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By E-Lodgement

No. of pages: 9

4 January 2008

Dear Sir

FURTHER HIGH-GRADE URANIUM RESULTS FROM FOUR MILE EAST DRILLING AND RESOURCE UPDATE

DETAILS OF ANNOUNCEMENT

- Four Mile Uranium Project – Further High-Grade Uranium results from Four Mile East Drilling and Resource Update (6 pages).
- Media Release – Alliance closes in on assessment of Four Mile East Uranium Potential (2 pages).

For information about Alliance Resources please contact:

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Or consult Alliance's website: www.allianceresources.com.au

About Alliance Resources

Alliance Resources Limited is a uranium, copper and gold explorer. Alliance has a 25% free carried interest in the Arkaroola Project in South Australia, where its joint venture partner, Quasar Resources Pty Ltd is exploring for uranium and copper-gold. In May 2007 the joint venture announced an Inferred Mineral Resource for the Four Mile West Uranium Deposit of 3.9 million tonnes at 0.37% U₃O₈ containing 15,000 tonnes (32 million lb) of U₃O₈. Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately west of the Arkaroola Project. Alliance is also developing the Maldon Gold Project in Victoria and exploring for copper-gold at the Warrina Project in South Australia.

4 January 2008

FURTHER HIGH-GRADE URANIUM RESULTS FROM FOUR MILE EAST – DRILLING AND RESOURCE UPDATE

HIGHLIGHTS

- New high-grade uranium intercepts (GT>1m%pU₃O₈) at Four Mile East include:

4.0 m @ 0.43% pU₃O₈ (AK545)
1.4 m @ 0.97% pU₃O₈ (AK548)
2.9 m @ 0.49% pU₃O₈ (AK563)
1.8 m @ 1.09% pU₃O₈ (AK565)
3.2 m @ 0.82% pU₃O₈ (AK567)
1.9 m @ 0.60% pU₃O₈ (AKC016)
2.5 m @ 1.15% pU₃O₈ (AKC018)
0.7 m @ 2.51% pU₃O₈ (AKC019)
1.3 m @ 0.94% pU₃O₈ (AKC025)

(GT = grade x thickness (m%U₃O₈. pU₃O₈ refers to the U₃O₈ grade as estimated from PFN logging and may be subject to revision by application of calibration correction factors).

- Detailed drilling continuing in the northern area of Four Mile East to identify and define an area suitable to conduct a Field Leach Trial (FLT).
- Evaluation of an exploration target range for Four Mile East currently underway in accordance with Clause 18 of the JORC Code (2004), scheduled for completion in January 2008.
- Drilling density continuing to increase to underpin an initial resource estimate for Four Mile East.

Alliance Resources Limited (“Alliance” – ASX: **AGS**) is pleased to announce an exploration update and preliminary drilling results from the **Four Mile Uranium Project** in South Australia for October and November 2007, based on drilling information provided by its joint venture partner and the project’s operator, Quasar Resources Pty Ltd (“Quasar”).

A total of 75 holes for 15,882 metres were drilled within EL 3666, which contains the **Four Mile West (FMW)** and **Four Mile East (FME)** uranium deposits, located immediately adjacent to the operating Beverley Uranium Mine (see Fig. 1), during this period. This included 11 holes drilled outside of the Four Mile East (FME) prospect testing areas to the south-west and south-east of the known mineralization, and 18 holes with diamond core tails. Summary drill results are shown in Table 1 attached.

