

29 October 2008

ASX Code: **AGS**

## FOUR MILE URANIUM PROJECT FOUR MILE WEST - HIGH GRADE EXTENSION CONFIRMED

### HIGHLIGHTS

- Significant uranium intercepts ( $GT > 0.5\text{m}\% \text{pU}_3\text{O}_8$ ) confirm high grade mineralisation in the western part of Four Mile West (FMW), including:

**4.2m @ 0.20%  $\text{pU}_3\text{O}_8$  (AK940)**  
**0.9m @ 0.77%  $\text{pU}_3\text{O}_8$  (AK943)**  
**3.7m @ 0.32%  $\text{pU}_3\text{O}_8$  (AK951), and**  
**1.0m @ 0.78%  $\text{pU}_3\text{O}_8$  (AK951)**  
**8.0m @ 0.65%  $\text{pU}_3\text{O}_8$  (AK952), and**  
**2.6m @ 0.43%  $\text{pU}_3\text{O}_8$  (AK952)**  
**0.8m @ 0.66%  $\text{pU}_3\text{O}_8$  (AK959)**  
**3.2m @ 0.39%  $\text{pU}_3\text{O}_8$  (AK962)**  
**2.0m @ 0.43%  $\text{pU}_3\text{O}_8$  (AK963)**  
**3.3m @ 0.26%  $\text{pU}_3\text{O}_8$  (AK965)**

GT = grade x thickness ( $\text{m}\% \text{U}_3\text{O}_8$ ).  $\text{pU}_3\text{O}_8$  refers to the  $\text{U}_3\text{O}_8$  grade as estimated from PFN logging.  $\text{pU}_3\text{O}_8$  grades reported here as exploration results, may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource.

- Mineralisation at FMW remains open to the west, north and south.
- The results confirm the Four Mile Project as a high grade mineralized system with potential for a significantly larger resource.
- The mineral resource estimate for part of the Four Mile East Deposit is now anticipated for completion during the December Quarter of 2008.
- These results follow an announcement in September 2008 that Four Mile Project joint venture partner and manager, Quasar gave Alliance notice of a decision to mine and provided Alliance with a feasibility study recommending uranium concentrate production commencing in January 2010 at a projected production rate of 2.6 Mlb  $\text{U}_3\text{O}_8$  per annum and increasing to 3 Mlb  $\text{U}_3\text{O}_8$  per annum within three months.

The Four Mile Joint Venture Area is located 550 kilometres north of Adelaide in South Australia. Alliance has a 25% free carried interest in the joint venture during the exploration phase.

Its 75% joint venture partner and manager, Quasar Resources Pty Ltd, is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located 8 kilometres southeast of the Four Mile uranium discovery.

The Four Mile Uranium Deposit consists of two mineralised zones. Four Mile West has an Inferred Mineral Resource of 32 Mlb  $\text{U}_3\text{O}_8$  in accordance with the JORC Code. Estimation of the mineral resource at Four Mile East is in progress.

## DETAILS OF ANNOUNCEMENT

A total of 27 rotary mud holes totalling 4992.6 metres were drilled at Four Mile West during August and September 2008. Drill intercepts are shown in Table 1 while a plan of drill collars is presented in Figures 1 and 2.

The drilling followed up on significant drilling results intersected at Four Mile West during July and focussed on high grade mineralisation intersected at relatively shallow depths (about 85 metres) in the most western portion of the deposit (Figure 2).

Drilling has successfully extended the shallow, high grade zone of mineralisation identified in the north west of the deposit. Three holes (AK951, AK952 and AK962) all returned intercepts with grade-thickness (GT) >1.0m% pU<sub>3</sub>O<sub>8</sub>. Mineralisation remains open to the west, north and south and becomes shallower towards the Flinders Ranges.

