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ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

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**Projects:**

**Four Mile (25%):** uranium

**East Frome:** copper, base-  
metals

**Cabeza de Vaca, Chile:**

copper-gold

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## FOUR MILE PROJECT DRILLING DOUBLES STRIKE LENGTH AT FOUR MILE NORTHEAST

Alliance Resources Ltd is pleased to announce further uranium intercepts from drilling at the recently discovered Four Mile Northeast prospect, which have increased the strike length of uranium mineralisation to approximately 2200 metres, an increase of 1100 metres over the previous announcement.

The results support the Four Mile region as one of Australia's great uranium provinces.

Selected high grade uranium intersections >0.5m% (GT-PFN) at Four Mile Northeast:

Hole ID	m @ % pU <sub>3</sub> O <sub>8</sub>	m%pU <sub>3</sub> O <sub>8</sub>
FMD0039	3.8m @ 0.30%	GT 1.14
FMD0039	1.5m @ 0.53%	GT 0.80
FMD0039	1.5m @ 0.35%	GT 0.53
FMD0040	15.3m @ 0.13%	GT 1.99
FMD0040	2.3m @ 0.31%	GT 0.71
FMD0040	4.9m @ 1.83%	GT 8.97
FMD0043	3.3m @ 0.45%	GT 1.49
FMD0044	5.8m @ 0.55%	GT 3.19
FMD0044	4.6m @ 0.46%	GT 2.12
FMD0045	7.7m @ 0.19%	GT 1.46
FMD0045	1.3m @ 0.60%	GT 0.78
FMD0045	0.9m @ 0.61%	GT 0.55
FMD0046	4.3m @ 0.30%	GT 1.29
FMD0049	2.3m @ 0.89%	GT 2.05
FMD0049	2.0m @ 0.87%	GT 1.74
FMD0054	1.4m @ 0.68%	GT 0.95
FMD0064	1.0m @ 0.53%	GT 0.53

pU<sub>3</sub>O<sub>8</sub> is the equivalent grade as estimated from Prompt Fission Neutron (PFN) logging. GT = grade (%pU<sub>3</sub>O<sub>8</sub>) x thickness (m).

High grade uranium mineralisation has been intersected over a strike length of approximately 2200 metres (an increase of 1100 metres over the previously reported strike length). The maximum width of mineralisation is approximately 800 metres and the average width of mineralisation within ML6402 is approximately 450 metres. Mineralisation remains open to the northeast. Depth to the top of mineralisation varies from 152.1 to 279.3 metres. Thickness of individual intersections varies from 0.5 to 15.3 metres. The average cumulative thickness of intercepts in holes reporting mineralisation varies from 0.6 to 26.3 metres and averages 6.0 metres.

The high grade uranium mineralisation includes intersections from two lines in the northeastern extremity of ML6402, adjacent to Heathgate Resources Pty Ltd's Pepegoona wellfields on ML6387. This mineralisation is 1000 metres to the northeast of Four Mile Northeast, and is not included in the previous statement of the Four Mile Northeast strike length as there is no drilling in the intervening area to suggest continuity of mineralisation over that distance.

Uranium mineralisation has also been intersected in three out of seven holes drilled between Four Mile East and Four Mile West in an area of limited previous drilling between 2005 and 2008, as follows:

Hole ID	m @ % pU <sub>3</sub> O <sub>8</sub>	m%pU <sub>3</sub> O <sub>8</sub>
FMD0032	0.8m @ 0.09%	GT 0.07
FMD0034	0.9m @ 0.12%	GT 0.11
FMD0037	0.6m @ 0.10%	GT 0.06

Five holes (FMD0065 to FMD0069) have also been drilled approximately 2km south of Four Mile South but have to date reported no significant grade. Drilling is continuing in the southern part of ML6402.

Details of the latest drilling are listed in Figures 1 and 2 and Table A.