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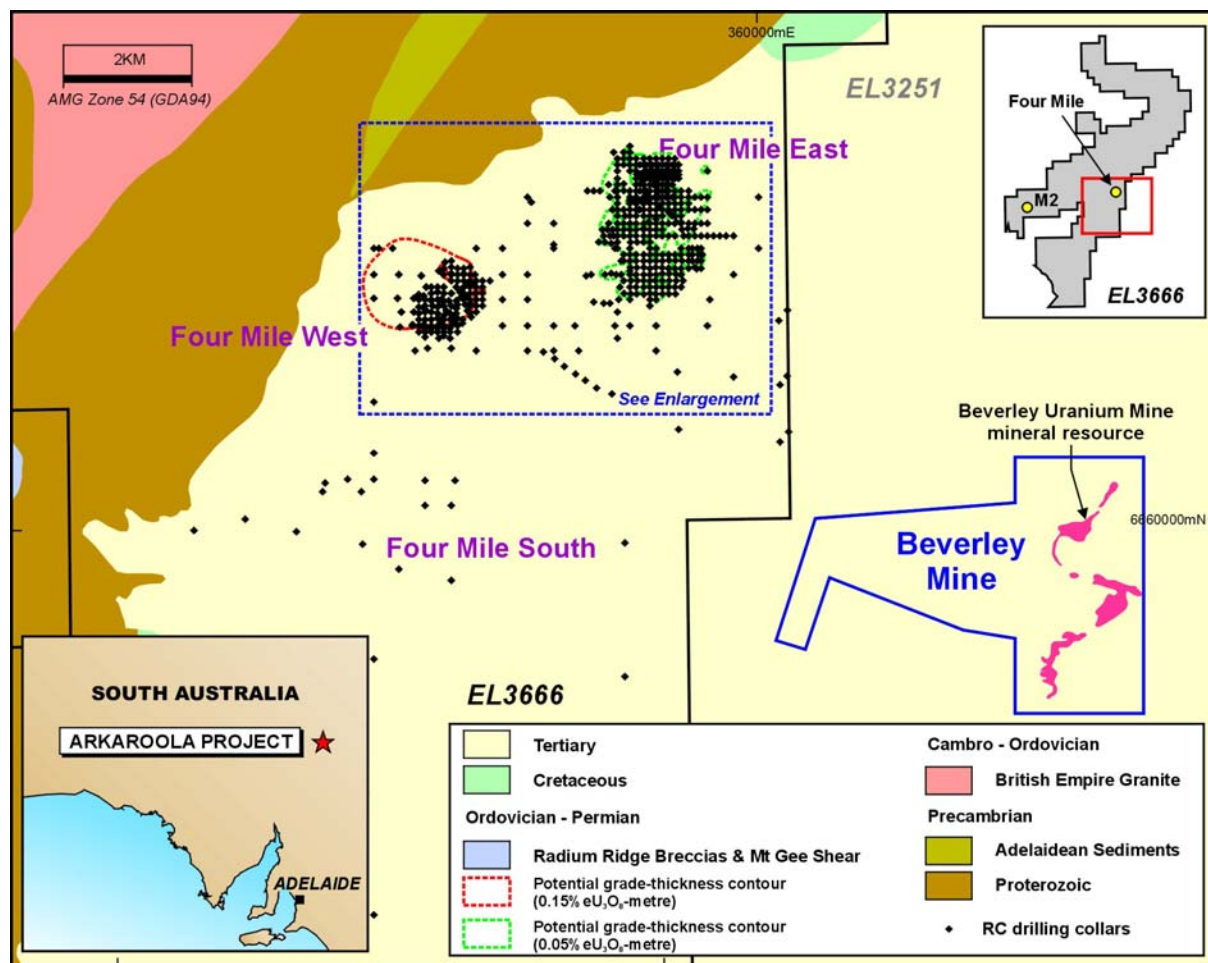


Figure 1: Four Mile Uranium Project

Four Mile East

Rotary Mud Drilling

Exploration drilling activities were focused at the FME prospect during the period. The northern zone has been drilled to a minimum of 100m X 100m centres and in parts to 100m X 50m centres, **defining mineralisation over an area of approximately 0.5 km² (summed GT>0.15)**. The current core drilling program will increase coverage further to 50m X 50m in the vicinity of two east/west traverses, and shift the focus to an area of high grade mineralisation. Drilling in the southern area of the prospect has been completed to 100m x 100m centres.

