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Alliance Resources Ltd (ASX code - AGS) is an emerging uranium and gold producer with an advanced uranium project, 8 kilometres from the operating Beverley Uranium Mine in South Australia. Can you briefly describe your assets and the status of each?

CEO Steve Johnston

Alliance has four projects within Australia. Our flagship asset is the 25% equity we hold in the Four Mile Uranium Project in South Australia. This discovery was made in 2005 and is emerging as one of the most significant high-grade uranium deposits in Australia, and possibly globally.

There are currently two major deposits within the Four Mile project – Four Mile East and Four Mile West. Infill drilling is currently being carried out on the Four Mile East Project in preparation for a mineral resource estimate and First Stage Mining (FSM). In May 2007, we announced an Inferred Mineral Resource at Four Mile West containing 32 million pounds of U₃O₈. Our JV partner with 75% is Quasar Resources, an affiliated company of Heathgate Resources, which operates the adjacent Beverley Uranium Mine.

In late April 2008, Quasar announced that it would apply for a Mining Lease rather than a Retention Lease over the Four Mile project providing it gets positive

results from the feasibility study and hydrological and metallurgical studies. That would make redundant the previously planned field leach trial and means that FSM at Four Mile is now scheduled to commence after the grant of the Mining Lease, which is anticipated to be late 2009. This announcement from our JV partner reinforces our view that the Four Mile project is a high quality uranium project.

Our next major asset is the Maldon Gold Project of which we hold 100%. The Maldon project is also in the pre-development phase and we are advancing an exploration decline towards the Alliance South lode, which is a virgin lode within the Eaglehawk reef system, so we can access it for trial mining and processing.

Our remaining assets are both exploration plays. The Warrina copper/gold project is at Coober Pedy in South Australia and the other is the East Frome copper/base metals Project near Broken Hill, NSW. These projects are both owned 100% by Alliance.

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Why do you believe the Four Mile uranium joint venture is emerging as one of the most significant high-grade uranium deposits in Australia? How does it compare with its peer projects in size and grades? Can you explain the access to infrastructure and services such as water, power and transport?

CEO Steve Johnston

Four Mile is a significant uranium discovery because of its size and its metal content. In terms of grade, it is the best “greenfields” discovery since CRAE discovered Kintyre in 1985. Four Mile is the third highest grade deposit in Australia behind Jabiluka and Koongarra.

In terms of size, Four Mile is currently ranked number 11 amongst uranium deposits in Australia based on the initial resource outlined at Four Mile West last year of 15,000 tonnes of contained uranium oxide. However, Alliance sees the project as having potential for at least 50,000 tonnes of uranium oxide. If we can convert that potential mineralisation - defined by variable-spaced drilling - into resources, then it would move Four Mile to number 4 behind Olympic Dam, Jabiluka and Yeelirrie.

Our JV partner, Quasar, is affiliated with Heathgate Resources, which owns and operates the adjacent Beverley Uranium Mine. The JV therefore has potential access to existing infrastructure including a treatment plant and all associated services such as water, power and transport. Heathgate generates its own power on site using gas turbines supplied by a branch line connected to the Moomba Gas Pipeline which is about 12 kilometres away. In addition to grade, this access to infrastructure is what differentiates our project from other uranium projects. Four Mile is well placed to move into the development stage.

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Earlier this year you announced an Exploration Target Range of 13,500 to 21,500 contained tonnes (30-47 million pounds) of U_3O_8 for the Four Mile East uranium deposit. This Exploration Target is in addition to the Inferred Mineral Resource for the Four Mile West deposit of 32 million pounds contained U_3O_8 . Can you explain the basis on how you determined the Exploration Target Range for Four Mile East?

CEO Steve Johnston

The target range is a conceptual range based on statistical and geo-statistical analysis of exploration results up to the end of September 2007. Alliance undertook that analysis on its own account to provide the market with an assessment of the potential scale of the Four Mile East deposit. The Four Mile West and Four Mile East deposits cover an area in excess of 4 square kilometres. These are giant deposits and it will take time to drill them. The Exploration Target Range was designed to guide the market on the potential size of the Four Mile East deposit while we undertake that drilling.

