

23 September 2016

ASX Code: AGS

WILCHERRY PROJECT, SOUTH AUSTRALIA ACQUISITION & JOINT VENTURE

*PROSPECTIVE FOR GOLD AND BASE METALS
POTENTIAL NEW TIN PROVINCE*

- Alliance Resources Limited (Alliance) has entered into an agreement with Tyranna Resources Limited (Tyranna) to acquire 51% equity in the Wilcherry Project in the mineral rich Gawler Craton, South Australia for \$2 million
 - Three priority prospects for gold and tin with significant intercepts as follows:
 - GOLD (Au)**
 - 9m @ 24.60 g/t Au (Weednanna)
 - 7m @ 18.50 g/t Au (Weednanna)

 - 22m @ 5.25 g/t Au (Weednanna West)
 - 32m @ 3.44 g/t Au (Weednanna West)
 - 36m @ 5.71 g/t Au (Weednanna West)
 - 12m @ 11.37 g/t Au (Weednanna West)
 - TIN (Sn)**
 - 7m @ 3.16 % Sn (Zealous)
 - 13m @ 2.29% Sn (Zealous)
 - Project also prospective for copper, zinc, lead, silver, iron, bismuth, tungsten and uranium
 - Substantial database of geophysics, geochemistry and drilling will assist with target generation
- Alliance may acquire or subscribe for shares up to 19.9% of Tyranna's issued capital.

Alliance announces that it has reached agreement with Tyranna to acquire 51% equity in the Wilcherry Project (Project), located 100 km northwest of Whyalla, South Australia for \$2 million.

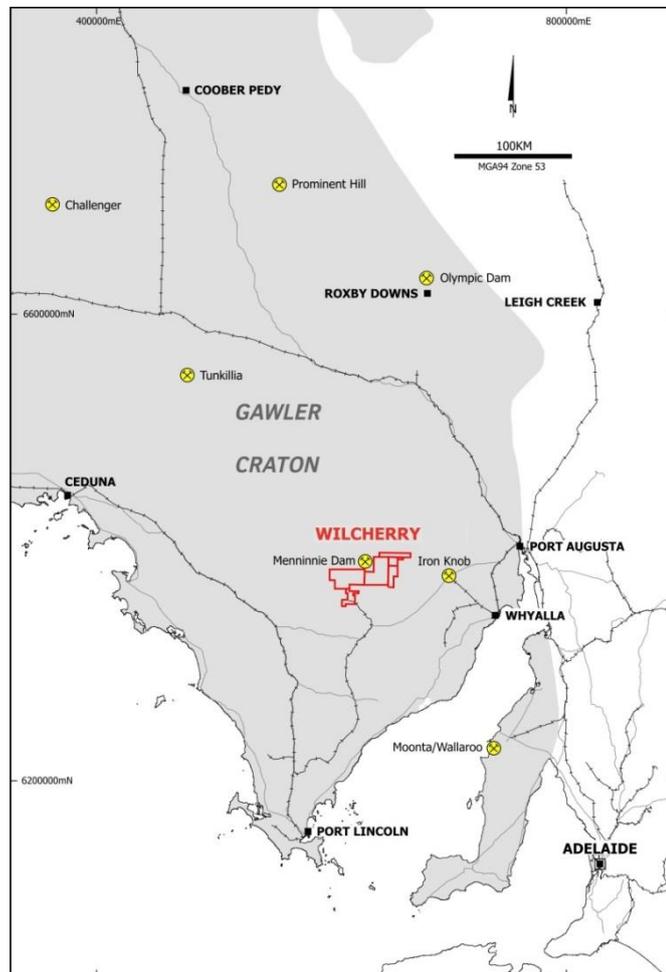
The agreement gives Alliance the opportunity to secure an advanced project in a mineral rich province and is well funded to explore the Project. Tyranna wishes to retain equity in the Project, reflecting its view of the potential of the Project whilst allowing it to focus on its Jumbuck Gold Project (Jumbuck) discovery situated in the north of the Gawler Craton.

If Alliance proceeds with the purchase, it may subscribe for that number of shares which, after subscription, equate to not more than 19.9% of Tyranna's issued capital. The Directors of Alliance consider Jumbuck has the potential to be a significant gold discovery and view the subscription in Tyranna as a key investment.