The shape of the mineralised outline across the FME prospect continues to evolve, particularly with respect to the high grade zones defined by the GT>1 contour. The continuity of the mineralisation will be tested by increasing the drilling density across some areas of the prospect. Exploration drilling is also moving towards identifying and defining an area suitable to conduct a Field Leach Trial (FLT) at FME, with a detailed drilling program planned in the northern area of FME, incorporating close spaced rotary mud and diamond drilling.

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This area has been selected based on the presence of continuous, high-grade mineralisation at the current drill spacing. The data from this program will be used to assess the geology and grade variability of the area in question, and the overall suitability to conduct a FLT.

Regional drilling also targeted areas to the south west and south east of the FME deposit, with no significant mineralisation intersected. The geology and mineralisation potential of these holes is currently being assessed.

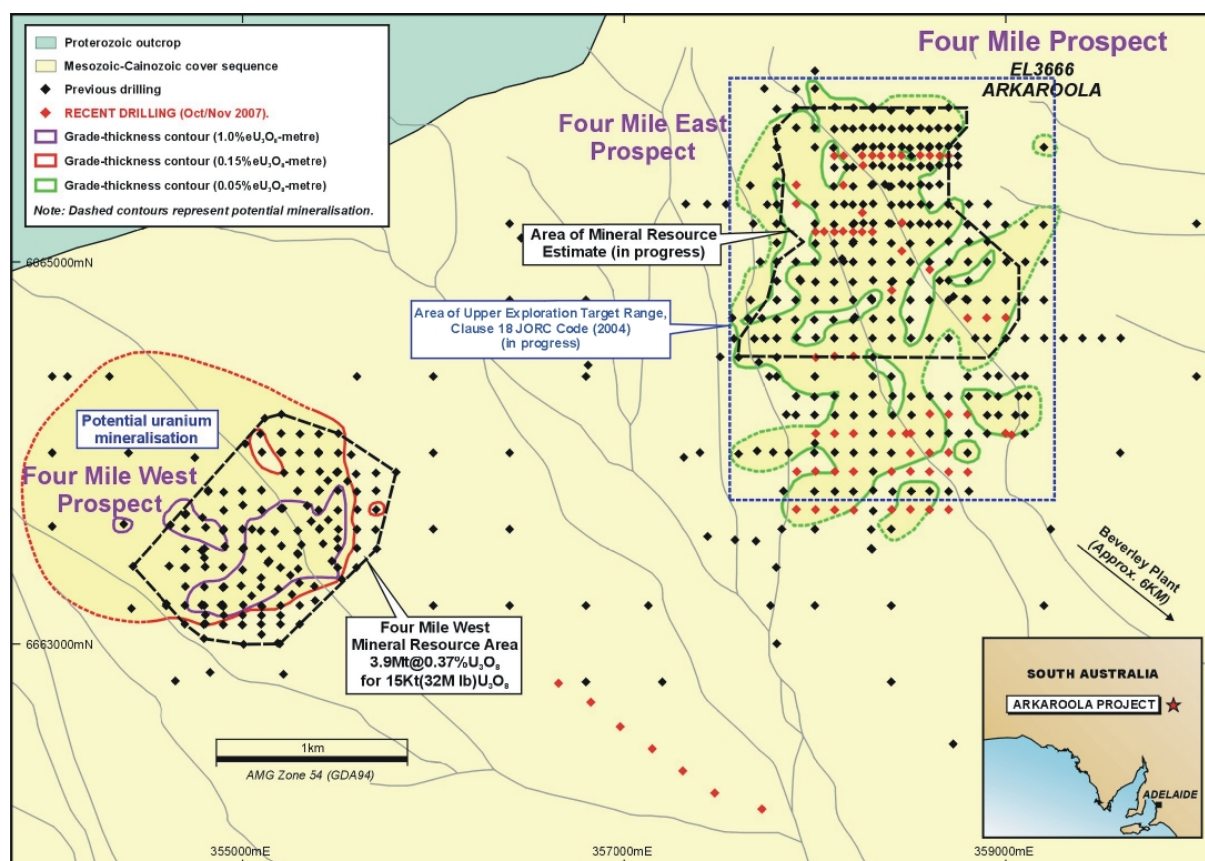


Figure 2: Four Mile East and Four Mile West Uranium Prospects

Diamond Core Drilling

The diamond coring program continues to focus along two east-west traverses across the main zone of mineralisation in the northern area of the FME deposit. The core from these holes will provide detailed geological and geochemical information about the FME mineralisation, which is necessary for the development of the FLT and improving the overall geological understanding of the deposit.

Sampling of the FME core has commenced. Selected intervals of core will be utilised to provide geochemical assays for comparison to PFN, as well as metallurgical, petrological, porosity and permeability information.

Monitor Wells/Water Bores

Work proposals for the establishment of additional water monitoring wells at the Four Mile Project advanced during the period. Existing exploration holes will be used where possible to reduce installation costs.

