QUARTERLY REPORT
FOR THE PERIOD ENDED 30 JUNE 2021

ALLIANCE RESOURCES LIMITED

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29 July 2021

ASX Code: **AGS**

No. of pages: 10

QUARTERLY REPORT - FOR THE PERIOD ENDED 30 JUNE 2021

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ended 30 June 2021 (4 pages)
- Appendix 5B for the period ended 30 June 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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30 June 2021 ASX Code: AGS

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2021

HIGHLIGHTS

CORPORATE

- The Research Project with CSIRO to undertake analysis of the Weednanna Au-Fe deposit genesis progressed during the June quarter with work progressing on Characterisation of the mineralogy and geochronology of the selected samples.
- Preliminary design of the Weednanna processing plant was completed during the quarter and is currently being reviewed.
- Evaluation of alternative / Green energy solutions for the Weednanna project commenced with an assessment of the calculated site power draw, power generation options and indicative costs for each option. Options assessed include PV (solar) with Battery storage, Wind generation, conventional diesel generation and combinations of all three options. The selected consultant has completed phase one assessment of options and is progressing more detailed analysis of each combination to reduce power generation costs for the project, in addition to reducing our greenhouse gas emissions from site.
- Discussions with the Gawler Range Aboriginal Corporation, the recognised traditional owners of the Weednanna project land, are continuing in relation to an agreement for mining to proceed.
- 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.
- Cash reserves of $3.34 million as at 30 June 2021.

WILCHERRY PROJECT, SOUTH AUSTRALIA (100%)

Weednanna Exploration

- The Wilcherry project has historically been explored for base metals and iron over the past 2 decades, with many drill holes not analysed for gold. As part of the ongoing regional database validation work, historic samples have been submitted for gold analysis. In excess of 4,700 pulps have been submitted for assaying during the past 6 months to provide a more significant regional gold database. This information will then be utilised to plan future exploration programs in an effort to increase the Weednanna gold resource and project life.
- A diamond drilling program planned for late June is intended to provide diamond core for geotechnical evaluation and included 1 deeper hole to test extensions of the Weednanna gold resources, below the current Mineral Resource Estimate. Delays to site access and drill rig availability has pushed this program into Quarter 3 of calendar year 2021.

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Weednanna Study work

- Preliminary design of the Weednanna processing plant was completed during the quarter and is currently being reviewed.

  Additional geotechnical drilling, planned in June is required to confirm soil conditions to finalise foundation requirements in the crushing and grinding sections of the processing plant. This will allow more accurate costs for the concrete foundations in these high load areas to be calculated. Travel restrictions and drill rig availability has postponed this drilling to August.

  Several shallow auger holes were completed in the location of the Tailings storage facility to confirm the geotechnical stability of the site.

- Mine design and cost analysis works for the Weednanna project continued during the quarter with a review of the gold and iron resource models, open pit optimization analysis and preliminary review of underground ore shoot to determine potential mining mechanisms.

  Several scheduling options have been reviewed, with final open pit designs anticipated to be provided in the next quarter. Underground design, scheduling and preliminary development and production costs have taken longer than anticipated however, are planned to be finalised in the next quarter for detailed review.

- 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. Noise monitoring equipment was also installed onsite and along the site access road to collect recent noise data to add to the historic site noise database.

WESTERN AUSTRALIA EXPLORATION

Nepean Project (E15/1658)

- No on-ground activities were undertaken during the quarter due to the focusing on completion of the Weednanna project evaluation, regional database validation work and rolling 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. A Native Title heritage survey is also planned for later this year, with planning commenced on this task.

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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		100%	100%
P15/6591	Nepean	65km southwest of Kalgoorlie		100%	100%
E26/208	Kalgoorlie South	15 km south of Kalgoorlie		0%	100%
P15/6389	Kalgoorlie South	20 km south of Kalgoorlie		0%	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%

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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.

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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	Quarter ended ("current quarter")
38 063 293 336	30 June 2021

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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	(289)	(906)
	(e) administration and corporate costs	(172)	(924)
1.3	Dividends received (see note 3)		
1.4	Interest received	2	7
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)	79	283
1.9	**Net cash from / (used in) operating activities**	**(380)**	**(1,490)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(18)	(21)
	(d) exploration & evaluation	(581)	(2,070)
	(e) investments		
	(f) other non-current assets		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments	232	416
	(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**	**(367)**	**(1,675)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		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		(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**		**4,933**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,090	1,575
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(380)	(1,490)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(367)	(1,675)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,933

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**3,343**	**3,343**

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	3,223	3,970
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)**	**3,343**	**4,090**

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	202
6.2	Aggregate amount of payments to related parties and their associates included in item 2	17

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-imbursement of expenses and payments in terms of management service agreement with a Director related entity.

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7.	**Financing facilities** *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.*	**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)	(380)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(581)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(961)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,343
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,343
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.5

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.

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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 July 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.