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**By E-Lodgement**

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**16 January 2008**

Dear Sir

## **CONCEPT EVALUATION STUDY IDENTIFIES OPTIMUM DEVELOPMENT STRATEGY FOR FOUR MILE URANIUM PROJECT**

### **DETAILS OF ANNOUNCEMENT**

- Four Mile Uranium Project – Concept Evaluation Study Identifies Optimum Development Strategy for Four Mile Uranium Project (3 pages).
- Media Release – Alliance unveils Development Blueprint for Four Mile Uranium Project (2 pages).

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Or consult Alliance's website: [www.allianceresources.com.au](http://www.allianceresources.com.au)

### **About Alliance Resources**

Alliance Resources Limited is an emerging uranium and gold producer. Alliance has a 25% free carried interest in the Arkaroola Project in South Australia, where its 75% 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% U<sub>3</sub>O<sub>8</sub> containing 15,000 tonnes (32 million lb) of U<sub>3</sub>O<sub>8</sub>. Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately east 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.

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## CONCEPT EVALUATION STUDY IDENTIFIES OPTIMUM DEVELOPMENT STRATEGY FOR FOUR MILE URANIUM PROJECT

### HIGHLIGHTS

- In Situ Leach (ISL) mining Field Leach Trial (FLT) scheduled to commence in June Quarter 2008, once regulatory approvals are obtained.
- Concept Study recommends staged development of ISL mining proposed to commence in 2010, subject to successful FLT results.
- Concept Study considers a staged uranium concentrate production capacity of 1.5 million lb per annum, increasing potentially to 4.5 million lb per annum, depending on optimisation and feasibility being successfully demonstrated.
- Plant from nearby Beverley Uranium Mine to be used to process ISL solution from FLT, subject to successful negotiation between Heathgate Resources Pty Ltd and the Quasar/Alliance joint venture.

### DETAILS OF ANNOUNCEMENT

Alliance Resources Limited ("Alliance") is pleased to announce a summary of the Four Mile Project Concept Evaluation Study provided by joint venture partner and operator Quasar Resources Pty Ltd ("Quasar").

The objectives of the Concept Study were to identify the key project options, including:

1. Suitable mining development and processing options, as well as potential synergies arising from the utilisation of the existing plant facilities and infrastructure at the nearby Beverley Uranium Mine;
2. Project staging;
3. Next stage(s) of project evaluation.

The Concept Study has recommended that, subject to more detailed option selection studies, and based on information currently available, the optimal basis for the development of Four Mile initially, would be a staged development, the initial three stages of which would be In Situ Leach (ISL) mining, utilising the nearby Beverley Uranium Mine processing plant facilities.

The staging proposed for further consideration in the Concept Study is subject to resource confirmation and optimisation, but the initial three stages are as stated as follows:

- Stage 1 – ISL mining at Four Mile East (FME) with an envisaged uranium concentrate production capacity of 1.5 million lb per annum.

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- Stage 2 – additional wellfields at FME, and potentially at Four Mile West (FMW), with an envisaged uranium concentrate production capacity of 3 million lb per annum;
- Stage 3 - additional wellfields at FME and FMW, with an envisaged uranium concentrate production capacity of 4.5 million lb per annum.

A key step in the development of Four Mile is the ability to conduct a successful Field Leach Trial (FLT) to assess the suitability of the use of ISL for the Four Mile deposits.

Subject to regulatory approvals, the FLT is proposed to commence in the June quarter of 2008.

It is emphasised that, while certain potential synergies have been identified in the Concept Study from the use of the Beverley plant to process ore from Four Mile, the realization of those synergies will be subject to the satisfactory resolution of a number of operational, technical, environmental, legal and regulatory matters associated with pumping liquors to and from Beverley, and using and processing that liquor through a plant that is designed, permitted and currently operating to process liquor from Beverley.

The Beverley plant is owned and operated by Heathgate Resources Pty Ltd. Use of the Beverley plant for the Four Mile Project would also require agreement between Heathgate Resources Pty Ltd and the Quasar/Alliance joint venture.