Additional holes are being considered for the purpose of obtaining regional stratigraphic, basement and fault related information outside of the Four Mile project area.

Mineral Resource Estimate Update and Target Size

Quasar has advised that the mineral resource estimate for the northern area of the FME deposit has been rescheduled to approximately April 2008, pending the completion of further drilling across some areas of the prospect in order to increase the density to 25m centres.

Alliance is currently evaluating the available exploration results for the FME uranium deposit in order to establish an **Exploration Target Range** in accordance with Clause 18 of the JORC Code (2004). It is anticipated that the results of this evaluation will be available in January 2008.

This evaluation will enable Alliance to provide the market with an assessment of the potential scale of the deposit, compared with the nearby Four Mile West deposit, which contains a current mineral resource of **3.9 million tonnes at 0.37% U₃O₈ containing 15,000 tonnes (32 million lb) of U₃O₈**, contained within a 1km² area in the western portion of the tenement holding.

Based on the currently available drilling data and geological information, Alliance believes that the Four Mile Project constitutes one of the more significant uranium discoveries in Australia in recent decades.

Four Mile West

No drilling was carried out at Four Mile West Prospect. Further drilling is scheduled after completion of diamond drilling at FME.

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Table 1: Four Mile East Uranium Prospect Summary Drilling Data, Oct & Nov 2007

Notes: These figures are provisional and may be subject to revision by calibration correction factors.
Cutoff grade: 0.05 %U₃O₈. Minimum width: 0.5m. Maximum internal dilution: 1.0m.
GT= grade x thickness. GT>1m%pU₃O₈ highlighted.