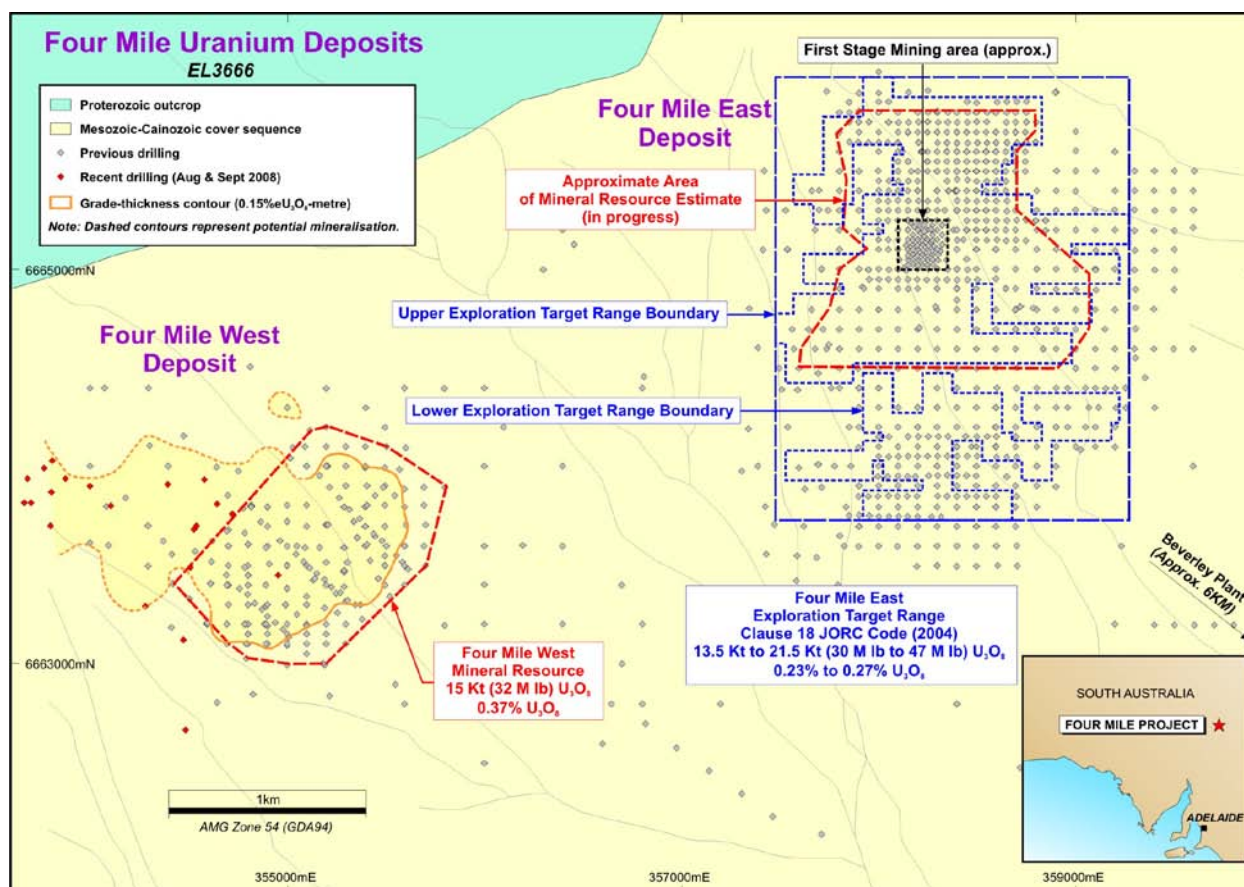


Figure 1: Four Mile Uranium Deposits

Significant intercepts (GT>0.5m%pU<sub>3</sub>O<sub>8</sub>) from the western area of Four Mile West include:

- 4.2m @ 0.20% pU<sub>3</sub>O<sub>8</sub> (AK940)
- 0.9m @ 0.77% pU<sub>3</sub>O<sub>8</sub> (AK943)
- 3.7m @ 0.32% pU<sub>3</sub>O<sub>8</sub> (AK951), and
- 1.0m @ 0.78% pU<sub>3</sub>O<sub>8</sub> (AK951)
- 8.0m @ 0.65% pU<sub>3</sub>O<sub>8</sub> (AK952), and
- 2.6m @ 0.43% pU<sub>3</sub>O<sub>8</sub> (AK952)

- 0.8m @ 0.66% pU<sub>3</sub>O<sub>8</sub> (AK959)
- 3.2m @ 0.39% pU<sub>3</sub>O<sub>8</sub> (AK962)
- 2.0m @ 0.43% pU<sub>3</sub>O<sub>8</sub> (AK963)
- 3.3m @ 0.26% pU<sub>3</sub>O<sub>8</sub> (AK965)

Infill drilling is continuing with one mud rig in the vicinity of these significant intercepts in the western portion of the deposit.