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WILCHERRY PROJECT

The Project is located within the southern part of the Gawler Craton in the northern Eyre Peninsula and comprises six exploration licences covering 1,074 km².



Wilcherry Project location, South Australia

The Project is prospective for a range of deposit styles including skarn, intrusion-related, sediment-hosted, shear-hosted and iron oxide copper-gold that may contain economic concentration of a variety of commodities, including gold, tin, copper, zinc, lead, silver, iron, bismuth, tungsten, and uranium.

Alliance intends to initially focus on exploration for gold and tin.

The main terms of the agreement are:

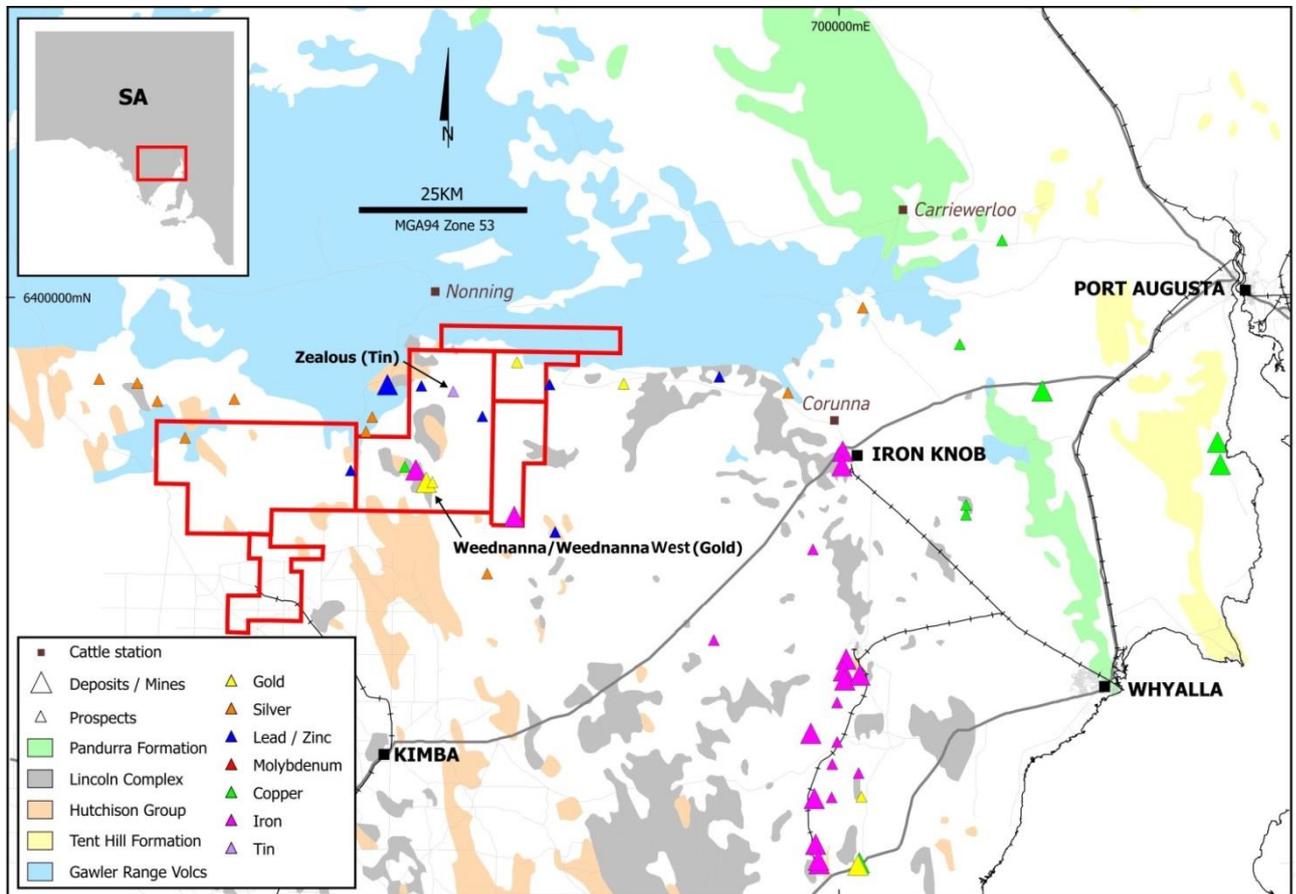
- Alliance may acquire a 51% interest in the Project tenements, property and data for \$2 million;
- Thereafter, both parties to contribute to expenditure in accordance with their equity in the Project, or dilute using a standard dilution formula;
- Alliance to determine the exploration work to be undertaken on the Project tenements and ensure they remain in good standing until it serves notice that it intends to proceed to mining by delivering to Tyranna a feasibility study (Decision to Mine), and
- Should a party's equity fall to 10% or less, the parties agree to negotiate in good faith for the majority party to buy-out the minority party's interest in the Project.