Refer to ASX announcements dated 19 December 2013 and 17 January 2014 for details of previous drilling at Four Mile Northeast.

It is emphasised that results may be subject to revision once the geophysical logs are made available to Alliance.

**Steve Johnston**  
**Managing Director**

The Four Mile Uranium Project area is located 550 kilometres north of Adelaide in South Australia. Alliance's 100% owned subsidiary, Alliance Craton Explorer Pty Ltd (**ACE**) is the registered holder of 25% of ML6402 and EL5017 (Project). Quasar Resources Pty Ltd (**Quasar**) is the registered holder of 75% and acts as the manager of the Project.

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.



Figure 1: Distribution of regional drilling at Four Mile

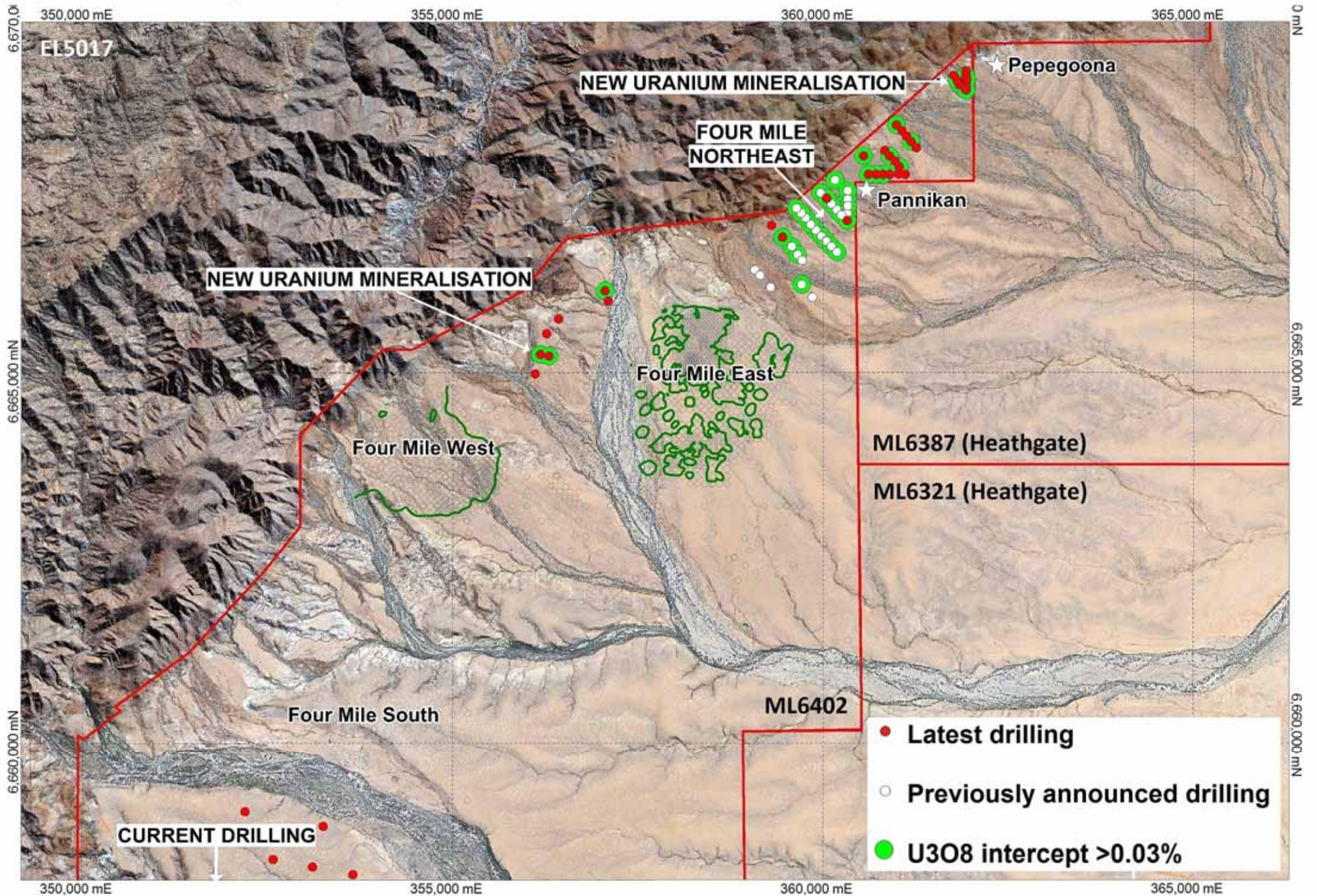
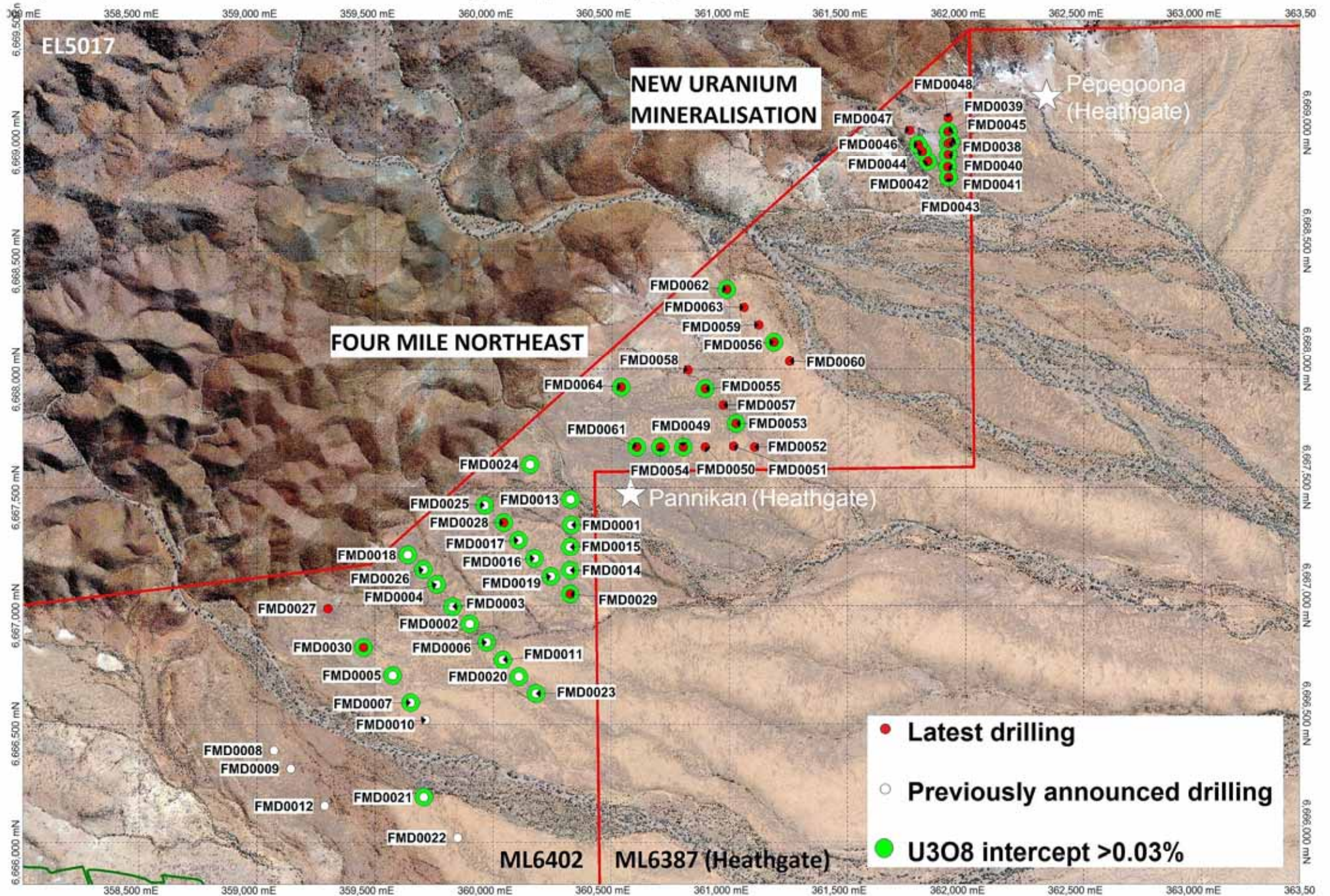




