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ASX Code: **AGS**

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## ALLIANCE ENTERS AGREEMENT TO SELL MALDON GOLD PROJECT

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The Directors of Alliance Resources Limited (Alliance) (**ASX Code: AGS**) are pleased to announce that it has entered into an agreement with Drummond Gold Limited (Drummond) (**ASX Code: DGO**) for Drummond to acquire Maldon Resources Pty Ltd (Maldon) from Alliance. Maldon is the owner of the Maldon Gold Project, 30km southwest of Bendigo in Victoria.

Announcing the agreement today, Alliance Managing Director Mr Patrick Mutz said that the transaction was a win-win for both companies and would allow Alliance to focus its resources on its Four Mile uranium joint venture in South Australia, whilst retaining significant equity in Drummond, a gold focussed company.

Under the agreement Alliance will receive 88.4 million ordinary shares in Drummond for the sale of Maldon. Consideration for the transaction was based on a share price of 6.1 cents.

The agreement is subject to certain terms and conditions, including the approval of shareholders of Drummond, all necessary consents and approvals as required under the Corporations Act and the ASX Listing Rules, and the raising of at least \$3,000,000 by Drummond on or before 30 November 2009.

Completion is due on or about 3 December 2009, subject to satisfaction of the conditions described above.

If there is a material adverse change to the value of Maldon or the Drummond shares to be issued to Alliance prior to completion, the parties must negotiate in good faith a revised purchase price so as to place the parties in substantially the same position as was the case prior to the change in value. An independent accountant may be appointed to determine the revised purchase price if the parties fail to agree.

The Maldon Gold Project is 30 km southwest of Bendigo and has produced historically a total of 1.75 million ounces of gold at an average grade of 28 g/t. Alliance undertook major development work at Maldon aimed at bringing the Alliance South gold lode into production, however, development was suspended late last year to conserve cash to meet Alliance's commitments to the Four Mile Uranium Project. The decline and other mine infrastructure are fully maintained and the Project also includes an operational-ready CIL gold treatment plant.

### **About Alliance Resources**

Alliance Resources Limited is an ASX listed resource company focused on the development and imminent production from its joint venture interest in the Four Mile Uranium Project in South Australia, and in realising value from the Maldon Gold Project as well as its 100% owned exploration interests.

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Alliance holds a 25% participating interest in the Four Mile Uranium Project Joint Venture located 550 kilometres north of Adelaide in South Australia. 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 project, 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 mining of Four Mile using In-Situ Recovery (ISR) methods as the basis for mine development with uranium concentrate production, then anticipated to commence in early 2010 and ramping up to 3 Mlb uranium oxide (U<sub>3</sub>O<sub>8</sub>) per annum.

In September 2009, Alliance announced that the start of mining had been delayed to April 2010 or beyond, due to a delay in the grant of the mining lease, pending registration of the Native Title Mining Agreement.

The combined mineral resource inventory for Four Mile East and West deposits is 61 million pounds U<sub>3</sub>O<sub>8</sub> (28,000 tonnes) at an average grade of 0.35% (3,500 ppm) U<sub>3</sub>O<sub>8</sub>.

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).

**For further information regarding this announcement, contact:**

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## **Reference to the Joint Ore Reserves Committee (JORC) Code**

*The information in this report that relates to Uranium Mineral Resources for the Four Mile East and Four Mile West deposits is based on information compiled by Mr Ken Bampton who is a Corporate member of both the Australasian 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.*

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for gold is based on information compiled by Mr Stephen Johnston who is a Corporate 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.*

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