

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 MARCH 2022



29 April 2022

ASX Code: **AGS**

No. of pages: 11

QUARTERLY REPORT - FOR THE PERIOD ENDED 31 MARCH 2022

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ended 31 March 2022 (5 pages)
- Appendix 5B for the period ended 31 March 2022 (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 2022

ASX Code: AGS

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2022

HIGHLIGHTS

SUMMARY

- Alliance received notice of an “Intention to make an off-market take-over bid for Alliance Resources” from Gandel Metals Pty Ltd dated 22 February 2022.
- During February, the Company issued Offer documents for a non-renounceable pro-rata entitlement offer to shareholders on the basis of one new share for every 8 shares held on the record date to raise \$3.38 million before costs. The Offer closed on 4 March 2022 oversubscribed, and a scale-back applied to all additional applications.
- Following the 47 hole, 6,180 metre RC drilling program completed at the Weednanna deposit during Nov/Dec 2021, outstanding 4 metre composite gold assay results were received and 1 metre split gold and iron samples collected and submitted for analysis.
- Stage 2 of the Research Project with CSIRO to undertake analysis of the Weednanna Au-Fe deposit genesis continued during the March quarter. A total of 6 diamond holes have been drilled and geologically logged, 4 holes have been scanned with Minalyze and three holes have been sampled for Maia Mapper XRF imaging.
- Project design work continued during the quarter with preliminary underground development and stope designs produced, production schedules prepared, ventilation requirements evaluated and estimated power requirements analysed. Progress was made on capital estimates for gold and iron recoveries and the site infrastructure layout and civil requirements. An internal review of the Geological orebody model was undertaken, including results from drilling undertaken in H2 2021. Once completed, open pit optimization work will be finalised, a final review of underground development and production schedules and the cost model finalised.
- The SoDAR monitoring unit installed onsite to collect wind speed and direction data and solar energy potential shall remain onsite collecting data throughout 2022.
- Following the Aeromagnetic survey completed during November 2021 at Kalgoorlie South Project, Southern Geoscience Consultants have identified 29 structural orogenic gold targets, with 9 considered high priority. These targets are currently being reviewed and an exploration strategy developed to commence testing the project area.
- A 37.3 line-kilometre IP survey was completed at the Weednanna North and Mawson prospects during the quarter. A final report is expected during April.
- Travel restrictions imposed due to the Covid-19 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.
- Discussions with the Gawler Ranges Aboriginal Corporation to facilitate mining at Weednanna progressed well during the quarter with agreement in principle on the terms of the Native Title Mining Agreement achieved. The NTMA document is now being prepared for final consideration.
- Changes to the Sth Australia legislation in 2021 relating to security of tenement tenure resulted in discussions with Mines Department (DEM) to clarify the changes and secure long-term tenure. These discussions are ongoing.
- Cash reserves of \$2.76 million as at 31 March 2022.

WILCHERRY PROJECT, SOUTH AUSTRALIA (100%)

Weednanna Exploration

A 47 hole RC drilling program, totaling 6,180 metres, was completed during the December quarter, 2021. This drilling program was designed to define the extents of Shoots 7 and 8 using a 20m x 25m spaced grid, upgrade Shoot 3 from the Inferred to Indicated resource category using a 12.5m x 20m spaced grid, and test for new gold shoots between Shoot 7 / 8 and Shoot 3 using a 20m x 50m spaced grid.

Final four metre composite gold assay results were received during March. Laboratory analysis times have increased significantly since mid-2021 due to high industry demand, labour shortages, Covid-19 close contact isolation requirements and transport delays.

873 1m split RC samples were collected for gold and iron analysis during February and a further 1,240 samples were collected during March. These assay results are expected during April and May.

