administration buildings.

The aircore drilling program was designed to test for low level gold in regolith anomalism which can be used as a vector towards a primary gold deposit.

All holes were drilled vertically on a 50 metre by 200 metre spaced grid to blade refusal. The average depth of drilling during the program was 40.8m.

Anomalous gold (Au) assay results received from this drilling program are listed in Table A and their location illustrated in Figure 1.

**Table A. Weednanna: Anomalous gold in 1m scoop aircore drill samples**

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)
19WDAC025	20	22	2	0.18

The gold assay results received from this drilling program do not indicate the potential for a gold deposit within the area tested and confirm its suitability for construction of mine infrastructure.

Multi-element portable XRF analysis of the drill sample pulps also tested for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S, Sn, U and Zn. No other significant multi-element results were returned from the drilling program.

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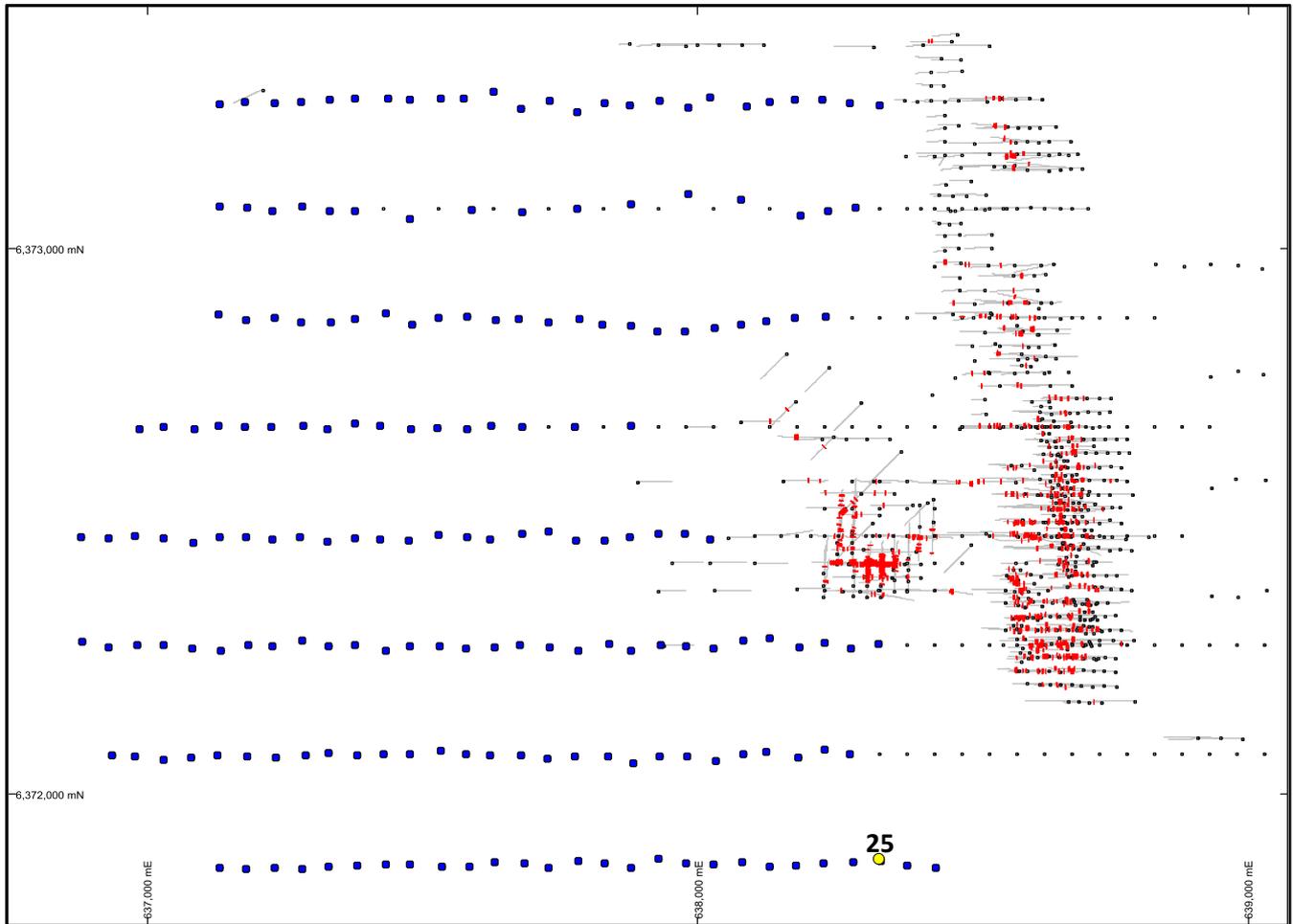