In addition to a successful FLT, continued drilling, mineral resource estimation, hydrological and hydro-geological studies, baseline studies, environmental and metallurgical testing would need to occur before project optimisation can be undertaken, and feasibility can be satisfactorily demonstrated. State and Commonwealth permitting would also need to be undertaken. These studies, tests and trials are likely to be undertaken over the next 18 months.

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## 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.

# ALLIANCE UNVEILS DEVELOPMENT BLUEPRINT FOR FOUR MILE URANIUM PROJECT

*STAGED DEVELOPMENT PROPOSED UTILISING IN-SITU LEACH MINING, POTENTIALLY INCREASING UP TO 4.5Mlb pa  
U<sub>3</sub>O<sub>8</sub> PRODUCTION CAPACITY*

- Concept Evaluation Study identifies staged development using in-situ leach (ISL) mining as optimum basis for development.
- Uranium concentrate production proposed to commence in 2010, at a projected start-up capacity of 1.5Mlb pa, potentially increasing up to 4.5Mlb pa production capacity.
- Field Leach Trial scheduled to commence in June Quarter 2008 to assess the use of ISL at the Four Mile Project.

Alliance Resources Limited (ASX: AGS) has unveiled an initial blueprint for development of the **Four Mile Uranium Project** in South Australia, today announcing details of a Concept Evaluation Study provided by its joint venture partner, Quasar Resources Pty Ltd, outlining a staged mining development potentially increasing up to a projected long-term production capacity of **4.5 million pounds per annum of uranium concentrate**.

The Melbourne-based uranium, gold and copper company today (**Wednesday**) announced key findings from the Concept Study, which was designed to develop an optimum development pathway by identifying suitable mining development and processing options, project staging and the next evaluation stage(s) for the Project.

The Concept Study identified a staged development model, the initial three stages of which would utilise in-situ leach (ISL) mining – the same extraction method as is utilised at the nearby Beverley Uranium Mine – as the optimal development strategy, with uranium concentrate production proposed to commence in 2010, subject to resource confirmation and optimisation, at an initial capacity of **1.5 million pounds per annum Stage 1** from the Four Mile East (FME) deposit.

The second and third stages would then provide for a progressive increase in production capacity to a projected 3 million pounds per annum in Stage 2 and 4.5 million pounds per annum in Stage 3 through the addition of new wellfields at both FME and at the nearby Four Mile West (FMW) deposit.

Under the preliminary development concept, ISL solution is likely to be processed at the nearby Beverley Uranium Mine plant, subject to agreement with the operator, Heathgate Resources Pty Ltd.

Alliance's Chief Executive Officer, Mr Steve Johnston, said the Concept Evaluation Study provided an important framework for the ongoing development of the Four Mile Project.

"The study has identified key project options which will form the basis of our strategy for future exploration and development activities," he said. "It also provides a very good indication of the potential and scale of the project to deliver low-cost uranium production to world markets from the beginning of next decade.

"At its ultimate proposed long-term production capacity of 4.5 million pounds of uranium concentrate per annum, Four Mile would be one of the more significant uranium mines anywhere in the world – reinforcing the significance of the discovery and its value to the Quasar/Alliance Joint Venture," he added.

The Four Mile Project has an existing resource inventory of 3.9 million tonnes at 0.37% U<sub>3</sub>O<sub>8</sub> for 15,000 tonnes or 32 million pounds of contained U<sub>3</sub>O<sub>8</sub>, contained within the FMW deposit. However, Alliance has since announced a series of outstanding high-grade drill results from the nearby FME deposit, indicating the potential for a significant upgrade to this resource inventory once the initial resource estimate for FME is announced. The Company is currently finalising an Exploration Target Range for FME, with a mineral resource estimate scheduled for later this year.

Mr Johnston said the key immediate goal resulting from the Concept Study was to conduct a Field Leach Trial (FLT) to assess the suitability of the use of ISL for the Four Mile deposits. "Subject to regulatory approvals, we plan to commence a Field Leach Trial at the Four Mile Project in the June Quarter of 2008," he commented.

The results of the initial Concept Evaluation Study are subject to further, more detailed studies, tests and trials and State and Commonwealth permitting, which are planned over the coming 18 months.

- ENDS -

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