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**By E-Lodgement**

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**30 January 2008**

Dear Sir

## **EXPLORATION TARGET OF 30-47Mlb U<sub>3</sub>O<sub>8</sub> AT FOUR MILE EAST URANIUM DEPOSIT**

### **DETAILS OF ANNOUNCEMENT**

- Four Mile Uranium Project – Exploration target of 30-47 Mlb U<sub>3</sub>O<sub>8</sub> at Four Mile East Uranium Deposit (3 pages).
- Media Release – Alliance announces 30-47 Mlb Uranium Exploration Target at Four Mile East (2 pages).

### **For information about Alliance Resources please contact:**

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

30 January 2008

## EXPLORATION TARGET OF 30-47Mlb U<sub>3</sub>O<sub>8</sub> AT FOUR MILE EAST URANIUM DEPOSIT

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- **Exploration Target Range of 13,500 to 21,500 contained tonnes (30 million to 47 million lb) U<sub>3</sub>O<sub>8</sub>.**
  - **The Exploration Target Range is in addition to the current Inferred Mineral Resource for the Four Mile West deposit of 15,000 contained tonnes (32 million lb) U<sub>3</sub>O<sub>8</sub>.**
  - **Drilling continuing at FME deposit to close off and in-fill the mineralization.**
  - **Initial mineral resource estimate for northern area commencing 2Q 2008.**
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Further to its announcement of 4 January 2008, Alliance Resources Limited ("Alliance" – ASX: **AGS**) is pleased to announce, in accordance with Clause 18 of the JORC Code (2004), an **Exploration Target Range** for the **Four Mile East (FME)** deposit at the Four Mile Uranium Project in South Australia of <sup>(1)</sup>**13,500 to 21,500 contained tonnes** (<sup>(2)</sup>**30 million to 47 million lb**) U<sub>3</sub>O<sub>8</sub> at average grades between 0.23% and 0.27% U<sub>3</sub>O<sub>8</sub> using a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub>.

(1) Rounded to nearest 500 tonnes. (2) Rounded to nearest 1 million lbs

This evaluation was undertaken in order to provide the market with an assessment of the potential scale of the FME deposit while current intensive in-fill drilling programs are completed. Alliance emphasizes that this Exploration Target is not a resource statement but is a conceptual target range expectation based on statistical and geostatistical analysis of the exploration results available to end September 2007. Drilling at Four Mile East is ongoing, the results from which may significantly impact the ranges for tonnes and grade of U<sub>3</sub>O<sub>8</sub> presented in this announcement.

This analysis takes no account of geological complexity, possible mining method or metallurgical recovery factors. It is acknowledged that the currently available data is insufficient spatially in terms of the density of drill holes, and in quality, in terms of Alliance's final audit of procedures for down hole data acquisition and processing, for the results of this analysis to be classified as a resource statement under the JORC Code. The analysis undertaken has been essentially statistical and geostatistical with minimal reference to geology, although it is clear that stratigraphy, lithology and structure have a major impact on the continuity and grade of uranium mineralisation at Four Mile East.

A nominal SG value of 1.8g/cm<sup>3</sup> has been used for the conversion of volume to tonnes.

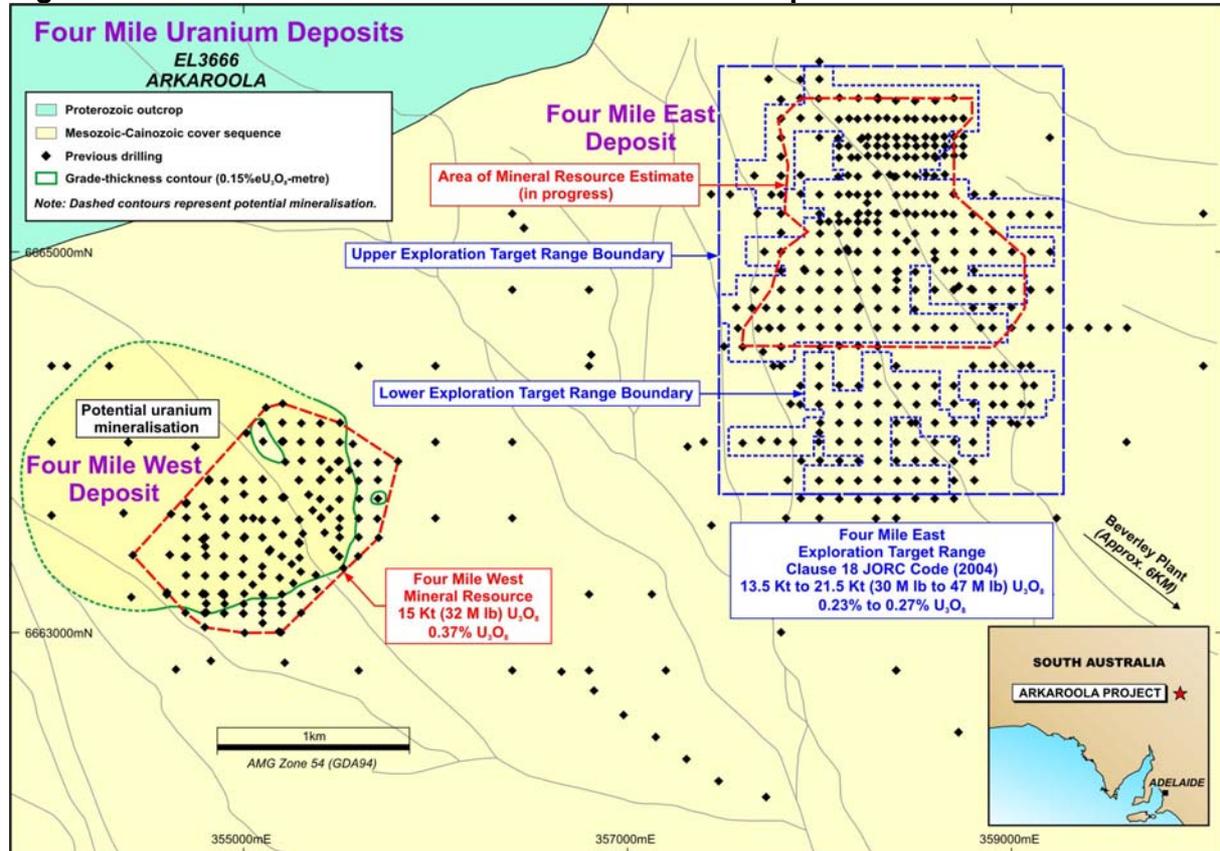
Detailed drilling continues in the northern area of FME to identify and define an area that is suitable to conduct a Field Leach Trial.

