

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 MARCH 2021



29 April 2021

ASX Code: **AGS**

No. of pages: 10

QUARTERLY REPORT - FOR THE PERIOD ENDED 31 MARCH 2021

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ended 31 March 2021 (4 pages)
- Appendix 5B for the period ended 31 March 2021 (5 pages)

Authorised for release by the Board

Bob Tolliday
Company Secretary

Further information relating to the Company and its various mining and exploration projects can be found on the Company's website at www.allianceresources.com.au

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31 March 2021

ASX Code: AGS

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2021

HIGHLIGHTS

CORPORATE

- On 7 December 2020 Alliance announced its' intention to undertake a Capital Raise via a non-renounceable entitlement offer to shareholders at an issue price of \$0.17 per share to raise up to \$5.052 million. The offer closed on Wednesday 27 January 2021 with a total of \$5.05 million received. Acceptances for a total of 27,147,427 were received, a further 2,514,461 shares were taken up by the partial underwriter and a further 55,166 shares relating to ineligible foreign holders were sold in February, resulting in a total of 29,717,054 new shares being issued. AGS has a total of 208,017,134 shares on issue at 31 March 2021.
- The Research Project with CSIRO to undertake analysis of the Weednanna Au-Fe deposit genesis to better understand the mineralised system to assist with targeting future exploration commenced during the quarter with sample selection completed and dispatched for preparation and analysis.
- Travel restrictions imposed due to the Covid19 virus continued to cause disruptions to corporate and exploration activities during the quarter. Personnel continue to work remotely from the Corporate office and access to South Australian exploration locations remains restricted due to interstate travel restrictions and quarantine requirements.
- Cash reserves of \$4.09 million as at 31 March 2021.

WILCHERRY PROJECT, SOUTH AUSTRALIA (100%)

Community Consultation

- The first community consultation project commenced in Kimba during February with a mail drop to all residents summarising the Weednanna project, including an invitation to attend a drop-in centre to review project plans and ask questions of company representatives. This was the first on several planned consultation sessions and was well attended by individuals and businesses from the town and surrounding area.

Weednanna Drilling

- Following the 19 hole RC drilling program for 3,100 metres completed during November and December 2020, 1 metre interval assay results were received in February and March 2021 with several significant results. The drill program focused on Shoots 7 and 8 at the Weednanna project to increase confidence in these ore blocks and upgrade the Mineral Resource classification from Inferred to Indicated Resource category. See ASX announcement dated 15 March 2021.

Significant results include;

- 8m @ 5.2 g/t Au from 92m in 20WDRC083 (Shoot 7)
- 11m @ 3.2 g/t Au from 84m in 20WDRC085 (Shoot 7) including 1m @ 20.0 g/t Au from 88m
- 9m @ 15.6 g/t Au from 85m in 20WDRC091 (Shoot 7) including 4m @ 33.4 g/t Au from 87m
- 6m @ 4.3 g/t Au from 104m in 20WDRC092 (Shoot 7)
- 3m @ 5.5 g/t Au from 67m (Shoot 8HW) and
- 3m @ 9.1 g/t Au from 76m in 20WDRC075 (Shoot 8)

The results from this drilling program have confirmed extensions to high-grade gold zones at Shoots 7 and 8 that are expected to increase the Indicated gold resource. Gold at both shoots remains unconstrained by drilling in at least one direction.

Weednanna Study work

- Work commenced on determining the optimum process flow and crushing and grinding circuit for the various Weednanna gold ore types. Additional geotechnical evaluation work will be completed during May including shallow diamond drill holes, auger holes and trenching for use in determination of footing requirements for major structures in the processing plant and design of the tailings storage facility. Preliminary power requirements and operating cost estimates were also being determined for the selected processing circuit.
- Mine design and cost analysis works for the Weednanna project commenced during January with a review of the gold and iron resource models, open pit optimization analysis and preliminary review of underground ore shoots to determine potential mining mechanisms. Preliminary open pit and underground designs and operating costs are on schedule to be reported by June 2021, with detailed underground development and ore stope design, scheduling and cost estimates for each activity planned for completion in Q3.
- Weather, dust and surface hydrological data collection continued during the quarter with data incorporated into our baseline quality and quantity records for future comparison and reporting.