Figure 1. Weednanna aircore drilling: Location of +0.1 g/t Gold anomalism relative to +1.0 g/t Gold distribution at the deposit

*Legend-*

- Blue dots: recent aircore holes containing 0 - 0.1 g/t Au*
- Yellow dots: recent aircore holes containing + 0.1 g/t Au*
- Grey dots and lines: previous drilling with drill hole trace*
- Red areas: +1.0 g/t gold in drilling*
- "25" denotes aircore drill hole ID "19WDAC025"*

**Table B. Weednanna: Drill hole collar details for anomalous gold in 1m scoop aircore drill samples**

Hole ID	MGA2020_North	MGA2020_East	Azimuth	Dip	Depth (m)
19WDAC025	6371878	638332	0	-90	36

## **About Alliance**

Alliance Resources Ltd is an Australian gold and base metals exploration company with 100% owned projects in South Australia and Western Australia.

The Company's flagship project is the Wilcherry Project, located within the southern part of the Gawler Craton, approximately 45 km north of the township of Kimba, South Australia.

In 2018, Alliance announced a maiden Mineral Resource estimate for the Weednanna Gold Deposit, part of the Wilcherry Project, of 1.097 Mt grading 5.1 g/t gold for 181,000 oz gold (classified 49% Indicated and 51% Inferred).

An independent scoping study (18 April 2019) is positive and supports a new, 250 ktpa gold plant at Weednanna. Total capital cost is approximately \$44 million, including an open pit pre-strip of approximately \$8 million.

There is potential to increase the size of this Mineral Resource with further drilling.

Alliance also owns an 80 person camp located on leased land in the township of Kimba and which will be utilised during construction.

## **Competent Persons**

The information in this report that relates to the Exploration Results is based on information compiled by Mr Anthony Gray and Mr Stephen Johnston. Mr Gray is a Member of the Australian Institute of Geoscientists and is a part-time contractor to Alliance Resources Ltd. Mr Johnston is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Alliance Resources Ltd. Mr Gray and Mr Johnston have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gray and Mr Johnston consent to the inclusion in the report of the matters based on their 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 aircore 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 laboratory has 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>	Aircore drilling was used to obtain 1m scoop samples down hole. Four x 1m scoop samples were taken from consecutive 1m samples and composited into a single sample and assayed for gold using a 50g charge fire assay with AAS finish. The samples were also XRF analysed for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S, Sn, U and Zn, which is a semi-quantitative scan with precision and accuracy in the order of 20%. All composite samples returning greater than 0.1 g/t Au were resampled over 1m down hole intervals and assayed for gold using a 50g charge fire assay with AAS finish.
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>	Aircore drilling is a reverse circulation drilling technique using a 4.5" diameter drill (blade) bit. The drill holes were oriented vertically.
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>	The majority of drilling was dry and the sample recovery 100%. Where the water table was intersected, the relatively shallow depth of drilling (average 40.8m) allowed the injected air to keep the sample relatively dry in most cases.
	<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 aircore 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 lithology, minerals, colour, weathering, alteration and magnetic susceptibility.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Sample logging is qualitative (e.g. colour) and quantitative (e.g. % minerals) 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 samples were collected at the drilling rig using a bucket mounted directly below the cyclone. The majority of samples were dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation and analyses was carried out by ALS in Adelaide as described above.
	<i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i>	Approximately 4% of the analysed samples were in the form of Company submitted standards and blanks.
	<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 measures described above ensured the sampling was representative of the in-situ material.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The samples sizes are considered appropriate to the grain size of the material being sampled.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	For gold, a 50g charge fire assay for gold with AAS finish (AU-AA26). Fire assay is considered to be a total digestion technique for gold. The drill sample pulps were also analysed by XRF for As, Ca, Cr, Cu, Fe, Mn, Ni, Pb, S, Sn, U and Zn (pXRF-30), which is a semi-quantitative scan with precision and accuracy in the order of 20%. The technique is considered to be equivalent to a total digestion technique of the area scanned and, given the early stage of exploration, is considered appropriate for the