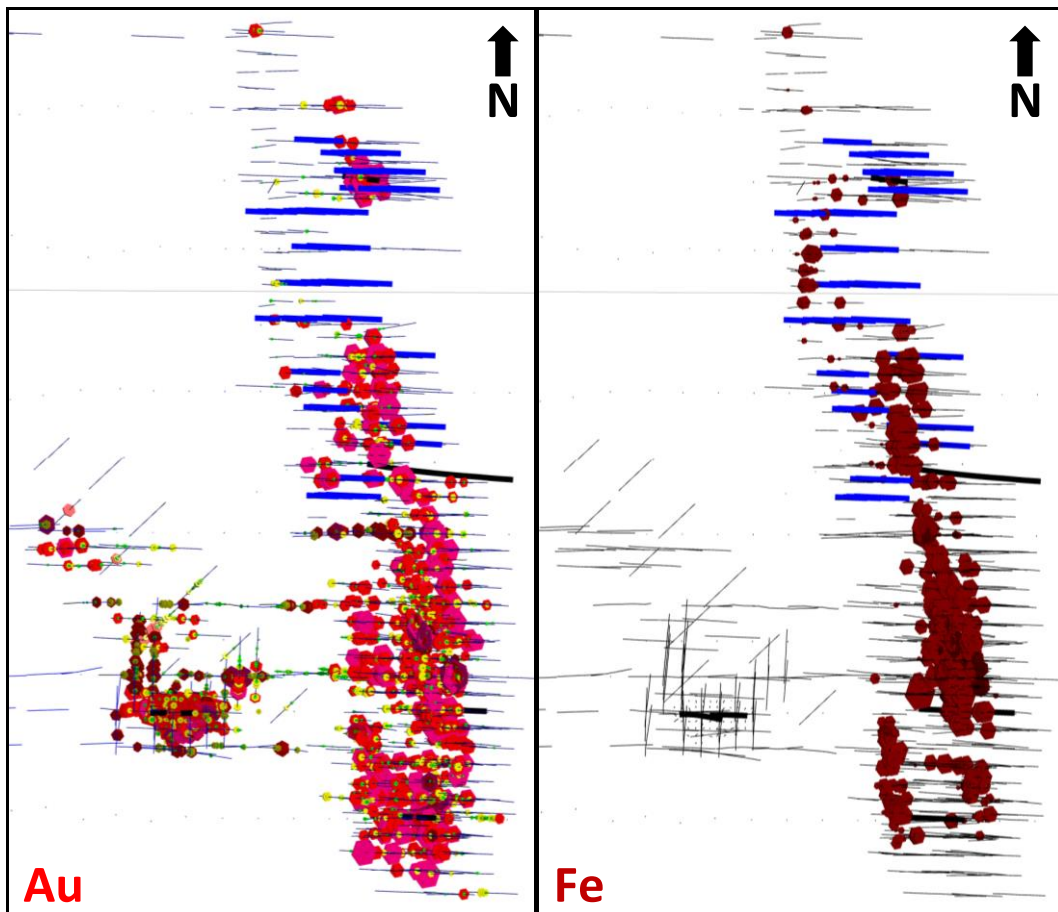


Figure 1. Weednanna: 3D plan views of gold and iron in drilling results with location of RC and diamond holes completed to-date (process plant diamond holes not shown)

Legend-

Bold blue lines: RC holes drilled during Quarter

Bold black lines: diamond holes drilled during Quarter

Gold Assay Results

Iron Assay Results

Green: 0.1 – 0.5 g/t Au

Brown: > 55% Fe

Yellow: 0.5 – 1.0 g/t Au

Orange: 1.0 – 5.0 g/t Au

Red: 5.0 -10.0 g/t Au

Magenta: > 10 g/t Au

Weednanna Study Work

- Detailed engineering design parameters of the Weednanna processing plant were finalised during the March quarter and work progressed on capital cost evaluation, individual component selection to achieve the design product sizing and metallurgical recoveries and power and water requirements. Refinements were made to the site layout plan to ensure smooth access to various work areas, fuel and consumable deliveries and haulage of proposed Iron ore products from site safely and efficiently.
- Detailed mine design work was delayed during the quarter whilst further work was completed on the geological block model. The revision to the geological model work was completed in Q1, 2022 allowing re-optimisation of the open pit and underground designs to be undertaken in the June quarter.
- Preparation of the Mining Lease Application document progressed, with several chapters in final draft form. The mining section is still in the preliminary stage until final designs, ore and waste schedules and haulage schedules can be finalised. This information will be required to complete final designs for the Tailings storage and waste rock storage facilities. The Hydrological modelling of underground water progressed during the quarter and is due to be finalised in the June quarter.
- Following discussions with the Department of Mines and Energy in South Australia regarding the uncertainty created around security of tenement tenure, particularly for long-held tenements or long-held tenements acquired from previous explorers, the decision was made to revise the power supply options for the Weednanna site. Solar (PV) and battery storage remain viable options for the project in conjunction with Diesel or gas power generation. However, the indicative capital cost of wind generation, combined with the uncertainty around tenement security resulted in Alliance deciding to cease investigating wind power generation onsite. The SoDAR monitoring unit installed onsite in December 2021 to collect real-time wind speed and direction data and solar energy potential shall remain onsite. Data is continuously collected and analysed by a third-party consultant. Once sufficient data is collected, our power team will evaluate the economics of the supply of power for site.

