

2 April 2009

ASX Code: **AGS**

FOUR MILE URANIUM PROJECT CONTRIBUTION TO PROJECT DEVELOPMENT STATUS OF INDEPENDENT STUDIES

HIGHLIGHTS

✦ Alliance makes further contributions* towards the cost of development of Four Mile Uranium Project

- Payment amounts: \$398,660 on 18 February 2009
\$800,141 on 19 March 2009
- Total contributions to-date⁽¹⁾: \$2,242,211

* - subject to Alliance's reservation of rights referred to in the body of this announcement

✦ Estimated project development costs and projected operating costs

- Project Development Costs⁽²⁾, 100% - A\$90M
 - Alliance's share, 25% - A\$22.5M⁽³⁾
- Operating Cash Costs⁽²⁾ (inc. royalties) - A\$38.80/lb U₃O₈
US\$25⁽⁴⁾/lb U₃O₈

✦ Updated independent mineral resource estimate for Four Mile deposits

- Independent consultants commissioned by Alliance in December 2008 and resource estimate started in early January 2009
- Resource estimate not finalised by end of 1st Quarter as originally anticipated, due to delays in receipt of final drilling database information⁽⁵⁾ from JV partner and manager Quasar Resources
- Completion now targeted for
 - May-June 2009 for initial resource estimate on Four Mile East deposit
 - June-July 2009 for expanded resource estimate on Four Mile West, subject to receipt of respective final drilling database information⁽⁵⁾ from Quasar

✦ Independent scoping study for Four Mile Project

- Launch of study delayed due to issues raised by Quasar regarding control of confidential information
- Completion now targeted for June-July and subject to the availability of information from Quasar

Notes:

- (1) Being 25% of total Four Mile project development costs incurred by the JV since 22 October 2008
- (2) As determined by Alliance's JV partner and manager, Quasar Resources Pty Ltd
- (3) Alliance's share of estimated total development costs from 22 October 2008 through 31 December 2009
- (4) Based on 0.645 exchange rate (USD:1AUD)
- (5) Drilling database that can be validated by Alliance's JORC Competent Person consultant in accordance with the JORC Code

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 U₃O₈ 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 U₃O₈ per annum, increasing to 3 Mlb U₃O₈ per annum within three months.

DETAILS OF ANNOUNCEMENT

Four Mile Uranium Project Development

Contribution to Project Development

Alliance Resources Limited, on behalf of its subsidiary Alliance Craton Explorer Pty Ltd, (collectively Alliance) has paid an additional amount of \$800,141 towards the cost of development of the first stage mining area at Four Mile East (FME). Total payments by Alliance amount to \$2,242,211. Alliance disputes the validity of each of the cash calls made by Quasar and, in making the payments, has reserved all of its rights. The payments continue to be made to preserve Alliance's participatory rights in the Four Mile Project.

Under the EJVA, Quasar notified Alliance of its decision to mine in September 2008 and provided Alliance with a feasibility study (FS) compiled by URS, but generated internally by Heathgate and Quasar. The objective of the FS was to establish the basis on which Quasar rendered its decision to mine. While the FS met Quasar's obligations under the EJVA, it did not provide a sufficient quantity of independently verified information for Alliance as a publicly listed company. As such, Alliance has commissioned an independent scoping study to determine/verify whether the proposed mine development programme and budget proposed by Quasar is fair and equitable and in the best interest of Alliance Shareholders.

Estimated project development costs and projected operating costs

On 16 March 2009 Alliance announced estimated project development costs and projected operating costs as determined by Alliance's JV partner and manager of the project, Quasar.

Estimated Project Development Costs ⁽¹⁾ (100%)	A\$90M
Alliance's share (25%)	A\$22.5M
Total Operating Cash Costs ⁽¹⁾ (inc. royalties)	A\$38.80/lb U ₃ O ₈ US\$25*/lb U ₃ O ₈

* - based on 0.645 exchange rate (USD:1AUD)

(1) *Disclaimer: Alliance Resources was not involved with the generation of Four Mile Project development and operating costs and does not endorse or accept Quasar's estimated costs as correct and accurate as those costs were generated internally by Quasar and its affiliate Heathgate Resources Pty Ltd and have not been independently verified. Alliance has commissioned an independent scoping study to review Quasar's estimated costs and project assumptions. Alliance has reserved all its rights with regards to Quasar's proposed costs.*

Expanded Independent Mineral Resource Study

Quasar's FS included a uranium mineral resource estimate for the proposed first stage mining area at FME. As this resource estimate was not compliant with the JORC Code and only covered a small portion of the FME deposit, Alliance has commissioned an independent study to estimate the mineral resource at FME in accordance with the JORC Code. In addition, the scope of this study has been expanded to include an updated mineral resource estimate at Four Mile West (FMW).

The updated estimate at FMW will include additional drilling and assays results obtained by Quasar since the completion of the initial mineral resource estimate of 15,000 tonnes U₃O₈ as announced in May 2007. The initial resource estimate at FMW was in accordance with the JORC Code.

The expanded mineral resource study is being conducted by JORC Competent Person Mr Ken Bampton of Ore Reserve Evaluation Services and will be reviewed by Mr Andrew Bowden of GeoDec Consulting.

The mineral resource study was launched in early January 2009 and was originally anticipated to be completed in the first calendar Quarter 2009, subject to the availability of necessary information from Quasar. Due to delays in receipt of final drilling database information, from Quasar, that can be validated by Alliance's consultant JORC Competent Person, the completion of the resource estimate has been delayed. Completion of the resource estimates have been retargeted for May-June 2009 for the initial resource estimate on FME, and June-July 2009 for the expanded resource estimate on FMW, with both targets subject to the availability of final drilling database information from Quasar, that can be appropriately validated in accordance with the JORC Code.

Independent Scoping Study

Alliance has also commissioned an independent scoping study for the Four Mile Uranium Project to determine capital and operating cost estimates for comparison with costs presented to Alliance by Quasar in its FS. This new study will also expand on certain areas of Quasar's conceptual mining studies including alternative mining methods analyses, additional options of utilising in situ recovery technology, and a determination of project net present value at different production rates.

This scoping study was originally anticipated to be completed in the first calendar Quarter 2009, subject to Quasar providing its consent to the disclosure of the relevant information to Alliance's consultants and making that information available to Alliance and its consultants in a timely manner. Unfortunately, due to issues raised by Quasar regarding control of confidential information, the launch of the study had to be delayed to the latter half of March. The study is now targeted for completion in June-July, subject to availability of confidential information from Quasar.

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.

Reference to Joint Ore Reserves Committee (JORC) Code

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 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 Bowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to copper and gold Exploration Results, Mineral Resources or Ore Reserves 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 Limited 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.