Hole Details		Gamma					PFN				
Hole ID	T_Depth	From	To	Interval	eU ₃ O ₈ (%)	GT-eU ₃ O ₈	From	To	Interval	pU ₃ O ₈ (%)	GT-PFN
AK523	218.0	192.3	193.0	0.7	0.139	0.10				No PFN	
AK523	218.0	195.9	196.4	0.6	0.112	0.06				No PFN	
AK524	216.0	185.0	189.0	4.0	0.138	0.55	185.0	188.3	3.3	0.195	0.64
AK525	210.0			Grade below cutoff						No PFN	
AK526	216.0			Grade below cutoff						No PFN	
AK527	204.0			Grade below cutoff						No PFN	
AK528	210.0			Grade below cutoff						No PFN	
AK529	217.0			Grade below cutoff						Grade below cutoff	
AK530	210.0	180.8	181.6	0.8	0.080	0.06				Grade below cutoff	
AK531	214.0			Grade below cutoff						No PFN	
AK532	205.0			Grade below cutoff						No PFN	
AK533	214.0			Grade below cutoff						Grade below cutoff	
AK534	211.0			Grade below cutoff						No PFN	
AK535	216.0			Grade below cutoff						No PFN	
AK536	206.0			Grade below cutoff						No PFN	
AK537	195.0			Grade below cutoff						Grade below cutoff	
AK538	210.0	175.2	177.4	2.2	0.255	0.55	175.3	177.3	2.0	0.472	0.95
AK539	234.0			Grade below cutoff						No PFN	
AK540	210.0	176.5	177.0	0.5	0.136	0.07				Grade below cutoff	
AK541	210.0	183.7	184.6	1.0	0.068	0.06				Grade below cutoff	
AK541	210.0	187.3	187.8	0.6	0.122	0.07	187.3	187.8	0.5	0.185	0.09
AK542	202.0			Grade below cutoff						Grade below cutoff	
AK543	204.0			Grade below cutoff						No PFN	
AK544	228.0			Grade below cutoff						No PFN	
AK545	204.0	174.6	179.0	4.4	0.247	1.09	174.7	178.7	4.0	0.425	1.70
AK546	216.0			Grade below cutoff						Grade below cutoff	
AK547	240.0	190.4	190.9	0.5	0.076	0.04				Grade below cutoff	
AK547	240.0	202.2	203.4	1.2	0.374	0.43	202.2	203.1	0.9	0.566	0.51
AK547	240.0	206.6	211.5	4.9	0.155	0.75	206.5	209.3	2.8	0.293	0.82
AK548	216.0	193.1	194.7	1.6	1.875	3.00	193.3	194.7	1.4	0.972	1.36
AK549	210.0	194.0	195.8	1.8	0.148	0.26	194.3	195.8	1.5	0.126	0.19
AK550	210.0	202.7	203.2	0.6	0.054	0.03				No PFN	
AK551	228.0	177.8	181.3	3.5	0.077	0.27				No PFN	
AK551	228.0	186.5	187.5	1.0	1.118	1.12				No PFN	
AK551	228.0	192.0	193.0	1.0	1.045	1.05				No PFN	
AK551	228.0	195.5	196.5	1.0	0.050	0.05				No PFN	
AK552	214.0			Grade below cutoff						No PFN	
AK553	217.0	195.3	195.9	0.7	0.269	0.18	195.5	196.0	0.6	0.246	0.14
AK554	228.0			Grade below cutoff						No PFN	
AK555	216.0	185.8	186.8	1.1	0.065	0.07	185.9	186.8	0.9	0.105	0.10
AK556	222.0			Grade below cutoff						No PFN	
AK557	217.0			Grade below cutoff						Grade below cutoff	
AK558	224.0			Grade below cutoff						No PFN	
AK559	224.0			Grade below cutoff						No PFN	
AK560	223.0			Grade below cutoff						No PFN	
AK561	250.0			Grade below cutoff						No PFN	
AK562	229.0	200.4	201.2	0.9	0.132	0.11	200.2	200.7	0.5	0.122	0.06
AK563	228.0	187.4	188.0	0.6	0.072	0.04				Grade below cutoff	
AK563	228.0	204.6	205.7	1.2	0.081	0.09	205.0	205.7	0.8	0.122	0.09
AK563	228.0	208.1	212.2	4.1	0.373	1.53	208.2	211.1	2.9	0.486	1.39
AK564	235.0	206.0	207.4	1.4	0.065	0.09				Grade below cutoff	
AK565	228.0	210.5	212.4	1.9	0.889	1.69	210.4	212.1	1.8	1.094	1.91
AK566	244.0	189.7	190.6	0.9	0.090	0.08	189.8	190.5	0.7	0.117	0.08
AK567	228.0	199.3	200.2	0.9	0.523	0.48	198.2	200.1	1.9	0.246	0.47
AK567	228.0	203.9	208.7	4.8	0.790	3.77	204.0	207.2	3.2	0.817	2.61
AK568	218.0	194.6	201.2	6.6	0.238	1.58				No PFN	
AK569	218.0			Grade below cutoff						No PFN	

**Table 1: Four Mile East Uranium Prospect Summary Drilling Data, Oct & Nov 2007
(continued)**

Notes: These figures are provisional and may be subject to revision by calibration correction factors.
Cutoff grade: 0.05 %U₃O₈. Minimum width: 0.5m. Maximum internal dilution: 1.0m.
GT= grade x thickness. GT>1m%pU₃O₈ highlighted.

