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FOUR MILE PROJECT LITIGATION SETTLED

As previously announced, Alliance Resources Ltd (Alliance) has decided to sell its 25% interest in the Four Mile Project (Project). This decision followed recent announcements concerning the discovery of further mineralisation at Four Mile Northeast, increasing the potential of the Project, and the Board's desire to focus on company operated sites and other ventures in Chile and elsewhere. The Four Mile Project does not meet the criteria of being a company operated site.

Alliance has now entered into a confidential settlement agreement with Quasar Resources Pty Ltd and Heathgate Resources Pty Ltd to settle the Federal Court litigation concerning the Four Mile Project.

The litigation has always been a case about the evidence. The most recent piece of evidence to be relied on by Quasar and Heathgate was delivered to Alliance's lawyers only on 24 June 2014. Having now had an opportunity to review the complete body of evidence filed in this case and having consulted with Senior Counsel following the receipt of the final pieces of that evidence, Alliance decided that the appropriate course was to settle the Federal Court litigation.

Resolving the Federal Court litigation means that the Company will be able to progress the sale of its 25% interest in the Four Mile Project without the impediment of the litigation.

For and on behalf of the Board.

Steve Johnston
Managing Director

Background

On 17 June 2014, Alliance announced that it has appointed Deloitte Corporate Finance to lead a global marketing process for the sale of its 25% interest in the Four Mile Project. Deloitte Corporate Finance has already been approached by a number of interested parties, both domestic and international.

The mineral resource estimate for the Project is 9.8 million tonnes grading 0.33% U₃O₈ for 32,000 tonnes (71 million pounds) U₃O₈ classified as Indicated and Inferred in accordance with the JORC Code making it a world class project.¹

In December 2013, Alliance announced the discovery of additional high-grade uranium mineralisation at Four Mile Northeast (FMNE) located 1.2 kilometres to the northeast of Four Mile East.²

On 18 February 2014 Alliance announced an exploration target for FMNE uranium prospect.³

In situ recovery mining operations commenced on 14 April 2014.

Resource Capital Research produced a research report on Alliance dated 6 May 2014. This report included a valuation and is available on Alliance's web site www.allianceresources.com.au.

¹ Refer to Alliance's ASX announcement dated 20 December 2013 for details of the mineral resource estimate and competent person's statement

² Refer to ASX announcements dated 19 December 2013, 17 January 2014, 6 February 2014, 3 April 2014 and 23 June 2014 for details of the of the drilling and the results, which continue to support the Four Mile region as one of Australia's great uranium provinces.

³ See ASX announcements dated 18 and 21 February 2014 for details of the Exploration Target and competent person's consent.