

29 January 2009

ASX Code: **AGS**

## **FOUR MILE URANIUM PROJECT FOUR MILE WEST DRILLING RESULTS FOUR MILE EAST DEVELOPMENT STATUS**

### **HIGHLIGHTS**

#### **Four Mile West - Exploration**

- Additional significant uranium intercepts ( $GT > 0.3m\%pU_3O_8$ ) from Four Mile West during November 2008 include:

**0.7m @ 0.46%  $pU_3O_8$  (AK982)**

**1.5m @ 0.21%  $pU_3O_8$  (AK984)**

**0.6m @ 0.51%  $pU_3O_8$  (AK986)**

GT = grade x thickness ( $m\%U_3O_8$ ).  $pU_3O_8$  refers to the  $U_3O_8$  grade as estimated from PFN logging.  $pU_3O_8$  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 Four Mile West is still open to the west and remains open in part to the north.
- A corridor of high-grade mineralisation (cut-off  $GT > 0.15m\%pU_3O_8$ ) is confirmed over approximately 1.8 kilometres.

#### **Four Mile East - Development**

- Detailed planning for the Scope of Works associated with the proposed Four Mile satellite plant and the proposed Beverley plant modifications and additions progressed during the month.
- Twenty-eight delineation drill holes were completed in the Four Mile East First Stage Mining Area during the month.
- Alliance commissioned a mineral resource estimate for FME and an expanded mineral resource estimate for FMW and which are anticipated for completion during the first calendar quarter of 2009.

The Four Mile Joint Venture Area is located 550 kilometres north of Adelaide in South Australia. Alliance holds a 25% participating interest in the joint venture.

Quasar Resources Pty Ltd (Quasar), an affiliate of Heathgate Resources Pty Ltd (Heathgate), which owns and operates the Beverley Uranium Mine located 8 kilometres southeast of the Four Mile Joint Venture Area, holds a 75% interest in the joint venture and is the manager of the project.

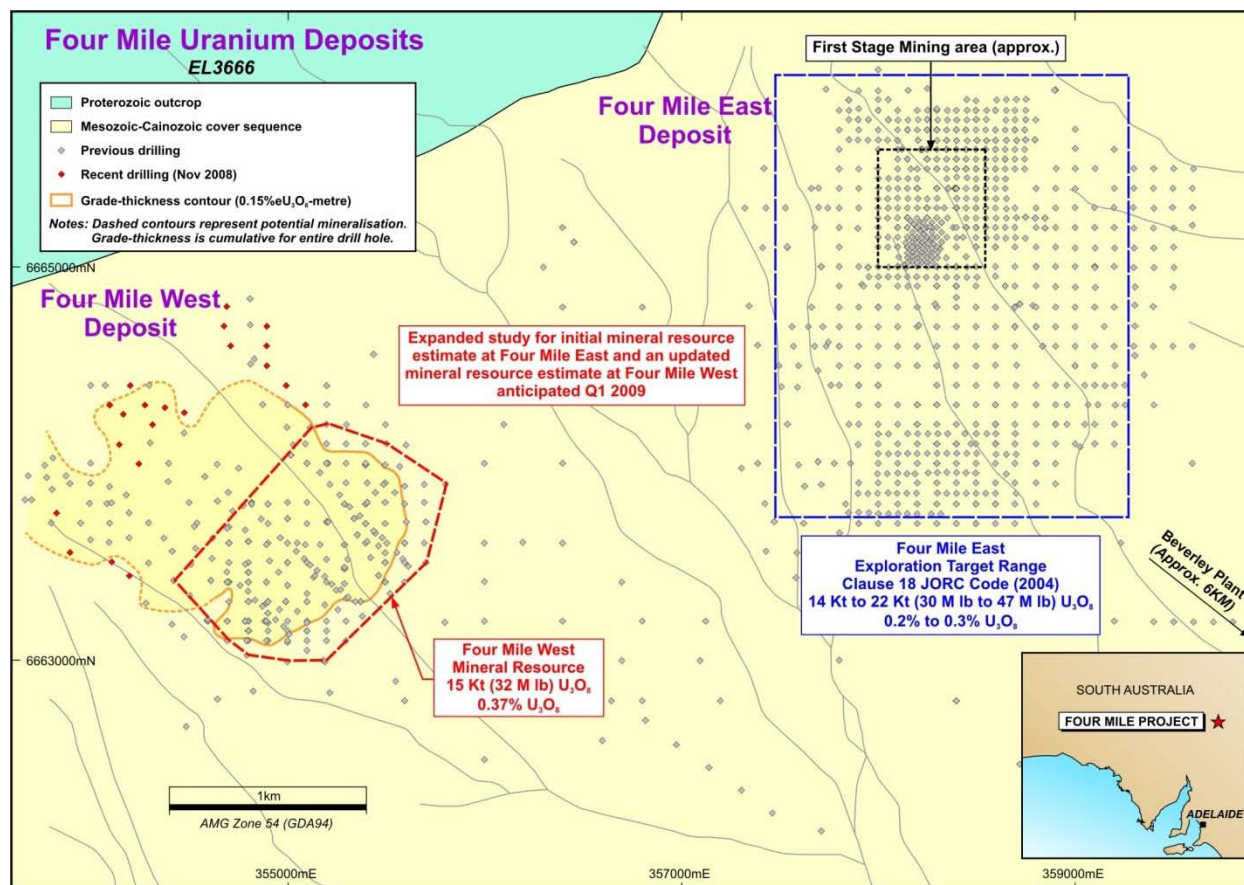
There are two mineralised zones within the joint venture area; Four Mile West and Four Mile East. Four Mile West has an Inferred Mineral Resource of 32 Mlb  $U_3O_8$  in accordance with the JORC Code. Estimation of the mineral resource for Four Mile East is in progress.