The results confirm the Four Mile Project as a high grade mineralized system with potential for a significantly larger resource.

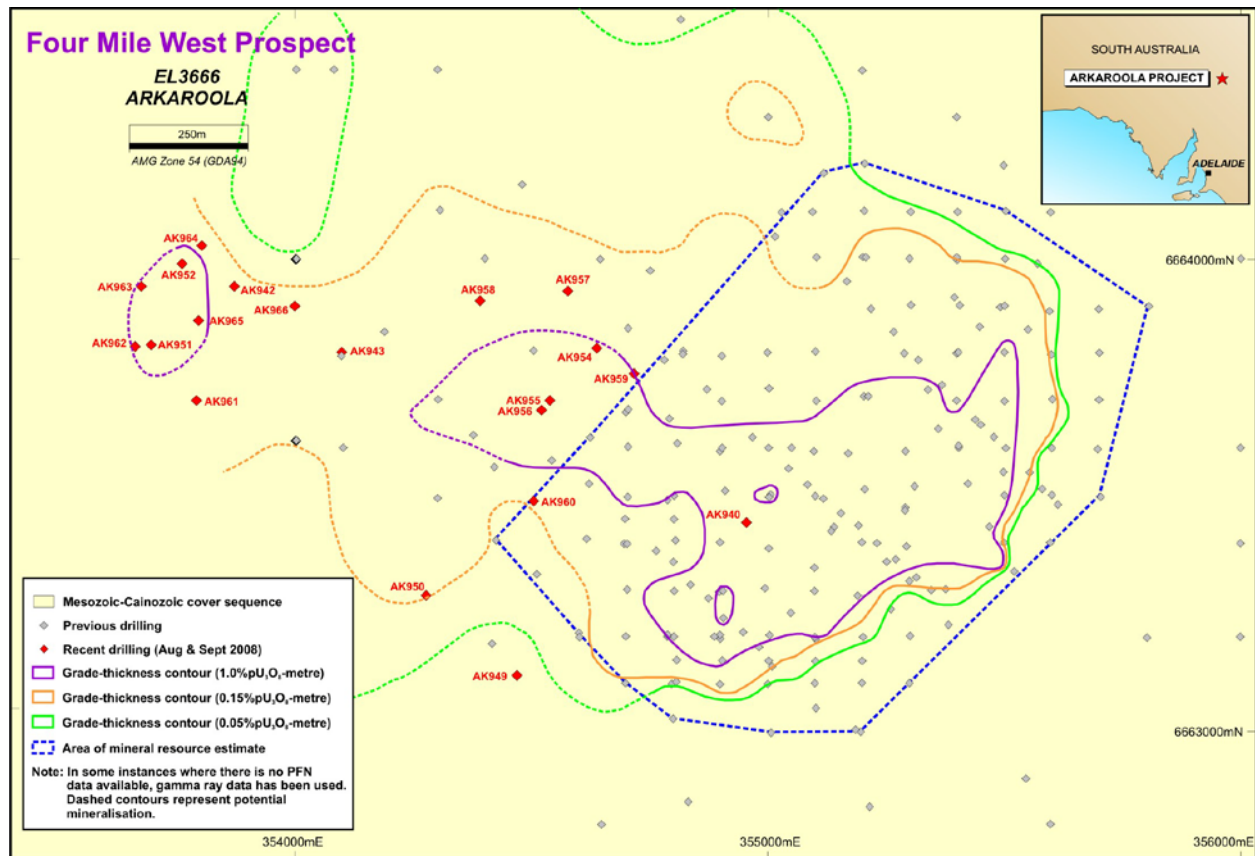


Figure 2: Four Mile West Uranium Deposit

## Four Mile East (including First Stage Mining Area)

A first-pass lithological interpretation has been completed for the southern and central areas of the Four Mile East (FME) Deposit over an area greater than 3 square kilometres, which includes the First Stage Mining area.