Figure 2: Four Mile Northeast drill hole locations showing intercepts >0.03% pU<sub>3</sub>O<sub>8</sub>





**Table A: Significant intersections above cut-off criteria of 0.03% pU<sub>3</sub>O<sub>8</sub>, minimum width of 0.5 metres and maximum internal dilution of 1 metre.** Drill hole collar locations based on handheld GPS coordinates. Intercepts >0.5m% (GT-PFN) highlighted. Dip is -90 degrees and azimuth 0 (i.e. all holes are drilled vertically).

ID	GDA94_E	GDA94_N	RL (m)	Total Depth (m)	Gamma					PFN				
					From (m)	To (m)	Interval (m)	eU3O8(%)	GT-Gam	From (m)	To (m)	Interval (m)	pU3O8 (%)	GT-PFN
FMD0027	359299	6666988	153.73	104	No significant grade									
FMD0028	360043	6667353	138.70	294	245.20	246.00	0.80	0.04	0.03	245.20	246.00	0.80	0.06	0.05
FMD0028					247.80	248.70	0.90	0.06	0.05	247.80	248.70	0.90	0.08	0.07
FMD0028					264.10	266.50	2.40	0.04	0.10	264.10	266.50	2.40	0.06	0.14
FMD0028					269.60	270.50	0.90	0.04	0.04	269.60	270.50	0.90	0.05	0.04
FMD0029	360325	6667050	125.87	276	221.90	222.60	0.70	0.01	0.01	221.90	222.60	0.70	0.05	0.03
FMD0029					225.40	228.40	3.00	0.05	0.15	225.40	228.40	3.00	0.06	0.18
FMD0030	359450	6666824	143.78	276	249.80	250.80	1.00	0.13	0.13	249.80	250.80	1.00	0.06	0.06
FMD0031	356425	6665728	170.11	156	No significant grade									
FMD0032	357053	6666106	153.39	228	128.20	129.00	0.80	0.07	0.06	128.20	129.00	0.80	0.09	0.07
FMD0033	356267	6665530	165.13	157	No significant grade									
FMD0034	356178	6665243	158.54	168	120.70	121.60	0.90	0.12	0.11	120.70	121.60	0.90	0.12	0.11
FMD0035	356111	6664984	153.04	148	No significant grade									
FMD0036	357095	6665965	150.24	168	No significant grade									
FMD0037	356298	6665223	157.57	166	131.20	131.80	0.60	0.07	0.04	131.20	131.80	0.60	0.10	0.06
FMD0038	361925	6668955	119.97	288	225.50	231.30	5.80	0.10	0.58	No PFN				
FMD0038					243.70	246.00	2.30	0.07	0.16	No PFN				
FMD0038					253.20	255.50	2.30	0.08	0.18	No PFN				
FMD0038					277.50	278.50	1.00	0.13	0.13	No PFN				
FMD0039	361925	6669005	121.57	397	242.00	243.10	1.10	0.11	0.12	242.00	243.10	1.10	0.07	0.08
FMD0039					248.20	252.00	3.80	0.17	0.65	248.20	252.00	3.80	0.30	1.14
FMD0039					254.10	255.60	1.50	0.41	0.62	254.10	255.60	1.50	0.53	0.80
FMD0039					260.10	261.60	1.50	0.20	0.30	260.10	261.60	1.50	0.35	0.53
FMD0040	361925	6668907	119.57	300	205.80	206.40	0.60	0.04	0.02	205.80	206.40	0.60	0.26	0.16
FMD0040					218.10	218.80	0.70	0.01	0.01	218.10	218.80	0.70	0.07	0.05
FMD0040					220.00	235.30	15.30	0.06	0.92	220.00	235.30	15.30	0.13	1.99
