

27 January 2010

FOUR MILE PROJECT RESOURCE INCREASES 16% TO 71 MILLION POUNDS U₃O₈ WITH MORE ON THE HORIZON

- Mineral resource estimate for Four Mile Uranium Project in South Australia increases by 16% to 32,000 tonnes (71 Mlb) uranium oxide (U₃O₈) at average grade of 0.33%
- Increase due to updated mineral resource estimate at Four Mile West (FMW) deposit, to 19,000 tonnes (42 Mlb) U₃O₈ at average grade of 0.33%
 - Excludes additional U₃O₈ mineralisation above or within about 20m of the water table over 0.73 km² in the western area at FMW. This could potentially add up to 30% to FMW resources on a contained U₃O₈ basis if this mineralisation is proved recoverable by ISR or mineable by other means
 - Includes upgrade of 14,000 tonnes (32 Mlb) U₃O₈ at average grade of 0.34% from “inferred” to “indicated” classification in accordance with the JORC Code, with balance classified as “inferred”
- Significant potential for expansion of the mineral resource base with further evaluation and estimation of a mineral resource for the western area mineralisation at FMW and with additional drilling, at:
 - FMW where mineralization remains open to west with several hundred metres of untested ground to a sub vertical faulted contact with outcropping crystalline basement
 - FME where mineralisation remains open to the west and northeast, and
 - Approximately 30 kilometres of largely untested range front where the younger cover sequences contact the crystalline basement

Alliance Resources Limited (“Alliance”) (ASX code: **AGS**) has 25% equity interest in the Four Mile Uranium Project in South Australia and is pleased to announce the total mineral resource estimate for the **Four Mile Uranium Project** has increased by more than 16% to 9.7 million tonnes @ 0.33% uranium oxide (U₃O₈) containing 71 million lb of U₃O₈, classified in accordance with the JORC Code.

This 16% increase in the total resource base is due to an updated mineral resource estimate the **Four Mile West** (FMW) deposit of 5.7 million tonnes @ 0.33% uranium oxide (U₃O₈) containing 42 million lb of U₃O₈. Refer Table 1 and Figure 1. In addition, 14,000 tonnes (32

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Mlb) U₃O₈ at an average grade of 0.34% at FMW has been upgraded from a classification of “inferred” to “indicated”, with the balance classified as “inferred”.

Background: An initial Inferred mineral resource of 3.9 million tonnes @ 0.37% uranium oxide (U₃O₈) containing 32 million lb of U₃O₈ was announced for FMW on 8 May 2007, when drill spacing was approximately 100 m square. Subsequently, an initial Inferred mineral resource of 4.1 million tonnes @ 0.31% U₃O₈ containing 29 million lb of U₃O₈ was announced for **Four Mile East (FME)** on 25 June 2009, when drill spacing for that deposit was in the range 50-100 m square. With approximate doubling of defining drill holes at FMW from 200 to 400, including both expansion to the west and significant infill, it was considered appropriate to update the FMW deposit estimate.

Table 1 - Four Mile Uranium Project - Mineral Resource Estimate*

Deposit	GT Cut-off %	Ore Mass tonnes	U ₃ O ₈ %	U ₃ O ₈ Tonnes	U ₃ O ₈ Mlb	JORC Classification
Four Mile West	0.10	4,100,000	0.34	14,000	32	Indicated
Four Mile West	0.10	1,500,000	0.31	4,700	9	Inferred
Four Mile West	0.10	5,700,000	0.34	19,000	42	
Four Mile East	0.10	4,100,000	0.31	13,000	29	Inferred
TOTAL	0.10	9,800,000	0.33	32,000	71	

*These estimates are classified in accordance with the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition) (JORC Code). Minor apparent multiplication mismatches are due to post-computational rounding of all entries to 2 significant figures.

Resource estimates were made at a number of grade x thickness (GT) cut-offs, applied to drill intercepts of 0.5 m minimum thickness and 0.05% minimum U₃O₈ grade, with up to 1 m of internal dilution allowed. The intercept parameters are the same as those used for prior resource estimates at FMW/FME and similar to those used at Beverley, but varied slightly to match the individual geometry of these deposits.

For 0.10 m%U₃O₈ GT cut-off, the total updated *Inferred and Indicated Mineral Resource* at FMW is:

5.7 million tonnes @ 0.34% U₃O₈ containing 19,000 t (42 million lb) of U₃O₈ at 1.9 m average thickness and 0.65 m%U₃O₈ GT in each of two superposed layers. A dry bulk density of 1.85t/m³ was used for the conversion of volume to tonnes.