Hole Details		Gamma					PFN				
Hole ID	T_Depth	From	To	Interval	eU ₃ O ₈ (%)	GT-eU ₃ O ₈	From	To	Interval	pU ₃ O ₈ (%)	GT-PFN
AK570	216.0				Grade below cutoff					No PFN	
AK571	210.0				Grade below cutoff					No PFN	
AK572	216.0				Grade below cutoff					No PFN	
AK573	204.0				Grade below cutoff					No PFN	
AK574	210.0				Grade below cutoff					No PFN	
AK575	217.0				Grade below cutoff					No PFN	
AK576	210.0				Grade below cutoff					No PFN	
AK577	214.0				Grade below cutoff					No PFN	
AK578	205.0				Grade below cutoff					No PFN	
AK579	214.0				Grade below cutoff					No PFN	
AK580	211.0				Grade below cutoff					No PFN	
AK581	216.0	190.3	190.8	0.5	0.114	0.06					
AKC013	227.5										
AKC014											
AKC015	232.0	192.9	195.1	2.2	0.173	0.39	192.8	195.2	2.5	0.220	0.55
AKC015	232.0	196.4	198.1	1.8	0.095	0.17	196.2	199.7	3.5	0.113	0.40
AKC016	230.6	194.9	198.7	3.8	0.222	0.84	195.0	196.9	1.9	0.601	1.16
AKC017	202.7										
AKC018	226.7	188.1	193.9	5.9	0.527	3.09	188.0	190.5	2.5	1.149	2.84
AKC018	226.7						191.2	191.6	0.4	0.237	0.10
AKC018	226.7						192.2	193.7	1.6	0.410	0.64
AKC019	214.8	187.7	190.5	2.8	0.574	1.61	187.8	188.5	0.7	2.509	1.78
AKC019	214.8						190.0	190.5	0.5	0.268	0.13
AKC020	187.4										
AKC021	206.0	185.5	188.8	3.3	0.076	0.25	185.3	189.0	3.7	0.133	0.49
AKC021	206.0	193.6	194.2	0.7	0.062	0.04	190.9	191.6	0.7	0.082	0.06
AKC021	206.0	239.7	240.7	1.0	0.056	0.06	193.4	194.6	1.2	0.123	0.15
AKC022	195.0										
AKC023	210.0	187.8	188.3	0.6	0.158	0.09	187.8	188.3	0.5	0.361	0.18
AKC023	210.0	190.3	192.3	2.0	0.136	0.27	190.3	192.4	2.1	0.201	0.42
AKC024	234.0	181.9	182.6	0.7	0.095	0.06					
AKC024	234.0	194.3	195.0	0.7	0.198	0.13	194.4	194.9	0.5	0.227	0.11
AKC025	210.0	203.2	204.5	1.4	1.461	1.97	203.2	204.5	1.3	0.938	1.22
AKC026	210.0	202.7	203.2	0.5	0.189	0.09	203.0	203.5	0.5	0.268	0.13
AKC027	210.0	203.1	206.6	3.6	0.113	0.40	187.3	187.8	0.5	0.185	0.09
AKC028	202.0	192.7	197.4	4.7	0.259	1.22	192.9	197.2	4.3	0.164	0.71
AKC028	202.0	201.8	202.4	0.7	0.113	0.08	201.7	202.5	0.8	0.092	0.07
AKC028	202.0	207.2	208.7	1.4	0.097	0.14	207.9	210.0	2.1	0.083	0.17
AKC028	202.0	209.3	209.8	0.6	0.056	0.03					
AKC029	204.0										
AKC030	228.0										