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Alliance is currently completing its due diligence on the Project and has until 8 October 2016 to determine whether or not to proceed with the purchase.

Previous Exploration

The Project area has been explored since the 1970's by companies including Pan Continental Mining, Asarco and Marumba Minerals for uranium and Broken Hill Type base metals associated with the Paleoproterozoic Hutchison Group metasediments. This resulted in the discovery of the Menninnie Dam lead-zinc-silver deposit (not part of the Project) and the Telephone Dam lead-zinc-silver occurrence. These base metal concentrations occur within calc-silicates, marbles and banded iron formations (BIF's) of the Middleback Subgroup. Research by later explorers concluded that the mineralisation was contemporaneous with intrusive rhyolites of identical age to the Gawler Range Volcanics. The BIF sequences of the Hutchison Group also include the high grade hematite deposits of the Middleback Ranges.



Wilcherry Project - prospect locations

During the 1980's The Shell Company of Australia and WMC continued to explore the area for lead and zinc. Shell (later Acacia) in joint venture with Aberfoyle then refocused exploration onto copper and gold utilising calcrete sampling to identify and prioritise target areas for drill testing.

In 2002, Aquila Resources acquired the Project tenements to explore for IOCG deposits similar to Olympic Dam and in 2006, Trafford Resources Ltd (Trafford), now a wholly owned subsidiary of Tyranna, acquired the Project tenements from Aquila.

Trafford and Tyranna (then known as IronClad Mining Limited (IronClad)) under previous management made a substantial investment on the Project, including but not limited to, defining Direct Shipping (iron)

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Ore (DSO) in magnetite skarns, BIFs and near surface iron oxide deposits. Trafford's established **Mineral Resources total 224 Mt @ 28.8% iron in seven deposits**, with 2.9 Mt @ 55.5% iron being either DSO or Dry Magnetic Separation product (source: Trafford Annual Report 2014).

In 2012, a 10 hole drilling program by IronClad, designed to test an outcrop of high grade hematite at the **Zealous prospect**, 13km NE of Wilcherry Hill, intersected high grade tin (cassiterite) hosted by a magnetite skarn which has been weathered to goethite and limonite. The discovery drill hole (12ZLRC007) returned **7m @ 3.28 % Sn from 52m**. The host rocks are Palaeoproterozoic sediments adjacent to a granite footwall.

The discovery of high grade tin in this region potentially represents a new and significant tin province in South Australia.

Significant tin (Sn) intercepts to date from Zealous prospect:

Hole ID	Northing (GDA04)	Easting (GDA94)	Azimuth	Dip	Depth From (m)	Depth To (m)	Width (m)	Sn (%)
12ZLRC007	6386044	642600	90	-60	42	62	20	1.29
	incl.				52	59	7	3.28
	incl.				55	57	2	6.05
13ZLDH001	6386038	642596	70	-60	119	131.3	12.3	1.10
13ZLRC001	6386114	642528	80	-60	128	138	10	1.23
	incl.				128	133	5	2.29
14ZLRC005	6386117	642548	80	-60	31	78	47	0.32

Refer to Tyranna ASX Announcement dated 2 August 2016 for further details.

The other major prospects are **Weednanna** and **Weednanna West**, 3 km SE of Wilcherry Hill.

