

7 February 2012

ASX Code: AGS

ALLIANCE SECURES OPTIONS OVER CHILEAN COPPER-GOLD PROPERTIES

- Alliance has secured option agreements over copper-gold properties at Cabeza de Vaca in northern Chile
- Exploration targets include copper-gold in breccia pipes and porphyry-hosted copper-gold-molybdenum
- Low-cost exploration program of mapping, geochemical and geophysical surveys planned in 2012 to generate targets for diamond drilling

The Directors of Alliance Resources Ltd are pleased to announce that its wholly owned subsidiary Alliance (Chile) Pty Ltd ACN 150 055 762 (Alliance Chile) has secured option agreements to explore and acquire 100% interest in copper-gold properties in the historic Cabeza de Vaca district of Atacama Region III close to the mining centre of Copiapo, in northern Chile's iron-oxide copper-gold belt and 27 kilometres southeast of La Candelaria mine (resource¹ 479Mt at 0.95% copper, 0.22g/t gold 3.1g/t silver) owned by Freeport-McMoran Copper & Gold Inc.

These properties include the Ceci mine and the Paola exploration licence. Negotiations are well advanced to acquire additional mine properties in the district. Alliance Chile has also submitted an application to acquire a mining concession over an additional 25 hectares contiguous with the Ceci property. Surface and underground mine workings, hydrothermal alteration, copper showings and geochemical rock chip sampling, define a 10 km square area on the Cabeza de Vaca properties that contains numerous distinct zones of copper-gold mineralization associated with quartz-tourmaline breccias and sheeted vein systems.

Rock chip samples from the Ceci Mine, taken during a field visit by Alliance personnel to the project area for the purpose of due diligence, were analysed for a range of elements with the following significant results:

Sample ID	Easting WGS84	Northing WGS84	Cu %	Au ppm	Mo ppm	W ppm	Ag ppm
CZ082	397851	6944953	>1	4.60	4170	854	52.7
CY001	397866	6945014	12.1	6.32	931	204	5.6

Alliance Chile's exploration strategy is two-phase:

1. To define and exploit the remaining "near surface" copper-gold mineralisation associated with the breccia pipes. The Cabeza de Vaca breccia pipes district has a history of small scale artisanal mining, the pipes having been high-graded in the oxide and secondary enrichment zones above the water table. The best remaining mineralisation is probably in the hypogene sulphide zone below the water table.
2. To explore the potential for porphyry style copper-gold-molybdenum mineralisation at depth below the breccia pipe zone.

¹ Source: Moreno, T. & Gibbons, W. (eds) 2007. *The Geology of Chile*. The Geological Society, London.

The geological model is that of mesothermal mineralised hydrothermal breccia pipes and veins, which expand and coalesce with depth into a large scale mineralised system. Alliance Chile believes that a large porphyry system is the source of, and may lie at relatively shallow depth below, the 10 square kilometre area of alteration and mineralized breccia pipes.

In 2012 Alliance Chile plans to complete a low-cost Phase I exploration program on the Cabeza de Vaca tenements comprised of mapping, geochemical and geophysical surveys (radiometric/IP/resistivity and magnetics) to generate targets for diamond drilling.

Background

Under the terms of an agreement between Alliance Chile and Minera Abre Fuego Ltda (MAF), Alliance Chile holds 90% and MAF 10% respectively of the exploration, prospecting or mining rights within defined areas of the project. Alliance Chile has the right to acquire the whole of MAF's interest in the areas at an agreed price following the establishment of an Inferred mineral resource. These areas were selected by MAF after two years reconnaissance and the inspection of over sixty different mineralised areas in central and northern Chile.



Figure 1: Location of Cabeza de Vaca project area

Additional information relating to Alliance and its various exploration projects can be found on the Company's website: www.allianceresources.com.au

Steve Johnston
Managing Director

Competent Person's Statement

The information in this report that relates to Exploration Results 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 Bowden is a part-time employee of Alliance Resources Ltd 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.