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By E-Lodgement

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19 May 2008

Dear Sir

SOUTH AUSTRALIAN PREMIER PUTS WEIGHT BEHIND FOUR MILE PROJECT DEVELOPMENT

Highlights

- Quasar-Alliance Joint Venture lodge application for Mining License;
- South Australian Premier announces that South Australia is a step closer to having a new world-class uranium mine

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 (ASX: AGS) is an emerging uranium and gold producer whose core asset is a 25% free carried exploration interest in the Four Mile Uranium Project in South Australia, where its 75% joint venture partner and project manager, 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 lbs) of U₃O₈. Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately east of the Four Mile Project. Alliance is also developing the Maldon Gold Project in Victoria and exploring for copper-gold at the Warrina Project in South Australia and for copper and base metals near Broken Hill in New South Wales.

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SOUTH AUSTRALIAN PREMIER PUTS WEIGHT BEHIND FOUR MILE PROJECT DEVELOPMENT

Alliance Resources Limited ("Alliance") is pleased to announce that Quasar Resources Pty Ltd ("Quasar") has lodged a Mining Lease application over the Four Mile uranium project in South Australia. The application is on behalf of the Quasar-Alliance Joint Venture (JV).

The Alliance Chairman, Mr. John Dunlop said, "This represents a significant milestone for the Four Mile project and the JV."

Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately east of the Four Mile Project.

The South Australian Premier, Mr Mike Rann said yesterday: "South Australia is a step closer to having a new world-class uranium mine"

"I understand the company is seeking to break the record for the time between the discovery of the resource in 2005 and production by having an operating mine by early 2010", Mr. Rann said.

"Although the mine size is not as big as the proposed Olympic Dam expansion, the grade of the uranium is 10 times higher than the uranium found at Olympic Dam, which is good news," Mr. Rann said.

It is very significant that the Premier of South Australia is announcing the Mining lease application and reiterates that the South Australian Government is very supportive of mining developments, including uranium, in South Australia" Mr. Dunlop said.

"The Mining License application is a commitment by the JV that the deposit is intended to be developed. The decision has been taken on the basis of the previously announced Four Mile West resource estimate, and ahead of the release of the Four Mile East initial resource announcement. The ML application is thus being applied for before the full extent of the deposits has been evaluated," Mr Dunlop said.

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News Release

www.premier.sa.gov.au



Premier Mike Rann

Minister for Economic Development

Minister for Social Inclusion

Minister for the Arts

Minister for Sustainability and Climate Change

DALLAS, TEXAS Sunday 18 May 2008

MAJOR NEW URANIUM MINE IN THE PIPELINE

Premier Mike Rann today welcomed news that development of a major new uranium mine in South Australia's north has just come one step closer.

"Yesterday an application for a Mining Lease was lodged to develop a new, potentially world class uranium deposit. The Four Mile deposit is approximately 10 km north west of the existing Beverley uranium mine.

"The application for the Lease was lodged by Quasar, an affiliate of Heathgate Resources, the owner and operator of the Beverley Mine, which is in a joint venture with an Australian company Alliance Resources to develop the Four Mile resource."

Mr Rann was speaking from Dallas after a meeting with Mr Neal Blue head of General Atomics, the owner of Heathgate Resources.

"Since 2000 Heathgate has run a first class operation at its Beverley mine, employing more than 200 people and having proper regard to the environment in which the mine operates.

"Just a couple of weeks ago I visited the Beverley mine and saw the company's minimal environmental impact first hand. The company also has a strong record in the employment of women and indigenous people.

"I am delighted that the 4 Mile deposit, which was discovered just back in 2005, is considered one of the most significant uranium discoveries anywhere in the world in the last 25 years – the biggest find since Olympic Dam.

"I am also pleased to report that our PACE initiative funding played a role in its discovery.

"Although the mine size is not as big as the proposed Olympic Dam expansion, the grade of the uranium is 10 times higher than the uranium found at Olympic Dam which is good news.

"I understand that the new mine would employ around 200 people, and that the company plans to target an indigenous employment in excess of 20 percent under a new Native Title Agreement.

"It would also process the resource at the existing Beverley mine, thereby minimising environmental disturbance, and use the same In Situ Recovery technology as used at Beverley.

"Whilst our overall exploration figures continue to break records, exploration for uranium is really up there. Our mining exploration for 2007 was over \$331 million, second only to WA and ahead of Queensland.

"Nationally, in the latest December quarter, the largest increase in exploration came from the uranium sector (up \$19.6m or 39.2%), with the largest component of this increase occurring in South Australia.

“The development of the Four Mile deposit would not have been possible under the ALP’s ‘no new mines’ policy. This irrational policy restricted the nation to having just three uranium mines.

“The policy effectively said that expansion of an existing mine such as Olympic Dam, (which has about 40 percent of the world’s known uranium) was acceptable, but allowing new smaller mines was not.

“That policy made no sense, and I am delighted to have played a major role in getting rid of it last year.

“I understand the company is seeking to break the record for the time between discovery of the resource in 2005 and production, by having an operating mine by early 2010.

“The State Government will work hard to help the company achieve this aim, provided we can be assured in that time that the mine will operate at world’s best practice,” Mr Rann said.

For further information contact Jill Bottrall on 0488 535 733
