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SALE OF THE FOUR MILE URANIUM PROJECT

Alliance Resources Limited (**Alliance**) has been contacted by a shareholding claiming to act for shareholders holding between them more than 7% of Alliance's issued shares. The shareholder has foreshadowed calling an extraordinary general meeting if he is not given satisfactory answers to certain questions pertaining to the sale of Alliance Craton Explorer Pty Ltd's 25% interest in the Four Mile Uranium Project (**Project**).

Alliance's policy is not to respond to an individual shareholder's queries but to ensure that all shareholders are privy to the same information. Accordingly, Alliance is making the following information available to all shareholders.

1. As previously announced (30 June 2014) the terms of the settlement with Quasar Resources Pty Ltd and Heathgate Resources Pty Ltd are confidential. Neither Alliance nor Alliance Craton Explorer Pty Ltd (**ACE**) can divulge those terms. Similarly, the terms of the agreement with Quasar concerning the Project are confidential.
2. Also as previously announced (17 June 2014), if a sale of the Project can be achieved it will be subject to shareholder approval. At that time details of the prospective purchaser and the sale consideration will be disclosed and an independent valuation will be available to assist shareholders to evaluate the fairness of the sale price and terms.

The Board hopes it will be in a position to put such a resolution to shareholders at the annual general meeting scheduled for 26 November 2014.

3. No final decision as to how the proceeds of sale will be disbursed has been made. This will be considered by the Board once the quantum and nature of the consideration, which may be cash or scrip or a combination of the two, is known.
4. Itochu Corporation is yet to indicate whether it will exercise its rights under the deferred share rights deed or whether it will participate in the sale process. As announced on 17 June 2014, its consent to the sale will be required.
5. The Board remains enthusiastic about the Project but disagrees with Quasar's development plans and the timing for development given current uranium prices. The Board would also like to see further exploration carried out but has no control over the work program or budget. Initial uranium sales are expected to occur in late August (see ASX announcements dated 31 January and 9 February 2014).
5. Most importantly, the Board will only recommend a sale if an acceptable value is achieved and it is in the best interests of **all** shareholders.

For and on behalf of the Board.

Steve Johnston
Managing Director