

23 February 2015

ASX Code: AGS

OFFER TO PURCHASE ACE'S INTEREST IN FOUR MILE PROJECT REJECTED

Alliance Resources Ltd (Alliance) advises that it has received an offer from Quasar Resources Pty Ltd (Quasar) to purchase all of Alliance Craton Explorer Pty Ltd's (ACE) interest in the Four Mile Uranium Project (Project), including ACE's share of uranium oxide concentrates already mined, for a consideration of \$57.6 million.

The Board of Directors of Alliance has engaged Deloitte Corporate Finance Pty Limited (Deloitte) to advise it. The Board, in conjunction with its advisers, has reviewed Quasar's offer and has now rejected it. In discussions between Deloitte and Quasar, Quasar indicated that it is not prepared to increase its offer to a level the Board would consider recommending to Alliance shareholders.

Based on both internal and external valuations of the Project, the Board considers the offer to be significantly below fair value. ACE's share of uranium oxide concentrates mined to 31 December 2014 (414,684 lbs) has a market value of approximately \$20 million¹, based on a spot price of US\$38.38/lb and 1 AUD = 0.78 USD.

ACE remains open to selling its interest in the Project should an appropriate offer be made by Quasar (or others). Any sale would be subject to shareholder approval.

Steve Johnston
Managing Director

¹ Excluding royalties, convertor fees (if any), transportation costs and tax.