In September 2008 Quasar Resources notified Alliance of its "decision to mine" and provided Alliance with a feasibility study recommending uranium mining using ISR technology, with production commencing in January 2010 at a projected rate of 2.6 Mlb  $U_3O_8$  per annum, increasing to 3 Mlb  $U_3O_8$  per annum within three months.

## DETAILS OF ANNOUNCEMENT

### Four Mile West - Exploration

A total of 21 holes for 3,381 metres were drilled during November 2008, including one diamond hole for 185 metres. Drill intercepts are shown in Table 1 (attached) while a plan of drill collars is presented in Figures 1 and 2.



**Figure 1: Four Mile Uranium Deposits**

The latest drilling followed up on significant drilling results intersected at Four Mile West (FMW) from July to October 2008 and focused on increasing the drilling coverage in the northern and western areas of the deposit.

Mineralisation at FMW is still open to the west and remains open in part to the north (Figure 2).

Core samples have been collected from five drill holes across the FMW deposit for the purpose of obtaining multi-element geochemistry and metallurgical data.

Significant intercepts (GT>0.3m%pU<sub>3</sub>O<sub>8</sub>) from this program include:

**0.7m @ 0.46% pU<sub>3</sub>O<sub>8</sub> (AK982)**

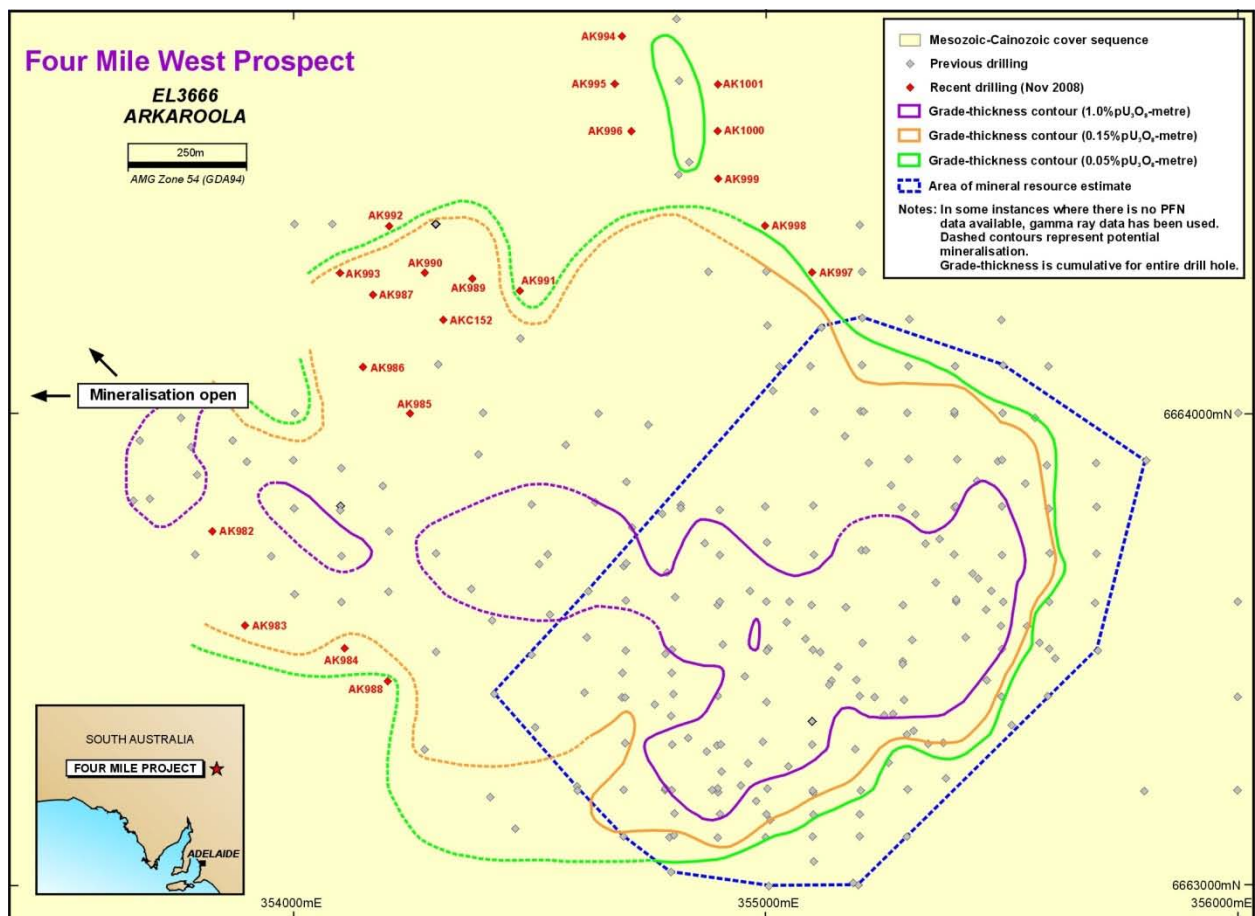
**1.5m @ 0.21% pU<sub>3</sub>O<sub>8</sub> (AK984)**

**0.6m @ 0.51% pU<sub>3</sub>O<sub>8</sub> (AK986)**

Drilling continued in the northern and western areas of the deposit to further define the extent of mineralisation. Four holes were drilled in the western area with three intersecting anomalous mineralisation.

This program confirms a continuous, northwest-trending corridor of high-grade mineralisation (cutoff  $GT > 0.15\% pU_3O_8$ ) over approximately 1.8 kilometres.

Exploration results continue to confirm the Four Mile Project as a high-grade mineralized system with potential for significantly increasing the uranium resource base.