West Australian Exploration

Nepean Project (E15/1658)

- No on-ground activities were undertaken during the quarter due to restrictions on interstate travel as a result of Covid-19.
- The next phase of exploration planned at the Project is aircore drilling to test for gold in regolith anomalism, which may be used as a vector towards a primary gold deposit.

TENEMENTS

Tenement	Name	Location		Beneficial percentage acquired or disposed of during the quarter	Beneficial percentage held at end of quarter
South Australia (Wilcherry Project)					
EL6379	Uno/Valley Dam	60 km northeast of Kimba		0%	100%
EL5875	Mount Miccollo	60 km north of Kimba		0%	100%
EL6475	Peterlumbo	40 km north of Kimba		0%	100%
EL5931	Maratchina Hill	35 km north of Kimba		0%	100%
EL6072	Eurila Dam	40 km northeast of Kimba		0%	100%
EL6188	Wilcherry Hill	40 km north of Kimba		0%	100%
EL6521	Buckleboo West	60 km northwest of Kimba		0%	100%
Western Australia					
E15/1658	Nepean	65 km southwest of Kalgoorlie		0%	100%
E15/1787	Nepean	65 km southwest of Kalgoorlie		0%	0%
E15/1788	Nepean	65 km southwest of Kalgoorlie		0%	0%
P15/6591	Nepean	65km southwest of Kalgoorlie		0%	0%
E26/208	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P15/6389	Kalgoorlie South	20 km south of Kalgoorlie		100%	100%
P26/4458	Kalgoorlie South	15 km south of Kalgoorlie		0%	0%
P26/4459	Kalgoorlie South	15 km south of Kalgoorlie		0%	0%
P26/4460	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P26/4461	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P26/4462	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P26/4463	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%

Kevin Malaxos

Managing Director

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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.

The Mineral Resource estimate for the Weednanna Gold Deposit, part of the Wilcherry Project, is 1.106 Mt grading 4.3 g/t gold for 152,000 oz gold (classified 85% Measured & Indicated and 15% Inferred). Refer to ASX announcement dated 9 November 2020 for details concerning the Mineral Resource and the Competent Persons consent. The maiden iron resource for the Weednanna project was announced on 19 November 2020 and totals 1.15 Mt grading 59.4% Fe (classified as 65% Measured & Indicated and 35% inferred). Refer to ASX announcement dated 19 November 2020 for details concerning the Mineral Resource and the Competent Persons consent.

Alliance is not aware of any new information or data that materially affects the information included in the above-mentioned announcements. All material assumptions and technical parameters underpinning the above-mentioned Mineral Resource estimates continue to apply and have not materially changed.

An independent scoping study reported a positive outcome and supports a new, 250,000 tpa gold processing plant at Weednanna. Total indicative capital cost is approximately \$44 million. Refer to ASX announcement dated 18 April 2019 for details concerning the scoping study including the above-mentioned financial information. All material assumptions underpinning the above-mentioned financial information continue to apply and have not materially changed.

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

Detailed Engineering design and Mine design studies have commenced to produce Detailed Feasibility Study (DFS) level designs and cost estimates for the Gold processing plant and proposed open pit and underground mining operations.

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

Competent Persons

The information in this report that relates to the Exploration Results is based on information compiled by Mr Anthony Gray. Mr Gray is a Member of the Australian Institute of Geoscientists and is an employee of Alliance Resources Ltd. Mr Gray 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 Gray consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALLIANCE RESOURCES LIMITED

ABN

38 063 293 336

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(249)	(617)
(e) administration and corporate costs	(400)	(752)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		50
1.8 Other (GST paid/recouped)	58	204
1.9 Net cash from / (used in) operating activities	(590)	(1,110)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(3)	(3)
(d) exploration & evaluation	(714)	(1,489)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		184
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	(717)	(1,308)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,052	5,052
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(116)	(119)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(4,936)	(4,933)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	461	1,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(590)	(1,110)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(717)	(1,308)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,936	4,933

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	4,090	4,090

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,970	371
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other -Term deposits and Performance Bonds	120	90
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,090	461

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	328
6.2	Aggregate amount of payments to related parties and their associates included in item 2	23
<p>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</p>		
<p><i>All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbursment of expenses and payments in terms of management service agreement with a Director related entity.</i></p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(590)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(714)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,304)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,090
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,090
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.1

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2021

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.