Specifically, we used four different methods to estimate the Exploration Target Range and the final range that we published was the lower and upper range using all combined methods.

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Can you recap the latest exploration results at the Four Mile East deposit? How do these results reinforce or modify your Exploration Target Range?

CEO Steve Johnston

The latest results from Four Mile East include 4.4m @ 1.59% p U_3O_8 , 7.1m @ 0.85% p U_3O_8 , 5.5m @ 1.02% p U_3O_8 and 4.7m @ 0.75% p U_3O_8 . These include some of the highest grade-thicknesses drilled at Four Mile East to date and should reinforce the Exploration Target Range in my opinion. Note that, "p U_3O_8 " refers to the U_3O_8 grade as estimated from Prompt Fission Neutron logging.

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Earlier this year you also announced the summary conclusions from the "Four Mile Project Concept Evaluation Study" provided by Quasar Resources. What were the objectives and major conclusions of the study, including the project scale and design envisaged? How will the JV progress Four Mile to a possible "Decision to Mine"?

CEO Steve Johnston

The objectives of the study were to identify the viable options for developing the Four Mile project; principally the possible mining and processing methods. The study quickly focused on ISL as the best way to progress the project and it examined using the Beverley treatment plant to process the ISL solution from Four Mile. That's a logical approach because the infrastructure is already there.

The Decision to Mine will be made by Quasar, however Alliance reasonably expects Quasar to make that decision in 2008. Once that decision is made, Quasar will deliver a feasibility study and we then elect to participate in the project going

forward which will mean funding our share of project costs from that point. At this stage, everything on a technical level looks great and we look forward to participating.

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Can you give more detail on the In-situ Leach mining method of extracting uranium?

CEO Steve Johnston

In-situ Leach mining, now known as In-situ Recovery or ISR, is a mining process whereby targeted minerals are dissolved in-ground using a network of extraction and injection wells. The dissolving reagents are acid or alkaline together with an oxidant (at Beverley, hydrogen peroxide). The pregnant solution is then pumped to a treatment plant where the minerals are recovered.

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Is the ISR mining you will trial similar to that used at Beverley? What similarities are there between the Beverley resource and your Four Mile deposits?

CEO Steve Johnston

The Beverley uranium deposit is a palaeochannel hosted uranium deposit, whilst Four Mile appears to be hosted by blanket sands, so the deposits are different in morphology. The host sediments of the two deposits are also a different age. Accordingly, the ISR mining methods may be different in terms of hydrometallurgy requiring minor changes to well patterns and spacing, however we require further studies to determine the final design. Note that at Beverley, the wellfields are custom designed for each section of the orebodies, and we expect Four Mile to need the same level of customisation.

At Four Mile East, it is proposed that First Stage Mining will consist of six well patterns at 20 metre spacings, although the final number of wells and the spacing will be determined by further studies.

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The Concept Evaluation Study identified possible processing options as well as potential synergies arising from the utilisation of the plant and infrastructure at Beverley. What spare capacity is available at Beverley? What adjustments or expansions might be needed to accommodate processing of ISR solution produced at Four Mile?

CEO Steve Johnston

Beverley is licenced to produce 3.3 million pounds (1500 tonnes) of uranium oxide per year. It's my understanding that the plant does not require any major modifications to accommodate processing of the Four Mile solution at our initial start up rate from First Stage Mining of about 1 million pounds (450 tonnes) per annum. As production ramps up, the potential plant modifications may include additional resin columns and drying capacity.

Another reason we're confident the Beverley plant can process the Four Mile solution without major modifications is because preliminary data to date indicate

that the ore is similar and should result in good recovery of U₃O₈ at the plant. Preliminary bench scale metallurgical test work from Four Mile West samples showed recoveries of up to 89%.

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Why are you considering a staged development of Four Mile? What size reserve might be needed to underpin a development of Four Mile?

CEO Steve Johnston

We're confident that by staging the project it will reduce the capital expenditure required to get the project into cash flow.

