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ALLIANCE RESOURCES LTD

ASX: AGS

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Projects:

Wilcherry JV, SA (61.36%): gold and base metals

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

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

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POSITIVE GOLD METALLURGICAL TESTWORK AT WEEDNANNA

The results of preliminary metallurgical testwork on two composite RC samples from the Weednanna Gold Prospect have been received and confirm positive gold recoveries.

Highlights:

- **Fast leach kinetics (avg. 91 % in 24 hours) using a conventional grind size**
- **Cyanide and lime consumptions are low for both samples**
- **No evidence of coarse or nuggetty gold**
- **Past and present metallurgical testwork indicates that gold mineralisation from Weednanna Targets 1, 2 and 3 is amenable to conventional grinding and cyanide recovery techniques**
- **Metallurgical testwork on the new Target 4 gold zone is planned**

Alliance Resources Ltd (Alliance) is pleased to announce results of preliminary metallurgical testing of high grade gold samples from the Weednanna Gold Prospect, located at the Wilcherry Project Joint Venture between Alliance (61.36%) and Tyranna Resources Ltd (ASX Code: TYX) (38.64%) in South Australia.

Managing Director, Steve Johnston, commented *"Weednanna continues to develop for Alliance as an emerging project and the positive results from the testwork have ticked an important box in the path to production, that being the gold mineralisation is amenable to conventional grinding and cyanide recovery techniques."*

Testwork was conducted by ALS Metallurgy Services Australia on two composite RC samples collected from Target 1 (WDMET001) and Target 3 (WDMET003) at Weednanna, with results summarised as follows:

- At a grind size of P₈₀ 75µm cyanide bottle roll gold extraction (24 hr) was 89.4% for WDMET001 and 92.8% for WDMET003.
- Finer grind size of P₈₀ 38µm incrementally increased gold extraction for WDMET001 to 90.8% and WDMET002 to 95.5%.
- Leaching kinetics relatively fast at both grind sizes.
- Cyanide and lime consumptions are considered low in all cases.

- No visible free gold in the gravity concentrates. Gravity recoveries for WDMET001 were 9.2% for gold and 4.1% for silver and for WDMET003 were 13.8% for gold and 12.2% for silver.
- Cyanide leaching of the gravity concentrate for each sample increased total gold extraction by only 0.9% for WDMET001 and 0.6% for WDMET002.

Sample Details

One composite sample from each of the exploration areas at Targets 1 and 3 were collected for the metallurgical testing, as follows:

- WDMET001 was composited from hole 17WDRC003 from 45 to 94 metres down hole, which returned 49m @ 6.3g/t Au
- WDMET003 was composited from hole 17WDRC017 from 118 to 132 metres down hole, which returned 14m @ 36.1g/t Au

The samples were sourced from the 1m RC drill hole samples still in plastic bags and split two times using a 12.5% splitter into 20 litre plastic buckets to produce sub-samples of 54.8 kg for WDMET001 and 61.3 kg for WDMET003.

Refer ASX announcements dated 3 April 2017 and 10 April 2017 for details of the Exploration Results supporting the above composite samples.

Previous Testwork

In 1999, preliminary metallurgical testwork was conducted by Metcon Laboratories Pty Limited on two composite RC samples from Weednanna [Target 2], for Acacia Resources Ltd¹, as follows:

- 99WM1 was composited from hole 98WDRC032 from 71-85m down hole
- 99WM2 was composited from hole 98WDRC044 from 87-100m down hole

The metallurgical testwork results are summarised as follows:

1. Calculated head grades averaged 4.62 g/t Au for 99WM1 and 9.71 g/t Au from 99WM2
2. Total gold extraction by the combination of gravity and cyanide leaching was 85.3% and 91.8%, respectively
3. Fast leaching kinetics
4. Cyanide and lime consumptions were moderate and low, respectively

The results of both the 1999 and 2017 metallurgical testwork indicate that Weednanna Targets 1, 2 and 3 mineralisation is well suited to conventional grinding and cyanide recovery techniques.

¹ Report entitled "Metallurgical testing of Two Drill Intercepts from the Weednanna Gold Prospect for Acacia Resources Limited, Report 99657, S.F. Rayner, March 1999".

Planned Work in early 2018

- Test the limits of the high grade gold shoot at Weednanna Target 4
- Metallurgical testwork on new Target 4 gold zone
- Establish 3D geological model and estimate a mineral resource
- Test new target areas at Weednanna using both the geological model and knowledge gained to date
- Test the next round of regional HEM / MLEM targets for base metals

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About Alliance

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

The Wilcherry Project (Project) is located within the southern part of the Gawler Craton in the northern Eyre Peninsula of South Australia and comprises seven exploration licences covering 1,198 km². The Project area is prospective for economic concentrations of gold and base metals (including tin, zinc-lead-silver). Weednanna is the most advanced gold prospect at the Project.

Three drilling programs have been completed at Weednanna during 2017 (70 holes for 11,207m), in four areas of discrete historic high grade gold intercepts. These drilling programs have demonstrated that the high grade gold shoots are ovoid to rod-like in geometry and have continuity along strike. Close-spaced drilling is required for accurate definition. This improved understanding of the mineralisation style at Weednanna is being used to better define the distribution of gold at this prospect.