FMD0040					236.50	237.00	0.50	0.14	0.07	236.50	237.00	0.50	0.20	0.10
FMD0040					244.30	245.00	0.70	0.21	0.15	244.30	245.00	0.70	0.17	0.12
FMD0040					246.10	248.40	2.30	0.24	0.55	246.10	248.40	2.30	0.31	0.71
FMD0040					250.10	255.00	4.90	0.83	4.07	250.10	255.00	4.90	1.83	8.97
FMD0040					275.10	276.40	1.30	0.11	0.14	275.10	276.40	1.30	0.12	0.16
FMD0041	361923	6668857	118.32	294	226.40	228.00	1.60	0.08	0.13	226.40	228.00	1.60	0.15	0.24
FMD0041					229.20	229.80	0.60	0.05	0.03	229.20	229.80	0.60	0.07	0.04
FMD0041					236.00	237.60	1.60	0.09	0.14	236.00	237.60	1.60	0.13	0.21
FMD0041					245.00	245.50	0.50	0.12	0.06	245.00	245.50	0.50	0.13	0.07
FMD0041					254.40	255.20	0.80	0.18	0.14	254.40	255.20	0.80	0.25	0.20
FMD0042	361838	6668879	120.95	300	209.30	210.00	0.70	0.05	0.03	209.30	210.00	0.70	0.15	0.10
FMD0042					234.10	236.50	2.40	0.08	0.19	234.10	236.50	2.40	0.12	0.29
FMD0043	361926	6668811	115.79	300	233.10	234.00	0.90	0.08	0.07	233.10	234.00	0.90	0.11	0.10
FMD0043					244.80	245.80	1.00	0.08	0.08	244.80	245.80	1.00	0.09	0.09
FMD0043					251.60	254.90	3.30	0.35	1.16	251.60	254.90	3.30	0.45	1.49
FMD0043					266.50	267.50	1.00	0.22	0.22	266.50	267.50	1.00	0.30	0.30
FMD0043					269.80	270.50	0.70	0.29	0.20	269.80	270.50	0.70	0.40	0.28
FMD0044	361815	6668920	122.40	294	226.90	227.80	0.90	0.11	0.10	226.90	227.80	0.90	0.25	0.23
FMD0044					233.30	236.80	3.50	0.09	0.32	233.30	236.80	3.50	0.13	0.46
FMD0044					240.50	241.68	1.18	0.14	0.17	240.50	241.68	1.18	0.22	0.26
FMD0044					245.10	250.90	5.80	0.33	1.91	245.10	250.90	5.80	0.55	3.19
FMD0044					252.60	257.20	4.60	0.21	0.97	252.60	257.20	4.60	0.46	2.12
FMD0044					261.60	263.00	1.40	0.17	0.24	261.60	263.00	1.40	0.14	0.20
FMD0045	361936	6668961	120.32	294	221.60	229.30	7.70	0.09	0.69	221.60	229.30	7.70	0.19	1.46
FMD0045					234.10	234.70	0.60	0.09	0.05	234.10	234.70	0.60	0.14	0.08
FMD0045					243.70	245.00	1.30	0.44	0.57	243.70	245.00	1.30	0.60	0.78
FMD0045					250.50	251.10	0.60	0.06	0.04	250.50	251.10	0.60	0.09	0.05
FMD0045					252.60	253.30	0.70	0.14	0.10	252.60	253.30	0.70	0.11	0.08
FMD0045					254.60	255.30	0.70	0.11	0.08	254.60	255.30	0.70	0.17	0.12
FMD0045					276.50	277.40	0.90	0.34	0.31	276.50	277.40	0.90	0.61	0.55

**Table A (continued): Significant intersections above cut-off criteria of 0.03% pU<sub>3</sub>O<sub>8</sub>, minimum width of 0.5 metres and maximum internal dilution of 1 metre.** Drill hole collar locations based on handheld GPS coordinates. Intercepts >0.5m% (GT-PFN) highlighted. Dip is -90 degrees and azimuth 0 (i.e. all holes are drilled vertically).