The mineral resource estimate for part of the FME Deposit is now anticipated for completion during the December Quarter of 2008.

# ASX ANNOUNCEMENT

**Table 1: Four Mile Uranium Project Summary Drilling Data**

Thickness and grade results for holes drilled in August and September 2008. Results below the cut off grade of 0.05% U3O8 are not reported. GT>0.5m%pU<sub>3</sub>O<sub>8</sub> are highlighted. These figures are provisional and may be subject to revision by calibration factor and data validation. NOTE: The table does not include drill hole collar coordinates. Refer to Figures for drill hole locations.

Hole Details		Gamma					PFN					Deposit
Hole Id	T_depth	From	To	Interval	eU3O8 (%)	GT	From	To	Interval	pU3O8(%)	GT	
AK940	208.0	149.3	151.3	2.0	0.341	0.67	149.5	150.2	0.7	0.334	0.23	FMW
AK940	208.0	155.6	161.0	5.5	0.216	1.18	156.7	160.9	4.2	0.195	0.82	FMW
AK942	162.0	88.5	93.6	5.2	0.140	0.72	89.1	91.6	2.5	0.143	0.36	FMW
AK942	162.0	95.6	96.7	1.1	0.107	0.12	93.1	93.6	0.5	0.088	0.04	FMW
AK942	162.0						95.8	96.6	0.8	0.088	0.07	FMW
AK942	162.0	119.0	120.1	1.1	0.278	0.31	119.2	119.9	0.7	0.394	0.28	FMW
AK943	160.0	87.6	88.6	1.1	0.105	0.11	87.8	88.4	0.6	0.110	0.07	FMW
AK943	160.0	95.7	96.5	0.8	0.183	0.15	95.8	96.3	0.5	0.197	0.10	FMW
AK943	160.0	116.8	118.1	1.3	0.655	0.84	117.0	117.9	0.9	0.774	0.70	FMW
AK949	204.0	134.8	135.4	0.6	0.126	0.07	134.8	135.3	0.5	0.162	0.08	FMW
AK950	203.6	122.7	123.9	1.2	0.123	0.14	122.8	123.9	1.1	0.133	0.15	FMW
AK950	203.6	130.1	131.1	0.9	0.277	0.26	130.4	131.0	0.6	0.423	0.25	FMW
AK951	188.0	86.1	91.0	4.9	0.306	1.50	87.1	90.8	3.7	0.322	1.19	FMW
AK951	188.0	94.0	95.0	0.9	0.169	0.16	94.1	94.9	0.8	0.244	0.20	FMW
AK951	188.0	115.7	116.8	1.1	0.284	0.32	115.9	116.9	1.0	0.782	0.78	FMW
AK952	200.0	88.4	92.6	4.2	0.207	0.87	88.0	96.0	8.0	0.650	5.20	FMW
AK952	200.0	95.0	95.8	0.8	0.157	0.13	97.8	101.6	3.8	0.058	0.22	FMW
AK952	200.0						104.7	105.9	1.2	0.076	0.09	FMW
AK952	200.0						106.9	107.5	0.6	0.067	0.04	FMW
AK952	200.0						108.1	108.8	0.7	0.065	0.05	FMW
AK952	200.0						112.3	112.9	0.6	0.100	0.06	FMW
AK952	200.0						114.6	115.7	1.1	0.078	0.09	FMW
AK952	200.0	117.2	119.0	1.8	0.197	0.35	117.5	120.1	2.6	0.426	1.11	FMW
AK953	210.0	130.0	130.7	0.7	0.136	0.09	130.2	130.7	0.5	0.177	0.09	FMW
AK954	180.0	136.4	137.5	1.1	0.412	0.45	136.6	137.4	0.8	0.471	0.38	FMW
AK954	180.0	157.9	159.4	1.5	0.155	0.24	158.3	159.4	1.1	0.196	0.22	FMW
AK955	108.0						Hole Abandoned					FMW
AK956	180.0	135.6	136.7	1.1	0.393	0.42	135.8	136.5	0.7	0.436	0.31	FMW
AK956	180.0	144.1	146.1	2.1	0.060	0.12	144.1	144.9	0.8	0.066	0.05	FMW
AK956	180.0	148.3	152.8	4.5	0.111	0.50	148.6	152.8	4.2	0.110	0.46	FMW
AK957	180.0	132.4	133.2	0.9	0.322	0.27	132.5	133.2	0.7	0.330	0.23	FMW