Alliance recently announced a Concept Evaluation Study for the Four Mile Project which, identified a staged development strategy utilising in-situ leach (ISL) mining with production

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capacity commencing at 1.5 million lb per annum, increasing potentially to 4.5 million lb per annum, depending on optimisation and feasibility being successfully demonstrated.

**Figure 1: Four Mile East and Four Mile West uranium deposits**



## 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.

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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**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 ANNOUNCES 30-47Mlb URANIUM EXPLORATION TARGET AT FOUR MILE EAST

*HIGHLIGHTS SIGNIFICANCE OF FME DEPOSIT AS PART OF BROADER FOUR MILE PROJECT*

- Exploration Target Range of 13,500 to 21,500 contained tonnes (30-47Mlb) of U<sub>3</sub>O<sub>8</sub>.
- The Exploration Target Range is in addition to the current Inferred Mineral Resource for the Four Mile West deposit of 15,000 contained tonnes (32 million lb) U<sub>3</sub>O<sub>8</sub>.
- Drilling continuing at FME deposit ahead of initial mineral resource commencing 2Q 2008.
- Exploration Target Range indicative of scale potential of Four Mile Project following recent Concept Evaluation Study.

Alliance Resources Limited (ASX: AGS) has reinforced the potential scale of the **Four Mile Uranium Project** in South Australia after announcing an **Exploration Target Range** for the exciting Four Mile East (FME) discovery of between **30 million and 47 million** pounds of contained U<sub>3</sub>O<sub>8</sub>.

The Melbourne-based uranium, gold and copper company said today (**Wednesday**) that it had developed the Exploration Target Range of **13,500 to 21,500 contained tonnes** (30-47Mlb) of contained U<sub>3</sub>O<sub>8</sub> using a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub> following an evaluation of all the available exploration results.

“The in-fill drilling program at FME has been delivering some outstanding results and, while this Exploration Target Range is not a resource statement, it does provide an indication of the potential scale of the FME deposit having been based on a comprehensive evaluation by Alliance of the exploration data available to the end of September 2007,” commented Alliance’s Managing Director, Mr Steve Johnston.

“As reported to the market earlier this month, further drilling is required to close off and in-fill the mineralization at FME before a mineral resource can be estimated for the deposit,” he added. “This process is continuing and we anticipate that further drilling in the northern area of FME will identify and define an area that is suitable to conduct a Field Leach Trial.”

The Exploration Target Range is in addition to the current mineral resource for the FMW deposit 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.

“This further reinforces the potential scale of the Four Mile Project, the significance of the discoveries at FMW and FME and their potential to underpin a world-class uranium project,” Mr Johnston said.

Alliance recently announced details of a Concept Evaluation Study for the Four Mile Project commissioned and funded 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 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, proposed to commence in 2010, subject to successful Field Leach Trial results and optimisation, at an initial production capacity of 1.5 million pounds per annum Stage 1 from the 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 the FME and FMW deposits.

- ENDS -

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## **Disclaimer**

*This evaluation was undertaken in order to provide the market with an assessment of the potential scale of the FME deposit while current intensive in-fill drilling programs are completed. Alliance emphasizes that this Exploration Target is not a resource statement but is a conceptual target range expectation based on statistical and geostatistical analysis of the exploration results available to end September 2007. Drilling at Four Mile East is ongoing, the results from which may significantly impact the ranges for tonnes and grade of U<sub>3</sub>O<sub>8</sub> presented in this announcement.*

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*A nominal SG value of 1.8g/cm<sup>3</sup> has been used for the conversion of volume to tonnes.*

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