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FOUR MILE PROJECT START-UP

The Directors of Alliance Resources Limited announce that a decision to recommence development of the Four Mile Project (Quasar Resources Pty Ltd (Quasar) 75%, Alliance Craton Explorer Pty Ltd (ACE), 25%) was made today with Quasar voting its 75% interest in favour and ACE voting its interest against Quasar's proposed Start-Up Plan.

The Start-Up Plan comprises:

- Uranium capture at Heathgate Resources Pty Ltd's (Heathgate's) Pannikan satellite plant with elution, precipitation, drying and packing at Heathgate's Beverley processing plant;
- In-situ recovery (ISR) mining operations commencing at Four Mile East in Q2 2013 and at Four Mile West in Q4 2013, and
- First uranium sales are scheduled for Q3 2013.

Quasar's Program and Budget runs for 16 months from now and includes the following production guidance based on a series of assumptions:

- Production of 2.128Mlb of uranium oxide (sales of 1.306Mlb);
- Cumulative cash expenditure to end 2013 of A\$97.8 million (ACE share A\$24.45 million);
- Cash operating costs are budgeted to be A\$25.46¹ per lb (if wellfield development costs are excluded) or A\$40.33² per lb (inclusive of wellfield development costs) uranium oxide;
- Sale prices are forecast to be US\$62.58 per lb uranium oxide for 2013;
- A\$12 million of regional delineation drilling³.

Quasar has described the Start-Up Plan as a staged commencement of mining operations, the purpose of which is to permit actual production rates to be considered before full-scale production facilities are constructed.

Notwithstanding this decision to recommence development, ACE still considers the construction of an appropriately sized stand-alone plant at Four Mile to produce a better outcome for ACE.

The legal action initiated by ACE against Quasar and Heathgate is not affected by this development and will continue.

For and on behalf of the Board.

Steve Johnston
Managing Director

¹ Excludes regional delineation drilling costs.

² Excludes regional delineation drilling costs.

³ ACE and Quasar disagree about the nature of the regional delineation drilling. Quasar asserts it is a mining development cost for which ACE must pay its share. ACE asserts it is an exploration cost for which Quasar must pay in full.