

24 June 2009

## HIGH GRADE MINERAL RESOURCE NEARLY DOUBLES AT FOUR MILE URANIUM PROJECT, SA

- **Four Mile Uranium Project in South Australia Mineral Resource Estimate nearly doubles to 28,000 tonnes (61 Mlb) uranium oxide (U<sub>3</sub>O<sub>8</sub>) at an average grade of 0.35%**
- **Increase due to inclusion of maiden Inferred Mineral Resource Estimate for the Four Mile East deposit of 13,000 tonnes (29 Mlb) U<sub>3</sub>O<sub>8</sub> grading 0.31%**
- **Production at Four Mile currently scheduled to commence in January 2010 and is expected to ramp up to a targeted rate of 3 Mlb U<sub>3</sub>O<sub>8</sub> per annum**
- **The expanded resource further underpins the Four Mile Uranium Project as a long-term production centre**
- **Further upgrade of resource at Four Mile West to commence based on drilling completed after release of initial resource of 32 Mlb U<sub>3</sub>O<sub>8</sub> published in 2007**
- **Four Mile East remains open to the west and northeast while Four Mile West remains open to the southwest and northwest, with significant potential for further expansion of the resource base with additional drilling**

### Four Mile Project Mineral Resource Estimate

Alliance Resources Limited (“Alliance”) (ASX code: **AGS**) is pleased to announce a major expansion of the Inferred Mineral Resource, classified in accordance with the JORC Code, for the **Four Mile Uranium Project** (Alliance 25% equity interest) in South Australia. With Alliance’s newly completed initial mineral resource estimate for the **Four Mile East** (FME) deposit, the total mineral resource inventory has increased by more than 90% to 61 million lbs U<sub>3</sub>O<sub>8</sub> at an average grade of 0.35% (3,500ppm) U<sub>3</sub>O<sub>8</sub>.

### Four Mile Uranium Project - Inferred Mineral Resource Inventory\*

Deposit	GT cut-off m%	Ore Mass Tonnes	U <sub>3</sub> O <sub>8</sub> %	U <sub>3</sub> O <sub>8</sub> Tonnes	U <sub>3</sub> O <sub>8</sub> Mlb
Four Mile West (May 2007)	0.15	3,900,000	0.37	15,000	32
Four Mile East (June 2009)	0.10	4,100,000	0.31	13,000	29
<b>TOTAL</b>		<b>8,000,000</b>	<b>0.35</b>	<b>28,000</b>	<b>61</b>

\*The estimate is in accordance with Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition) (JORC Code).

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Commenting on the results, Alliance Resources Managing Director, Patrick Mutz said “the grade results for Four Mile East have exceeded our expectations. The combined grades from Four Mile East and Four Mile West have the potential to make the Four Mile Uranium Project the highest grade operating uranium mine in Australia and as we move toward first production early next year, the highest grade and largest ISR operation in the world, with likely favourable effects on project economics.”