AK957	180.0	155.8	156.7	0.9	0.219	0.19	156.1	156.7	0.6	0.256	0.15	FMW
AK958	169.0	108.5	109.6	1.1	0.357	0.40	108.7	109.5	0.8	0.379	0.30	FMW
AK958	169.0	132.2	133.4	1.2	0.238	0.28	132.6	133.3	0.7	0.318	0.22	FMW
AK959	192.0						140.6	141.4	0.8	0.657	0.53	FMW
AK959	192.0	161.9	164.0	2.1	0.125	0.26	162.5	163.8	1.3	0.168	0.22	FMW
AK960	178.0	141.3	142.3	1.0	0.331	0.34	141.3	142.2	0.9	0.308	0.28	FMW
AK961	142.0	81.5	82.4	0.9	0.103	0.09	81.7	82.6	0.9	0.106	0.10	FMW
AK961	142.0	88.5	89.5	1.0	0.220	0.22	88.7	89.4	0.7	0.239	0.17	FMW
AK961	142.0	110.4	111.9	1.5	0.274	0.40	110.9	111.8	0.9	0.407	0.37	FMW
AK962	186.0	85.7	89.9	4.2	0.422	1.77	86.7	89.9	3.2	0.392	1.25	FMW
AK962	186.0	114.5	115.9	1.3	0.265	0.36	114.8	115.8	1.0	0.414	0.41	FMW
AK963	165.0	87.4	90.3	2.9	0.438	1.27	88.2	90.2	2.0	0.426	0.85	FMW
AK963	165.0	92.4	93.1	0.7	0.067	0.05						FMW
AK963	165.0	117.4	118.7	1.3	0.305	0.41	117.7	118.7	1.0	0.395	0.40	FMW
AK964	168.0	88.2	92.2	3.9	0.164	0.64	88.9	90.1	1.2	0.239	0.29	FMW
AK964	168.0						91.1	92.0	0.9	0.145	0.13	FMW
AK964	168.0	94.4	95.3	1.0	0.073	0.07	94.4	95.2	0.8	0.075	0.06	FMW
AK964	168.0	117.2	118.4	1.1	0.198	0.22	117.5	118.2	0.7	0.373	0.26	FMW
AK965	154.0	87.9	92.1	4.2	0.311	1.30	88.7	92.0	3.3	0.260	0.86	FMW
AK965	154.0	95.2	95.9	0.7	0.139	0.10	95.3	95.8	0.5	0.155	0.08	FMW
AK965	154.0	115.6	117.2	1.6	0.297	0.48	115.9	116.9	1.0	0.424	0.42	FMW
AK966	181.0	87.3	88.8	1.5	0.146	0.23	87.6	88.5	0.9	0.157	0.16	FMW
AK966	181.0	97.1	97.9	0.8	0.110	0.09	97.2	97.8	0.6	0.102	0.06	FMW
AK966	181.0	120.0	121.4	1.5	0.312	0.45	120.3	121.3	1.0	0.451	0.45	FMW
AK967	160.0						Grade below cutoff (gamma & PFN)					FMW

## About Alliance Resources

Further information relating to the Company and its various exploration projects can be found on the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au)



Steve Johnston  
Chief Executive Officer

*The information in this report that relates to uranium Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Bowden who is a Chartered Geologist and Fellow of the Geological Society of London, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time. Mr Andrew Bowden is employed by GeoDec Consulting and has sufficient experience 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew Bowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*All other information in this report, including future proposals for development of the Four Mile Project and the information relating to Exploration Results, Mineral Resources or Ore Reserves for copper and gold 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 the Company 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 2004 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*