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		sample type.
	<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 been established.</i>	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 47 samples by the laboratory. The analyses of the duplicates indicate acceptable levels of accuracy have been established.
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 tabled 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. Sample numbers are used to match analyses from the laboratory to the in-house database containing sampling data.
	<i>Discuss any adjustment to assay data.</i>	Other than arithmetically averaging of repeat analyses, no adjustments have been made to analyses.
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. Expected horizontal and vertical accuracy is +/- 25cm. No down hole surveying was completed.
	<i>Specification of the grid system used.</i>	GDA2020, 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 illustrated in Figure 1 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.
	<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>	Not applicable at this stage of exploration.
	<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>	Not applicable at this stage of exploration.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples were transported offsite each day to a secure location prior to transportation to the laboratory.
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 Deposit is part of the Wilcherry Project (Project), comprising EL's 5590, 5875, 5931, 6072, 6188 and 6379, owned by Alliance (100%). 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 tenements are in good standing with no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	<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, Shell Co. of Australia Ltd (later Acacia Resources Ltd), WMC Resources Ltd, AngloGold Australia Ltd, Aquila Resources Ltd, Trafford Resources Ltd, Ironclad Mining Ltd (later Tyranna Resources Ltd) and now Alliance Resources Ltd. RC and diamond drilling has been completed at Weednanna by the following exploration companies- <ul style="list-style-type: none"> <li>• 1997-1998: Acacia Resources</li> <li>• 1999: Acacia Resources and AngloGold</li> </ul>

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		<ul style="list-style-type: none"> <li>• 2000: Anglogold</li> <li>• 2002: Aquila Resources</li> <li>• 2006: Trafford Resources</li> <li>• 2007: Ironclad Mining and Trafford Resources</li> <li>• 2008-2010: Ironclad Mining</li> <li>• 2012: Ironclad Mining and Trafford Resources</li> <li>• 2017-present: Alliance</li> </ul>
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The geology at Weednanna is characterised by a north striking and moderate to steep east-dipping unit of Paleo-Proterozoic Hutchinson Group sediments, consisting of marl and dolomite with lesser sandstone and minor basalt, which have been metamorphosed under upper-amphibolite facies conditions and altered to produce interleaving calc-silicate and magnetite skarn with lesser gneiss and minor amphibolite.</p> <p>This altered meta-sedimentary package is bounded to the east and west by Archaean Sleaford Complex granite and gneiss. The Archaean rocks appear to truncate the meta-sediments at depth at the northern and southern ends of them prospect, with the meta-sediments extending below current drilling in the central area of the prospect.</p> <p>A keel of north-striking weathered granite of uncertain age occurs near-surface within the Hutchinson Group sediments along most of the prospect area. Pink potassium feldspar-rich granites, potentially of the Hiltaba Granite suite, intrude the Sleaford Complex on the eastern side of the prospect area and minor later stage granites cut the metasedimentary package. Gold mineralisation occurs within both the Archaean Sleaford Complex granite and gneiss and Paleo-Proterozoic Hutchinson Group meta-sediments and is associated with the intrusion of Hiltaba Granites and skarn alteration.</p> <p>Gold was deposited in favourable structural and lithological areas during both the peak metamorphic event and as the host rocks have cooled.</p> <p>Due to the high regional metamorphic temperate during gold emplacement, shoots are relatively discrete and high grade.</p>
Drill hole Information	<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"> <li>• <i>easting and northing of the drill hole collar;</i></li> <li>• <i>elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;</i></li> <li>• <i>dip and azimuth of the hole;</i></li> <li>• <i>down hole length and interception depth;</i></li> <li>• <i>hole length.</i></li> </ul> <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 the Table B in the body of report for details of the aircore hole collars to which this report relates.
Data aggregation methods	<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>	Not applicable.
	<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>	Not applicable.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	Not applicable.
Relationship between mineralisation widths and intercept lengths	<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>	Not applicable as no significant results are reported.

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Criteria	JORC Code explanation	Commentary
<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>	Not applicable as no significant results are reported.
<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>	Not applicable as no significant results are reported.
<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 have 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 report.