**Figure 2: Four Mile West Uranium Deposit**

A program and scope of work is being prepared to commence metallurgical testing of FMW drill core.

## **Four Mile East - Development**

A total of twenty-eight delineation drill holes for 5946.5 metres were completed in the Four Mile East (FME) First Stage Mining Area during November. The drilling program is designed to provide more detailed data for mine planning amongst the existing 50 metre-spaced drilling. In addition, three cased wells within the FME First Stage Mining Area were partially installed.

Geostatistical studies for the three main mineralised horizons at FME continued during the month. Metallurgical test work at FME deposit is complete for the present.

To support the proposed elution scheme for the FME deposit, a series of resin loading and stripping tests will be conducted on site at Beverley over two months commencing in December 2008. This program is aimed at validating and optimizing the stripping process planned for the Four Mile Project at the existing Beverley plant.

The Scope of Work associated with the proposed Four Mile satellite plant progressed during the month and includes lixiviant (LIX) and resin management; iron exchange (IX) resin loading; reagent consumption; utility facility requirements, including electrical supply and controls; and evaporation pond requirements.

The Scope of Work associated with the detailed planning for the existing Beverley plant modifications and additions also progressed during the month.

Alliance commissioned a mineral resource estimate for FME and an expanded mineral resource estimate for FMW to include new drilling results collected by Quasar since the initial mineral resource estimate was announced on FMW. The mineral resource estimates are now anticipated for completion during the first calendar quarter of 2009.

For further information regarding this announcement, contact:

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## **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).