All mineral resource estimates to-date at Four Mile have been addressed anticipating In Situ Recovery (ISR) as the only mining method. However, additional mineralization has been identified above or within about 20 metres of the water table in the western area of FMW, which has the potential to add up to 30% to the FMW resource on a contained U₃O₈ basis if this mineralization is proved recoverable by ISR or mineable by other means.

Commenting on the outcome, Alliance Resources Managing Director, Patrick Mutz said “the updated mineral resource estimate for Four Mile West has reinforced our view that Four Mile is a substantive uranium deposit which is still open in several directions”.

Significant potential exists for further expansion of the mineral resource base with additional evaluation and estimation of a mineral resource for the western area mineralisation at FMW and with additional drilling, at:

- FMW where mineralization remains open to west with several hundred metres of untested ground to a sub vertical faulted contact with outcropping crystalline basement
- FME where mineralisation remains open to the west and northeast, and
- Approximately 30 kilometres of largely untested range-front within joint venture tenement where the younger cover sequences contact the crystalline basement

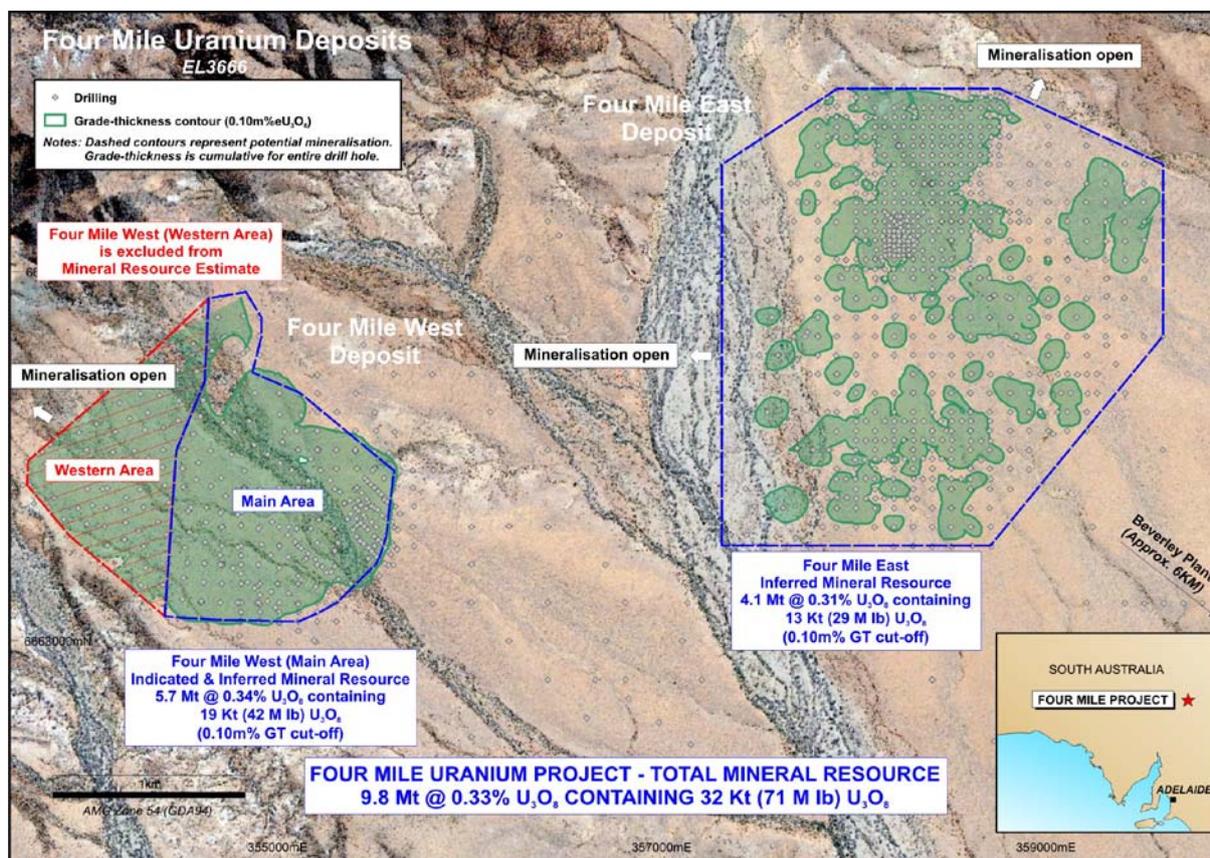


Figure 1: Four Mile East and Four Mile West uranium deposits

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Further information relating to the Company and its various exploration projects can be found on the Company's website at 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.

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