Weednanna North and Mawson IP survey

During January and February 2022, Alliance completed a 37.3 line kilometre IP survey at the Weednanna North and Mawson prospects. The survey was designed to test for chargeable anomalies potentially associated with gold mineralisation over 6 kilometres strike length using 200m spaced lines and 100m spaced dipole stations.

A final report on the IP survey work is expected during April.

Bonza Cross-Section Review

23 RC holes (08NMRC005-024 & 030-032), for 3,412m, were drilled on four traverses at Bonza by Ironclad Mining in 2008 to test for iron mineralisation. These holes were re-logged by Alliance and are currently being reviewed to compile a detailed cross-section interpretation before a moving loop electromagnetic survey is commenced to test for conductors associated with nickel sulphide mineralisation.

Interpretation is focussing on the depth of transported cover, depth of weathering, distribution of mafic, ultramafic, and metasedimentary rocks, and occurrence of sulphidic metasediments.

This work will be completed during April.

WEST AUSTRALIAN EXPLORATION

Nepean West Project (E15/1658, E15/1788, E15/1787, & P15/6591)

- A Program of Work was submitted to DMIRS in February to allow for the clearing of access tracks and drilling of 90 aircore holes at the Penrith Prospect. This drilling program is planned to commence in July or August.

Kalgoorlie South Project (E26/208, P26/4460-63, P15/6389, & PLA26/4458-4459)

- A 1,837 line kilometre high resolution aeromagnetic survey was completed over the northern area of the Kalgoorlie South Project during November 2021 using 25m line spacing and 35m terrain clearance. The interpretation of the data and conceptual structural gold targeting was completed during the quarter. Twenty nine conceptual structural orogenic gold targets were generated with 9 considered high priority, 9 considered moderate priority, and 11 considered low priority.

The conceptual structural targets are currently being reviewed and an exploration strategy developed to effectively test the project area.

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 West	65 km southwest of Kalgoorlie		0%	100%
E15/1787	Nepean West	65 km southwest of Kalgoorlie		100%	100%
E15/1788	Nepean West	65 km southwest of Kalgoorlie		0%	100%
P15/6591	Nepean West	65 km southwest of Kalgoorlie		0%	100%
E26/208	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P15/6389	Kalgoorlie South	20 km south of Kalgoorlie		0%	100%
PLA26/4458	Kalgoorlie South	15 km south of Kalgoorlie		0%	0%
PLA26/4459	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%

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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 71% Measured & Indicated and 29% 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. There is potential to increase the size of these Mineral Resources with further drilling.

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.

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 construction and production.

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

Quarter ended ("current quarter")

38 063 293 336	31 March 2022
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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	(244)	(799)
(e) administration and corporate costs	(217)	(699)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST paid/recouped)	112	292
1.9 Net cash from / (used in) operating activities	(349)	(1,203)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(1,194)	(2,746)
(e) investments		
(f) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly 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		90
	(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	(1,194)	(2,656)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,380	3,380
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	(99)	(99)
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	3,281	3,281
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,027	3,343
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(349)	(1,203)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,194)	(2,656)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,281	3,281

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	2,765	2,765

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	2,645	907
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other -Term deposits and Performance Bonds	120	120
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,765	1,027

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	207
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbusement of expenses and payments in terms of management service agreement with a Director related entity.

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.</i>		
	<i>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)	(349)	
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,194)	
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,543)	
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,765	
8.5	Unused finance facilities available at quarter end (item 7.5)	-	
8.6	Total available funding (item 8.4 + item 8.5)	2,765	
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.8	

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: Yes

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: The entity proposes to raise new equity through a capital raising in due course.

As the entity just completed an oversubscribed non-renounceable entitlement offer in the March quarter and it has a long history of successfully raising funds, plus the fact that the top 20 shareholders own in excess of 90% of the entity's issued capital, these factors lead the Board of Directors to believe any capital raising will be successful. The entity also has the ability to raise further capital without shareholder approval under ASX Listing Rules 7.1 and 7.1A.

Mining exploration entity and oil and gas exploration entity quarterly report

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: The entity does expect that it will be able to continue its operations and to meet its business objectives based on the entity's expectations to raise capital as detailed in Answer 8.8.2 above.

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 2022

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.