

15 July 2008

ASX Code: **AGS**

FOUR MILE URANIUM PROJECT HIGH GRADE DRILLING INTERCEPTS - MAY 2008

- **Significant uranium intercepts (GT>0.5m%U₃O₈) from Four Mile East (FME), include:**

4.2m @ 0.36% pU₃O₈ (AK798)

1.5m @ 0.70% pU₃O₈ (AK803)

2.2m @ 0.43% pU₃O₈ (AK798)

1.6m @ 0.41% pU₃O₈ (AK832)

3.9m @ 0.14% pU₃O₈ (AK830)

(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).

- **Drilling continuing at FME ahead of the initial mineral resource estimate.**

DETAILS OF ANNOUNCEMENT

The Directors of Alliance Resources Limited ("Alliance") announced today an exploration update and preliminary drilling results for May 2008, provided by joint venture partner and operator Quasar Resources Pty Ltd ("Quasar") at the Four Mile Uranium Project in South Australia (Figure 1).

A total of 85 holes for 18,512 metres were drilled within the Four Mile Project during the period. Significant drilling results are shown in Table 1 and a plan of drill collars is given in Figure 2.

Drilling continued at FME to delineate mineralisation across the prospect with the majority of holes being drilled in the southern and northeastern areas of FME. In total, 11 diamond core holes were completed for 2,561 metres and 74 rotary mud holes were completed for 15,951 metres.

Detailed interpretation of the area outside the First Stage Mining area is continuing. Eleven sections spaced 100 metres apart and covering a one kilometre strike length are being interpreted over FME to define better the relationships between lithology and uranium mineralisation.

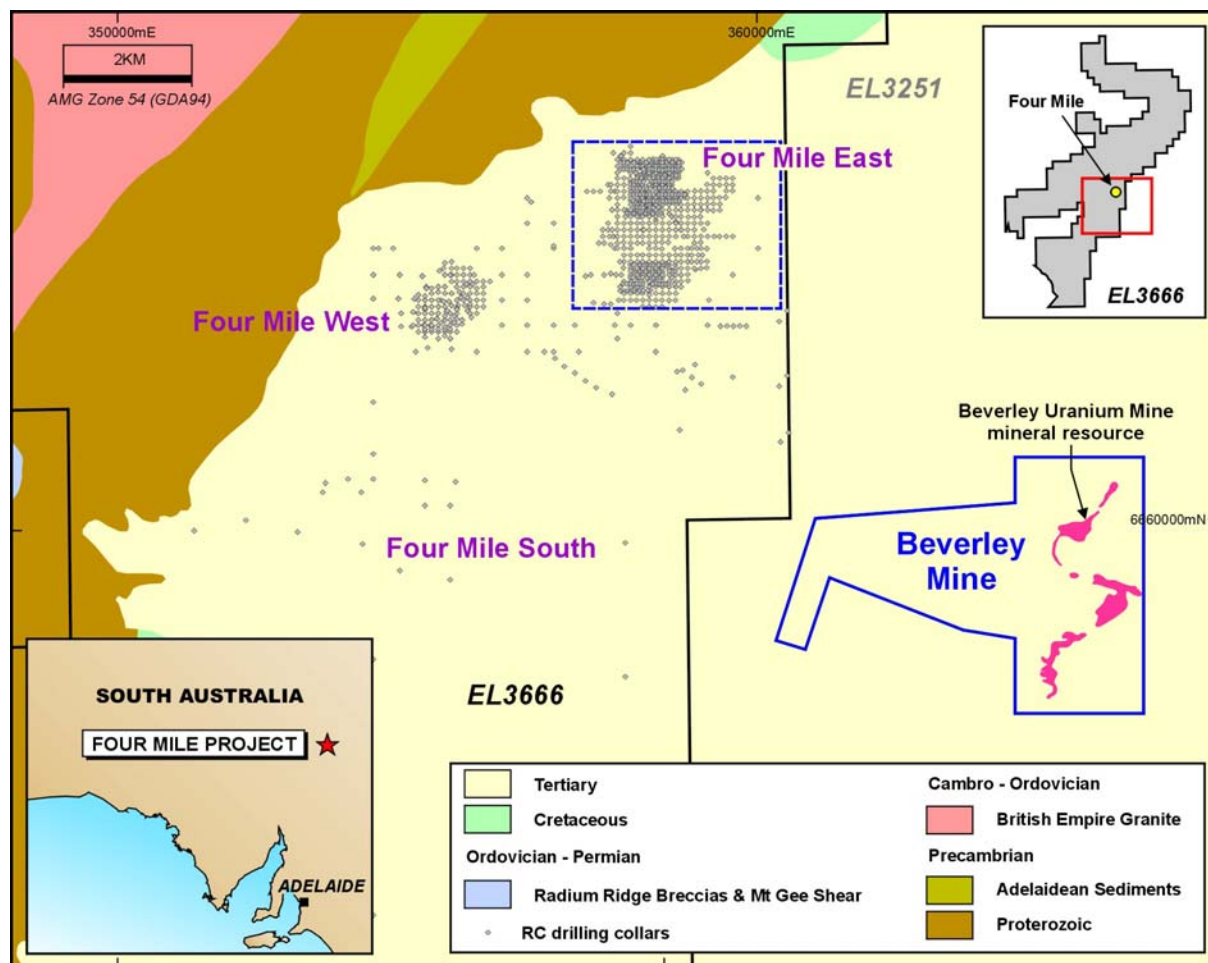


Figure 1: Four Mile Uranium Project

Four Mile East

Rotary Mud Drilling

During the period, drilling targeted the southern and northeastern parts of FME for extensions to high-grade mineralisation. Drilling continues on spacings of 50 metres and 100 metres with the aim of defining a mineral resource in the September Quarter. The results reported in Table 1 are mainly from the Prompt Fission Neutron (PFN) tool. Down-hole gamma-ray log geophysical data collected during the month are still being processed.