*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 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.*

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

Thickness and grade results for holes drilled in October 2008. Results below the cut-off grade of 0.05% U3O8 are not reported. GT>0.3m% pU3O8 are highlighted. These figures are provisional and may be subject to revision due to calibration factor confirmation 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	
AK982	148.0	84.2	86.3	2.1	0.16	0.33	84.6	85.7	1.1	0.16	0.18	FMW
AK982	148.0	91.4	92.3	0.9	0.20	0.18	91.5	92.0	0.5	0.26	0.13	FMW
AK982	148.0	113.4	114.7	1.3	0.30	0.38	113.8	114.5	0.7	0.46	0.32	FMW
AK983	150.0	83.2	83.9	0.7	0.09	0.06	83.4	83.9	0.5	0.11	0.05	FMW
AK983	150.0	88.4	89.2	0.8	0.18	0.14	88.6	89.1	0.5	0.19	0.09	FMW
AK983	150.0	106.9	107.7	0.8	0.08	0.06	107.4	107.9	0.5	0.12	0.06	FMW
AK983	150.0	128.6	129.1	0.5	0.09	0.05						FMW
AK984	146.0	85.2	87.5	2.3	0.16	0.36	85.9	87.4	1.5	0.21	0.31	FMW
AK985	150.0	91.3	91.8	0.5	0.06	0.03	91.5	92.1	0.6	0.05	0.03	FMW
AK985	150.0	102.7	103.8	1.0	0.36	0.37	103.1	103.7	0.6	0.44	0.26	FMW
AK985	150.0	125.9	126.9	1.1	0.17	0.18	126.0	126.7	0.7	0.20	0.14	FMW
AK986	142.0	94.2	95.1	0.9	0.07	0.06	94.4	95.1	0.7	0.09	0.06	FMW
AK986	142.0	104.0	105.0	1.0	0.33	0.33	104.2	104.8	0.6	0.51	0.31	FMW
AK986	142.0	128.1	128.8	0.7	0.20	0.14	128.3	128.9	0.6	0.22	0.14	FMW
AK987	150.0	98.2	99.0	0.8	0.08	0.07	98.4	98.9	0.5	0.07	0.04	FMW
AK987	150.0	107.7	109.0	1.3	0.15	0.19	107.9	108.9	1.0	0.09	0.09	FMW
AK987	150.0	131.8	132.5	0.7	0.10	0.06						FMW
AK988	142.0				Grade below cutoff (gamma & PFN)						FMW	
AK989	178.0	113.5	114.3	0.8	0.21	0.16	113.7	114.4	0.7	0.38	0.27	FMW
AK990	174.0	112.3	113.0	0.8	0.18	0.14	112.4	113.0	0.6	0.25	0.15	FMW
AK991	176.0	113.9	114.6	0.7	0.14	0.10	114.1	114.7	0.6	0.17	0.10	FMW
AK992	180.0			Grade below cutoff (gamma)			99.7	100.4	0.7	0.08	0.06	FMW
AK993	180.0	98.3	99.2	0.9	0.08	0.07	98.5	99.0	0.5	0.07	0.04	FMW
AK993	180.0	106.4	107.4	1.0	0.17	0.18	106.6	107.4	0.8	0.16	0.13	FMW
AK994	184.0	124.5	125.2	0.7	0.13	0.09	124.6	125.3	0.7	0.11	0.08	FMW
AK995	176.0	124.4	125.1	0.7	0.14	0.10	124.6	125.1	0.5	0.20	0.10	FMW
AK996	186.0	123.7	124.6	1.0	0.16	0.15	123.3	124.5	1.2	0.09	0.11	FMW
AK997	206.0			Grade below cutoff (gamma & PFN)						FMW		
AK998	206.0			Grade below cutoff (gamma & PFN)						FMW		
AK999	178.0			Grade below cutoff (gamma & PFN)						FMW		
AK1000	178.0	130.2	131.0	0.8	0.11	0.08			Grade below cutoff (PFN)			FMW
AK1001	174.0	129.3	129.8	0.5	0.07	0.04			Grade below cutoff (PFN)			FMW
AKC152	185.0	109.2	110.1	0.9	0.25	0.23	108.7	109.3	0.6	0.34	0.21	FMW
AKC152	185.0	133.2	133.7	0.5	0.10	0.05	132.6	133.1	0.5	0.15	0.08	FMW