ID	GDA94_E	GDA94_N	RL (m)	Total Depth (m)	Gamma					PFN				
					From (m)	To (m)	Interval (m)	eU <sub>3</sub> O <sub>8</sub> (%)	GT-Gam	From (m)	To (m)	Interval (m)	pU <sub>3</sub> O <sub>8</sub> (%)	GT-PFN
FMD0046	361798	6668950	123.01	390	152.10	153.60	1.50	0.12	0.18	152.10	153.60	1.50	0.09	0.14
FMD0046					241.20	242.60	1.40	0.08	0.11	241.20	242.60	1.40	0.15	0.21
FMD0046					251.60	255.90	4.30	0.14	0.60	251.60	255.90	4.30	0.30	1.29
FMD0046					256.80	257.40	0.60	0.11	0.07	256.80	257.40	0.60	0.15	0.09
FMD0046					278.70	279.30	0.60	0.09	0.05	278.70	279.30	0.60	0.09	0.05
FMD0047	361760	6669011	125.07	126	No significant grade									
FMD0048	361924	6669063	121.66	90	No significant grade									
FMD0049	360804	6667672	123.77	282	245.90	248.20	2.30	0.48	1.10	245.90	248.20	2.30	0.89	2.05
FMD0049					260.70	262.70	2.00	0.50	1.00	260.70	262.70	2.00	0.87	1.74
FMD0050	360896	6667671	122.18	282	No significant grade									
FMD0051	361016	6667675	120.28	282	No significant grade									
FMD0052	361105	6667671	118.46	276	No significant grade									
FMD0053	361026	6667771	120.14	282	237.50	238.10	0.60	0.16	0.10	237.50	238.10	0.60	0.16	0.10
FMD0053					239.00	239.50	0.50	0.05	0.03	239.00	239.50	0.50	0.14	0.07
FMD0054	360707	6667671	126.18	276	260.90	262.30	1.40	0.61	0.85	260.90	262.30	1.40	0.68	0.95
FMD0054					264.10	264.70	0.60	0.08	0.05	264.10	264.70	0.60	0.09	0.05
FMD0055	360896	6667918	122.42	282	264.50	265.30	0.80	0.20	0.16	264.50	265.30	0.80	0.10	0.08
FMD0056	361187	6668115	120.65	288	219.50	220.10	0.60	0.04	0.02	219.50	220.10	0.60	0.15	0.09
FMD0056					221.70	222.80	1.10	0.29	0.32	221.70	222.80	1.10	0.43	0.47
FMD0056					227.30	227.80	0.50	0.05	0.03	227.30	227.80	0.50	0.11	0.06
FMD0057	360972	6667849	120.48	282	No significant grade									
FMD0058	360824	6667998	123.01	218	Drill hole abandoned									
FMD0059	361123	6668188	122.10	288	No significant grade									
FMD0060	361254	6668035	119.21	282	No significant grade									
FMD0061	360607	6667671	128.76	282	261.50	262.30	0.80	0.31	0.25	261.50	262.30	0.80	0.52	0.42
FMD0061					264.40	265.10	0.70	0.12	0.08	264.40	265.10	0.70	0.14	0.10
FMD0062	360988	6668338	126.16	378	214.10	215.10	1.00	0.27	0.27	214.10	215.10	1.00	0.48	0.48
FMD0062					216.60	217.10	0.50	0.06	0.03	216.60	217.10	0.50	0.18	0.09
FMD0063	361060	6668262	123.39	294	No significant grade									
FMD0064	360541	6667925	132.60	282	217.30	217.80	0.50	0.08	0.04	217.30	217.80	0.50	0.09	0.05
FMD0064					260.90	261.90	1.00	0.39	0.39	260.90	261.90	1.00	0.53	0.53
FMD0065	352195	6659078	185.81	91	No significant grade									
FMD0066	353255	6658879	165.89	120	No significant grade									
FMD0067	353107	6658336	170.86	138	No significant grade									
FMD0068	353654	6658237	167.72	144	No significant grade									
FMD0069	352579	6658438	176.33	110	No significant grade									

