

31 December 2021

ASX Code: AGS

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

HIGHLIGHTS

SUMMARY

- A 9 hole, 1,605.6 metre diamond drill program completed at the Wilcherry Project to provide geotechnical information for the processing plant and provide valuable information of the potential depth extensions to the Weednanna ore shoots and core for research and geotechnical purposes.
- The Research Project with CSIRO to undertake analysis of the Weednanna Au-Fe deposit genesis continued during the December quarter. The distribution and timing of alteration mineralogy at the deposit has been broadly mapped and linked to geochemical data. Diamond core will be used to link the alteration mineralogy to gold mineralisation and constrain the paragenesis of the deposit.
- A 47 hole, 6,180 metre RC drill program completed at the Weednanna deposit to test for extensions of gold mineralisation at Shoot 8, upgrade the gold resource in the Shoot 3 area from Inferred to Indicated category, and test for mineralisation between Shoots 7 and 8 and 3.
- Project design work continued during the quarter with preliminary underground development and stope designs produced. Progress continued on redesign of the Processing circuit to account for iron only processing, gold processing and gold and iron processing. Options are being considered to capture iron mineralisation in the gold feed prior to the tailings storage facility.
- Following evaluation of alternative / Green energy solutions for the Weednanna Project, the decision was made to advance to stage 2 of the project which entails collection of site specific wind and solar energy data. A SoDAR monitoring unit was installed onsite to collect wind speed and direction data and solar energy potential. The unit will remain onsite initially for 6 months to determine if incorporating wind and or solar power generation is economic for the project. Options assessed include PV (solar) with battery storage, wind generation, conventional diesel generation and combinations of all three options.
- The Bonza Prospect nickel sulphide exploration target was identified from analysis of historic RC drill chips at the Wilcherry Project. Petrographic analysis of drill chips confirm the presence of primary nickel sulphide (pentlandite) hosted in komatiitic ultramafic rocks. Regional geophysical data sets are being reviewed to plan a moving loop electromagnetic survey.
- Aboriginal heritage survey completed at Nepean West Project to provide for initial aircore drill testing of two priority gold exploration target areas.
- Aeromagnetic survey completed at Kalgoorlie South Project to identify conceptual structural gold exploration targets. Data being interpreted by Alliances' geophysical consultants.
- Travel restrictions imposed due to the Covid-19 virus continued to cause disruptions to corporate and exploration activities during the quarter. An induced polarisation survey at the Wilcherry Project was postponed until 2022 due to the inability of contractor personnel to access South Australia. 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.
- Changes to the South Australian mining legislation in 2021 relating to security of exploration licence tenure has resulted in discussions with the Mines Department (DEM) to clarify the changes and secure long term tenure. These discussions are ongoing.

- Cash reserves of \$1.02 million as at 31 December 2021.

WILCHERRY PROJECT, SOUTH AUSTRALIA (100%)

Weednanna Exploration

- A 9 hole diamond drilling program, totaling 1,605.6 metres, was completed at Weednanna during the quarter to provide core for geotechnical evaluation for the mine and processing plant location and research by CSIRO, and includes 1 deeper hole to test gold mineralisation extensions below the current Mineral Resource Estimate.
- A 47 hole RC drilling program, totaling 6,180 metres, was completed to infill areas within the Weednanna resource where drill density is considered too wide and to test northern extensions to the resource between shoots 7, 8 and 3. Drilling around shoot 3 is designed to upgrade the resource from the Inferred to Indicated resource category, allowing this material to be included in the mine design and scheduling.
- Cutting of drill core and drill sample analysis through the laboratory have been delayed due to significant demand for these services.

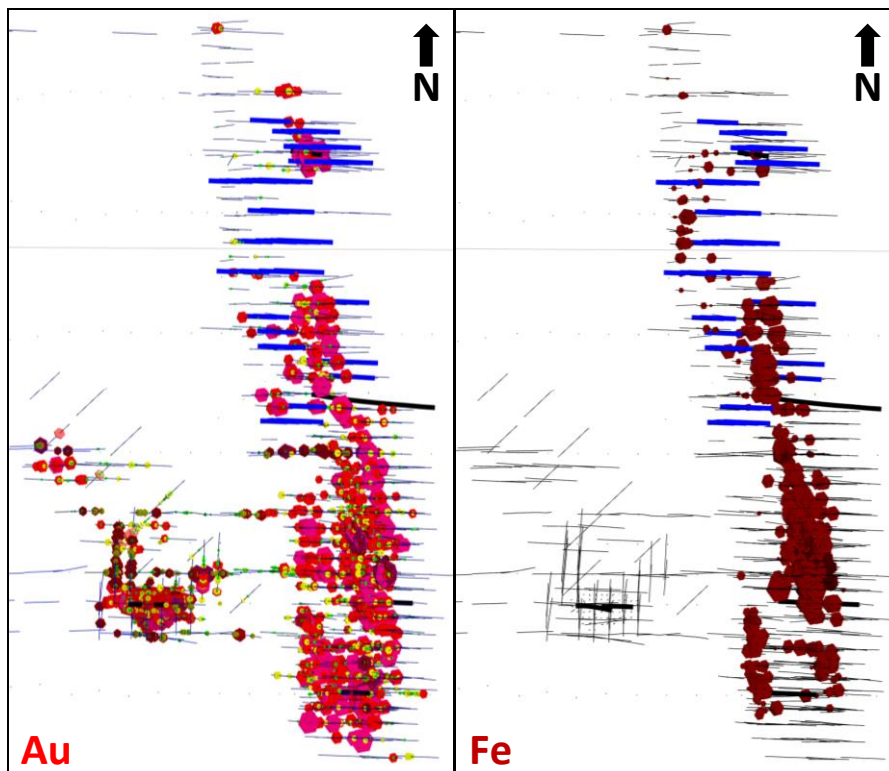


Figure 1. Weednanna: 3D plan views of gold and iron in drilling results with location of RC and diamond holes completed during the Quarter (process plant diamond holes not shown)

Legend-

Bold blue lines: RC holes drilled during Quarter

Bold black lines: diamond holes drilled during Quarter

Gold Assay Results

Green: 0.1 – 0.5 g/t Au

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

Iron Assay Results

Brown: > 55% Fe

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,027	1,027

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	907	1,900
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)	1,027	2,020

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	146
6.2	Aggregate amount of payments to related parties and their associates included in item 2	1
<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-imbusement 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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(395)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(598)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(993)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,027
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,027
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.0

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.

The major shareholder companies associated with the director Mr Ian Gandel, namely Gandel Metals Pty Ltd and Abbotsleigh Pty Ltd, currently collectively own 72.18% of the issued capital of the entity and have committed to participate in any capital raisings for the next 12 months, thus providing the entity with a solid platform to raise sufficient capital to continue to fund its operations. This commitment, coupled with the entity's history of successfully raising funds, plus the fact that the top 20 shareholders own in excess of 90% of the entity's issued capital leads the Board of Directors to believe any capital raising will be successful.

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: 27 January 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.