

23 October 2014

ASX Code: AGS

## Four Mile Uranium Mine September 2014 Quarterly Production and Operating Costs

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### HIGHLIGHTS

- Quarterly production (100%) 717,320 pounds at cash cost of \$24.48 per pound (total costs \$32.99 per pound). ACE's share of production 179,330 pounds.
  - Total production (100%) since commencement 1,125,476 pounds at cash cost of \$27.40 per pound (total costs \$33.23 per pound). ACE's share of production 281,369 pounds.
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The Directors of Alliance Resources Limited report production (100%) of 717,320 pounds of uranium product from the Four Mile Uranium Mine for July to September 2014 at an estimated<sup>i</sup> cash operating cost of \$24.48 per pound produced (excluding shipping, marketing and royalties as no sales have occurred). Alliance Craton Explorer Pty Ltd's (ACE's) share of production is 179,330 pounds.

Total costs for the quarter are estimated to average \$32.99 per pound produced, including mining and processing, short-term<sup>ii</sup> capital costs (FME drilling and wellfield construction, program management and regulatory costs), long-term<sup>iii</sup> capital costs (trunkline, overhead powerline, engineering & construction management and asset (equipment) sales) but excludes shipping, marketing and royalties (as no sales have occurred) and regional delineation drilling<sup>iv</sup>.

Total production (100%) since commencement to 30 September 2014 is 1,125,476 pounds of uranium product at an estimated cash operating cost of \$27.40 per pound produced (excluding shipping, marketing and royalties as no sales have occurred). ACE's share of production is 281,369 pounds.

Total costs<sup>v</sup> since commencement are estimated to average \$33.23 per pound produced.

*For further information about Alliance Resources Ltd, please visit [www.allianceresources.com.au](http://www.allianceresources.com.au)*

**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.

The total mineral resource estimate for the Four Mile Uranium Project is 9,800,000 tonnes at an average grade of 0.33% U<sub>3</sub>O<sub>8</sub> containing 32,000 tonnes (71,000,000 lb) U<sub>3</sub>O<sub>8</sub> at a grade-thickness cut-off of 0.10m%. Refer to Alliance's ASX announcement dated 20 December 2013 for details of the mineral resource estimate and competent persons' consents.

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<sup>i</sup> July and August costs are actuals. The September cost is estimated by Alliance based on the cash call for that period and the actual cost may vary from the estimate.

<sup>ii</sup> Short-term capital costs proportioned as mine production to date divided by FME mineral resource of 29Mlb multiplied by 70% ISR extraction, with the exception of FME drilling and wellfield construction costs from Oct 2008 to Nov 2012, which were proportioned as wellfield production to date divided by First Stage Mining Area potentially leachable resource of 2.8Mlb (sources: Quasar's Manager's monthly report for Nov 2012 and Quasar's Revised Start-Up Plan dated 20 Dec 2013).

<sup>iii</sup> Long-term capital costs apportioned as life-of-mine production to date divided by total mineral resource of 71Mlb (Four Mile East 29Mlb, Four Mile West 42Mlb) multiplied by 70% ISR extraction.

<sup>iv</sup> 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.

<sup>v</sup> Total costs include all costs specified in paragraph 2 of this announcement.