## JORC Code, 2012 Edition – TABLE 1 report

Criteria	Commentary
<i>Sampling techniques</i>	<p>The principal sampling method was by downhole geophysical PFN and gamma probes in rotary mud drill holes for both grade and lithological logging, PFN grade logging directly measures in-situ uranium grade, thus avoiding the issue of variable radiometric disequilibrium that can affect results from gamma, which measures uranium daughter products.</p> <p>The natural gamma tool is calibrated for uranium grade at the 'Adelaide Model' geophysical calibration pits. The PFN is calibrated at the purpose built calibration facility located at Beverley.</p>
<i>Drilling techniques</i>	Drill holes are drilled vertically using the rotary mud method.
<i>Drill sample recovery</i>	Rotary mud chip cuttings are collectively photographed at the drill site. Chip tray samples are kept in storage.
<i>Logging</i>	Chip samples are not collected for laboratory chemical assay.
<i>Sub-sampling techniques and sample preparation</i>	<p>Sub-samples of the chip cuttings are stored in chip trays as a physical record of the intersection sequence. Handheld XRF analyses of chip tray samples are collected.</p> <p>The rotary mud chip cuttings are collectively photographed at the drill site.</p>
<i>Quality of assay data and laboratory tests</i>	PFN directly measures uranium grade. There is no conventional assay data and no laboratory tests were carried out.
<i>Verification of sampling and assaying</i>	PFN tools are regularly calibrated at a calibration facility located at Beverley. No sampling or conventional assaying was carried out.
<i>Location of data points</i>	Collar coordinates were determined by handheld GPS. Survey data are GDA94, MGA Zone 54.
<i>Data spacing and distribution</i>	Although full grid drilling was not envisaged for this drill program, provisional drill holes were planned in fences 400m apart with hole locations spaced at 100m intervals along the fences. The actual location of drill holes to be completed is dependent on the discovered locations of redox/roll fronts.
<i>Orientation of data in relation to geological structure</i>	Drill holes fences are oriented perpendicular to the interpreted strike of the large scale regional roll-front redox boundary. Vertical drilling intersects the expected sub-horizontal sediments and mineralization at close to right angles.
<i>Sample security</i>	Drill hole cuttings are stored at the Beverley Mine.
<i>Audits or reviews</i>	The raw data underpinning the information contained herein has <b>not</b> been independently reviewed by Mr Bowden as CP for Alliance and relies on information provided by Quasar Resources Pty Ltd, the manager and holder of a 75% interest in