In relation to ore reserves, the current JORC guideline for ISR deposits, where the Mineral Resource is based primarily on Prompt Fission Neutron (PFN) readings, is that no ore reserve should be quoted until the FSM has indicated a stable recovery rate. We're fortunate that our JV partner Quasar is experienced with this type of deposit, through its affiliation with Heathgate, and that the existing infrastructure at Beverley can be used at relatively modest capital outlay.

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What are the potential obstacles to getting into production?

CEO Steve Johnston

We are not aware of any technical obstacles to date, but we still need to go through statutory approvals at both State and Federal levels to obtain the mining lease and other licences. Quasar and Heathgate are experienced with the approvals process and they'll get it done in the shortest possible timeframe. We are grateful that we have an experienced JV partner as it would be more difficult going through the process by ourselves for the first time.

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Can you outline the terms of your free carried interest in Four Mile joint venture? What's your current funding position?

CEO Steve Johnston

Alliance and Quasar operate under an Exploration JV. Under that agreement, Quasar can make the decision to mine at any time and, as part of the agreement, they will nominate a mine development area. However, the area outside that nominated area is still governed by the Exploration JV and we will be free carried on the remainder of the JV tenements. Quasar will deliver a feasibility study and we are free-carried up to its completion.

Alliance is well funded with about \$27.5 million at the end of March 2008. That will fund us into first stage production.

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Alliance is also developing the Maldon Gold Project in Victoria. What is required to get Maldon into production? What are the major obstacles?

CEO Steve Johnston

The exploration decline commenced in late 2006 and at the end of March 2008 we had advanced 1444 metres, or about 300 metres from our target zone at Alliance South. We anticipate we will reach the target zone around August and will then cross cut 50 metres to the mineralisation. The objective is to mine bulk samples from two different levels from the lode and trial process those through our plant at Porcupine Flat, 3 kilometres away. That will give us a good indication of the grade of the mineralisation.

Maldon, like many Victorian gold deposits, is narrow, but high grade. We've drilled the deposit at Alliance South on 40 metre sections with holes 20 to 40 metres apart, but the only accurate way to measure the grade is by bulk sampling and processing because the gold is nuggety. Statistics indicate that a 30 tonne sample is required to get a representative sample of the mineralisation. We're mining a bulk sample of about 5,000 tonnes over two levels, so that should be enough to obtain a reasonable indication of the grade of the deposit.

The major obstacle in getting Maldon into production is the volume of water being encountered and water disposal. We have mitigated the water issue by improving our practices at the development face because too much water slows down the firing cycle. We've constructed a 170 megalitre dam which is the largest privately owned dam in the district. We have also negotiated a water reuse arrangement with the local community and the Shire, enabling farmers to take the recycled water for stock use and irrigation. The arrangement is working well and is helping the local community, so we're pretty pleased about that.

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There are now many uranium explorers listed on ASX and that number increased significantly with a multitude of IPOs in 2007. How do you differentiate Alliance from other uranium explorers? In summary, how do you expect to create value for shareholders?

CEO Steve Johnston

At the peak of the uranium bull market in April 2007, I think there were over 130 ASX-listed uranium explorers. They are our competitors, but it will be interesting to see what happens to a lot of them as their cash reserves dwindle. I think some have already run low on cash. We are one of the few, genuine emerging uranium producers listed on ASX and we have a substantial cash reserve.

More importantly, Alliance is differentiated from its peers by the Four Mile project, which is emerging as a world class, high grade uranium deposit and our JV partner Quasar is affiliated with Heathgate, the owner and operator of the adjacent Beverley Uranium Mine. At Four Mile we plan a staged development with ISR mining and we expect to be producing 1 million pounds per annum of U₃O₈ at start up in late 2009 with production ramp-up to follow. We have the tremendous advantage of having access to the existing infrastructure at Beverley to process the mining solution from Four Mile. That, along with the staged development, means we will minimise our capital outlay and maximise the cash flow from the project.

The development of the Four Mile project will catapult Alliance from the pool of uranium explorers into a top ten global uranium producer. That will create tremendous value for Alliance shareholders because, once we're in production, we can be rated by the market on our cash flow generation rather than as an explorer. We expect to see a large re-rating at that point underpinned by the quality of the Four Mile project.

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Thank you Steve.

For further information on Alliance please call Steve Johnston on (03) 9697 9090.

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