In 1997 Acacia, identified a strong gold-in-calcrete anomaly at Weednanna which is coincident with a prominent NNW-trending magnetic anomaly. Successive drilling campaigns identified gold mineralisation associated with skarn alteration and brecciation in the contact aureole of the adjacent granite. Weednanna is now known to be a magnetite breccia in carbonate altered rocks forming a skarn near the contact with a granite intrusion and containing elevated gold, bismuth, tin, uranium, lead and zinc. Weednanna West is a calc-silicate skarn defined by a NW-trending IP anomaly and containing significant gold.

Significant gold (Au) intercepts to date from Weednanna and Weednanna West prospects:

Hole ID	Northing (GDA04)	Easting (GDA94)	Azimuth	Dip	Depth From (m)	Depth To (m)	Width (m)	Au (g/t)
12WDDH001	6372417	638311	0	-90	63	85	22	5.25
06WDRC002	6372421	638353	270	-60	56	88	32	3.44
06WDRC007	6372422	638276	90	-60	52	88	36	5.71
	incl.				68	80	12	11.37
98WDDH001	6372470	638712	270	-55	7	16	9	24.60
98WDDH002	6372280	638755	270	-55	125	132	7	18.50

Refer to Trafford ASX Announcement dated 17 April 2012 for further details.

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Project Summary

The Wilcherry Project area is prospective for economic concentrations of gold, tin, copper, zinc, lead, silver, iron, bismuth, tungsten and uranium in a variety of mineralisation styles.

The area is predominantly overlain by a shallow veneer of transported cover that has prevented exploration by early prospectors. Drilling by modern explorers has identified significant mineralised systems hosted within Palaeoproterozoic calcareous and iron-rich metasediments which are intruded by Hiltaba Suite Granites that are responsible for widespread gold, uranium and base metal mineralisation in the Gawler Craton. The recent discovery of high grade tin, which had previously not been recognised in the district, suggests a more complex mineralised history than previously thought.

There are twenty eight (28) existing exploration targets within the Project area. The three highest priority exploration targets at the Project are currently the Weednanna and Weednanna West gold prospects and the Zealous tin prospect.

Planned Work

Assuming Alliance proceeds with the purchase, initial exploration work will include reviewing the existing database of surface geochemistry (>9,000 samples), geophysics and drilling (>3000 holes); re-analysing historic Fe-ore drilling pulps for economic concentrations of other elements by using portable XRF analyses to prioritise samples prior to ICP-MS analyses and assaying and may include VTEM airborne geophysical survey over Project area to test for conductors associated with massive sulphide (tin, copper-gold, silver-lead-zinc) deposits; 3D inversion modelling and interpretation of aeromagnetic data; infill ground gravity surveys, 3D inversion modelling and interpretation; re-logging of regional drill hole geology and alteration; integration of all data in order to identify and rank conceptual exploration target areas and drill testing of priority targets.

SUBSCRIPTION FOR UP TO 19.9% OF TYRANNA

Alliance has reached agreement with Tyranna to acquire or subscribe for up to 19.9% of Tyranna's issued share capital.

Placement shares will be issued once Tyranna has received shareholder approval to ratify a past issue of securities and refreshes its placement capacity under ASX listing rule 7.1 and 7.1A at its next annual general meeting. The issue price of those shares will be equal to 95% of the VWAP calculated over the past 30 days before the day on which Alliance provides the subscription funds for those shares. Alliance will also have the right to appoint one director to the board of Tyranna once Alliance has acquired at least 10% holding of the ordinary shares in Tyranna.

Tyranna recently announced a follow-up 8,300m drilling program at Jumbuck. The main Jumbuck tenements are located approximately 35 km from the +1Moz high grade Challenger Gold Mine. This drilling program follows on from a successful drilling program at Jumbuck earlier this year resulting in the discovery of gold mineralisation at the Greenwood prospect and the extension of the Campfire Bore prospect.

The Directors of Alliance consider Jumbuck has the potential to be a significant gold discovery and view the subscription in Tyranna as a key investment.

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Drilling at Zealous tin prospect

Steve Johnston
Managing Director

Alliance Resources Ltd has projects in Western Australia, New South Wales and South Australia for gold and base metals. For further information about Alliance Resources Ltd, please visit www.allianceresources.com.au

Competent Person's Statement

The information in this report that relates to the Exploration Results is based on information compiled by Mr Stephen Johnston who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Johnston is a full time employee of Alliance Resources Ltd and 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 Johnston consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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