Compliance Statement

The information in this report that relates to Uranium Exploration Results, Mineral Resources or Ore Reserves 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 Andrew Bowden is employed by GeoDec Consulting. Mr Bowden has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew Bowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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ALLIANCE CLOSES IN ON ASSESSMENT OF FOUR MILE EAST URANIUM POTENTIAL

EXPLORATION TARGET RANGE EXPECTED JANUARY 2008, AHEAD OF INITIAL RESOURCE ESTIMATE IN THE SECOND QUARTER OF 2008

- Drilling in October and November continues to deliver outstanding high uranium grades over a significant area.
- Exploration drilling currently underway to identify an area suitable for a Field Leach Trial (FLT).
- Alliance evaluating all available data to establish an Exploration Target Range for Four Mile East in January 2008.
- Drill density continuing to increase to underpin an initial resource estimate, now scheduled for the second quarter of 2008.

Melbourne-based uranium, gold and copper group, Alliance Resources Limited (ASX: AGS), continues to enhance the potential of the **Four Mile East** (FME) deposit at its Four Mile Uranium Project in South Australia, as it closes in on an assessment of the deposit's potential over the coming months.

Alliance said today (**Friday**) that it was currently evaluating the available exploration results from the FME deposit in order to establish an Exploration Target Range in accordance with Clause 18 of the JORC Code (2004), with the results of this evaluation expected in January 2008.

Alliance's Chief Executive Officer, Mr Steve Johnston, said the Exploration Target Range would provide an indication of the deposit's potential as intensive drilling continued to the density required to calculate an initial JORC compliant resource estimate.

"The latest drilling has continued to enhance the deposit's potential, with preliminary drill results from exploration activities during October and November delivering additional outstanding high-grade intersections, which continue to reinforce the quality and scale of this discovery," Mr Johnston commented.

Latest drilling returned results included **4.0m @ 0.43% pU₃O₈, 1.4m @ 0.97% pU₃O₈, 2.9m @ 0.49% pU₃O₈, 1.8m @ 1.09% pU₃O₈, 3.2m @ 0.82% pU₃O₈, 1.9m @ 0.60% pU₃O₈, 2.5m @ 1.15% pU₃O₈, 0.7m @ 2.51% pU₃O₈ and 1.3m @ 0.94% pU₃O₈.**

A total of 75 holes for 15,882 metres were drilled during October and November, with the northern zone of the FME area now drilled to a minimum 100m x 100m centres, and in parts to 100m x 50m centres, **defining mineralisation over an area of approximately 0.5km²**. Exploration drilling is now aimed at increasing coverage to 50m centres in the vicinity of two east/west traverses, and to 25m centres in selected high-grade zones to further test the continuity of the uranium mineralisation.

"We are very encouraged by the progress which is being achieved, with the high-grade results reinforcing the potential of the FME deposit to deliver a significant upgrade to the existing resource inventory of 3.9 million tonnes at 0.37% U₃O₈ for 15,000 tonnes or 32 million pounds of contained U₃O₈ at the nearby Four Mile West deposit," Mr Johnston said.

"Our joint venture partner, Quasar Resources Pty Ltd, has advised us that the initial mineral resource estimate for the northern area at Four Mile East will now be completed in approximately the second quarter of 2008 to enable drilling to be completed to the required density," Mr Johnston continued. "Exploration drilling is also moving towards identifying an area suitable to conduct a Field Leach Trial (FLT) at Four Mile East."

To this end, a detailed drilling program has been planned in the northern area of FME, incorporating close-spaced rotary mud and diamond drilling. The area was selected due to the presence of continuous high grade mineralisation at current drill spacings. The data gained from the program will be used to assess the geology and grade variability of the area, and the overall suitability to conduct a field leach trial.

- ENDS -

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COMPETENT PERSON'S STATEMENT

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