Criteria	Commentary
	the Project
<i>Mineral tenement and land tenure status</i>	<p>Mineral Lease 6402 is held 25% by Alliance Craton Explorer Pty Ltd (a wholly owned subsidiary of Alliance Resources Limited)(<b>ACE</b>) and 75% by Quasar Resources Pty Ltd (<b>Quasar</b>), an affiliate of Heathgate Resources Pty Ltd (<b>Heathgate</b>), both wholly owned subsidiaries of private US corporation, General Atomics. Quasar as manager for the project, utilizes staff, facilities and equipment at Heathgate’s adjacent Beverley Mine site.</p> <p>A Native Title Mining Agreement is in effect with traditional owners.</p> <p>The 12,206ha mining lease was granted for a period of 10 years from 26 April 2012 and production planning is progressing for the Four Mile East deposit.</p>
<i>Exploration done by other parties</i>	<p>The Oilmin-Transoil-Petromin Group discovered Beverley in 1969 and ISL development was proposed by South Australian Uranium Corp in 1982 but did not proceed until after Heathgate acquired it in 1990 and commenced production in 2000. In 2005 Quasar resumed exploration drilling at 4,000m x 2,000m spacing on the ‘Arkaroola’ licence to the west (then held by ACE).This led to the discovery of Four Mile East in hole AK010 which returned 1m @ 0.16% eU3O8 from 181m depth.</p>
<i>Geology</i>	<p>The mineralisation is of the sandstone uranium type, associated with redox interfaces. The mineralisation announced today is interpreted to lie within an apparent regional roll-front type redox interface that embraces the Four Mile West, Four Mile East, Pepegoona and Pannikan deposits over a total strike length of 7.5 kilometres.</p> <p>A detailed interpretation of the sedimentary sequence is not yet available for these preliminary drill holes.</p> <p>Mineralisation is hosted in Mesozoic sediments of the Frome Embayment and underlain by crystalline Meso/Palaeoproterozoic basement, with Mesoproterozoic granites considered source rocks. Other deposits occur in Tertiary sands of the overlying Callabonna Sub Basin of the Lake Eyre Basin, extending over an area of approximately 25,000km<sup>2</sup> between the Mount Painter Inlier in the north west, Olary Block to the south and Broken Hill Block to the east.</p>
<i>Drill hole Information</i>	<p>Drill hole coordinates together with uranium mineralized intersections detected by PFN and gamma log probes are presented in Table A.</p>
<i>Data aggregation methods</i>	<p>PFN grade logging directly measures in-situ uranium grade and thickness. For gamma logs, the area under an anomalous gamma curve is proportional to the grade x thickness (GT) of the mineralised intercept. In both cases calibration data unique to the individual probe are used to “correct” the measured data to standard measures in purpose built calibration facilities. In order to derive an estimate of equivalent uranium grade from gamma logs it is necessary to estimate the intercept thickness (T) and calculate grade by division grade <math>G=GT/T</math>. Anomalous intersections indicated by the down hole gamma probe are expected to exceed the true width due to the “shoulder effect” whereby radiation is “recorded” by the probe as it approaches and leaves the mineralised zone. Classically, the shoulder effect is compensated in gamma logs by a deconvolution process. This process is not utilised by Quasar which, as a “rule of thumb”, applies the PFN derived thickness to the gamma log GT to obtain gamma log equivalent grade.</p>



Criteria	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	Unless there has been significant structural disturbance the sedimentary beds are expected to be sub-horizontal and the intersected thickness is expected to be close to the true thickness.
<i>Diagrams</i>	Plan Figure 1: Distribution of regional drilling at Four Mile; Plan Figure 2: Four Mile Northeast drill hole locations showing uranium intercepts >0.03% pU <sub>3</sub> O <sub>8</sub> and Table A: Significant intersections above cut-off criteria of 0.03% pU <sub>3</sub> O <sub>8</sub> , minimum width of 0.5 metres and maximum internal dilution of 1 metre, are included in this announcement.
<i>Balanced reporting</i>	The results for all significant intersections (i.e. intersections with significant reportable uranium equivalent grade) are shown in Table A.
<i>Other substantive exploration data</i>	Assuming no sampling or calibration errors, the difference between the gamma derived equivalent uranium grade and the PFN measured uranium grade should be a measure of disequilibrium within the mineralised intersection. Inspection of the results shown in Table A implies significant disequilibrium is present in this area.
<i>Further work</i>	The current drill program is in progress.

## 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 2012 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 information provided to him by Quasar Resources Pty Ltd in the form and context in which it appears and subject to the qualifications entered in the JORC 2012 Table 1 Report