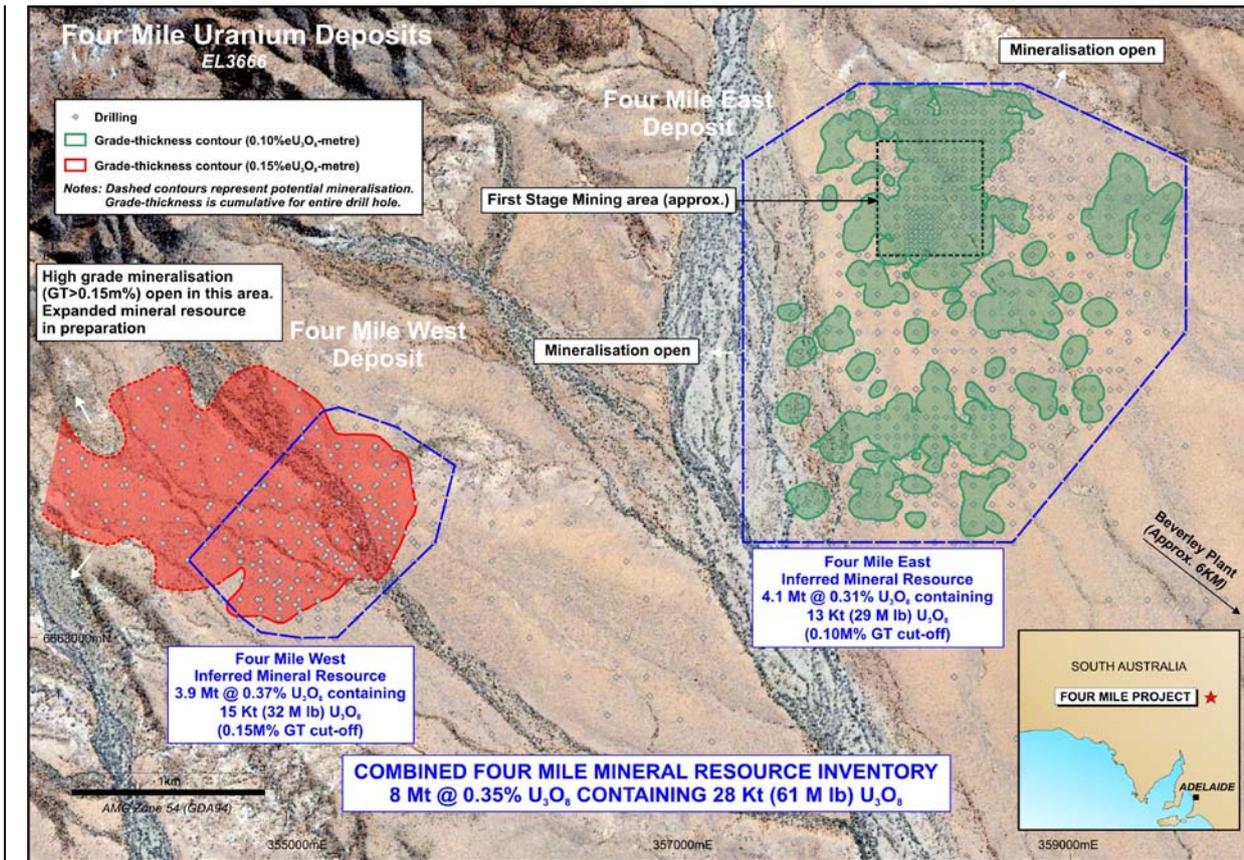


Figure 1: Four Mile East and Four Mile West uranium deposits

## Four Mile West Mineral Resource Estimate

The FME resource estimate is in addition to the initial Inferred Mineral Resource for the Four Mile West (FMW) Uranium deposit of 3.9 million tonnes grading 0.37% containing 15,000 tonnes (32 million lbs) U<sub>3</sub>O<sub>8</sub> completed in May 2007. The FMW resource estimate used a cut-off of 0.5 metres @ 0.05% U<sub>3</sub>O<sub>8</sub> for the database of composite intercepts and a plan view envelope defined by a grade x thickness (GT) of 0.15m% U<sub>3</sub>O<sub>8</sub> to define the resource.

An updated and expanded mineral resource estimate is being launched at FMW to include additional drilling and analyses obtained in the northwest of the deposit by Quasar since the completion of the initial resource estimate at FMW.

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## Four Mile East – Resource determination and geological background

The resource estimate for FME used a cut-off of 0.5 metres @ 0.05% U<sub>3</sub>O<sub>8</sub> for the database of composite intercepts and a plan view envelope defined by a grade x thickness (GT) of 0.10m% U<sub>3</sub>O<sub>8</sub> to define the resource. A dry bulk density of 1.85 g/cm<sup>3</sup> was used for the conversion of volume to tonnes.

The area of the plan view GT cut-off has been drilled to an approximate 100 metre square grid, with 50 metre spacing in selected areas and a small central area at 25 metres (Figure 1). Within the limits of the mineral resource, the average thickness of the mineralisation is 1.5 metres and the average GT is 0.46m% U<sub>3</sub>O<sub>8</sub>.

The FME deposit, which has no surface expression, is hosted within fluvial sands of Mid Tertiary age, below approximately 200 metres of cover. Individual mineralised thicknesses vary between 0.5 metres and 12 metres with mostly only one, but up to six intercepts in a hole. Prompt Fission Neutron (PFN) wireline logging has provided direct instrumental U<sub>3</sub>O<sub>8</sub> grade measurement in more than half of the drill holes, with natural gamma ray logging of equivalent uranium oxide (eU<sub>3</sub>O<sub>8</sub>) grade available for all holes successfully completed.

Mineralisation at Four Mile is of the sandstone uranium type, associated with reduction-oxidation (redox) interfaces and occurs in sub-horizontal, sandy, materials below the water table and beneath a layer of predominantly clay/siltstone Upper Eyre Formation and bounded below by consolidated diamictite, comprising cobbles cemented within a clay matrix overlying basement rock. The area covered by this resource estimate is approximately 1.75 km<sup>2</sup>.

Resource estimates at FME were made at a number of GT cut-offs, applied to drill intercepts of 0.5 metre minimum thickness and 0.05% minimum U<sub>3</sub>O<sub>8</sub> grade, with up to 1 metre of internal dilution allowed. These parameters are similar to those previously used at Four Mile West, and varied slightly to match the geometry of this deposit. Mineralisation is generally high grade with sharp boundaries, which is reflected in relatively modest changes between the varying GT cut-offs tabulated below.

GT cut-off m%	Ore Mass Tonnes	U <sub>3</sub> O <sub>8</sub> %	U <sub>3</sub> O <sub>8</sub> Tonnes	U <sub>3</sub> O <sub>8</sub> Mlb	Thickness m	Avg GT m%
0.05	5,000,000	0.29	14,000	32	1.1	0.33
<b>0.10</b>	<b>4,100,000</b>	<b>0.31</b>	<b>13,000</b>	<b>29</b>	<b>1.5</b>	<b>0.46</b>
0.15	3,600,000	0.34	12,000	27	1.7	0.56

1. Minor apparent multiplication mismatch is due to post-computational rounding of all entries to 2 significant figures
2. These figures are all categorised as Inferred Mineral Resources in accordance with Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition) (JORC Code).

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## About Alliance Resources

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.

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<sub>3</sub>O<sub>8</sub> per annum, increasing to 3 Mlb U<sub>3</sub>O<sub>8</sub> per annum within three months.

During the March Quarter 2009, Alliance published estimated project costs as determined by Quasar in its feasibility study. These were estimated project development costs (100%) of A\$90 million (Alliance’s share A\$22.5 million) and forecast total cash costs, including royalties, of A\$38.80/lb U<sub>3</sub>O<sub>8</sub> (US\$25/lb U<sub>3</sub>O<sub>8</sub> based on 0.645 USD to 1 AUD).

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).

## Compliance Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr K Bampton who is a Corporate member of both the Australian Institute of Geoscientists and The Australasian Institute of Mining & Metallurgy. Mr Bampton trades as Ore Reserve Evaluation Services. Mr Bampton has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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 Bampton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.