A zone of high-grade mineralisation has been intersected in the northeastern area of the deposit, indicating the potential for further mineralisation in this direction. The depth to mineralisation and basement increases to the east.

Diamond Core Drilling

Coring of mineralised sequences continued with seven soft sediment diamond core holes completed at FME during the month. The location of these holes across the prospect was designed to increase the coring and geochemical analyses coverage to assist in the

validation of PFN data. Drill core samples are being submitted for geochemical assay and palynological studies with results pending.

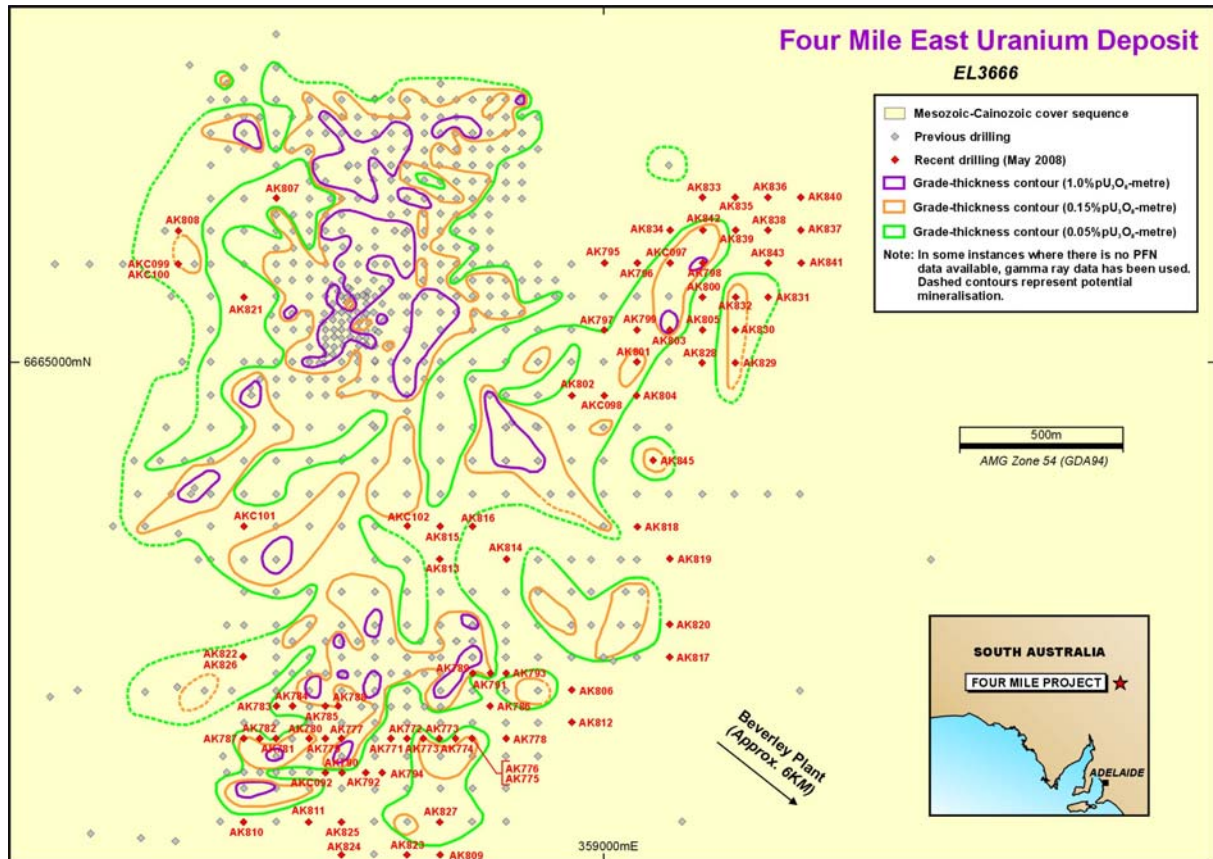


Figure 2: Four Mile East Uranium Deposit

Four Mile West

No drilling was carried out at Four Mile West during the period. Three sections of diamond core holes are currently being planned.

About Alliance Resources

Alliance Resources Limited is an emerging uranium and gold producer. Alliance has a 25% free carried interest in the Four Mile uranium discovery in South Australia. Its 75% joint venture partner and operator, Quasar Resources Pty Ltd, is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately east of Four Mile. Alliance is also developing the Maldon Gold Project in Victoria and exploring for copper-gold near Coober Pedy in South Australia and for copper and base metals near Broken Hill in New South Wales.

Further information relating to the Company and its various exploration projects can be found on the Company's website at www.allianceresources.com.au

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Table 1: Four Mile East Uranium Deposit Summary Drilling Data

Notes: These figures are provisional and may be subject to revision by calibration correction factors. Cut-off grade: 0.05 %U3O8. Minimum width: 0.5m. Maximum internal dilution: 1.0m. GT= grade x thickness. GT>0.5m%pU₃O₈ highlighted. Not shown are holes with no Gamma or PFN intercepts to report due to data still being processed, no PFN being run, or grade being below cutoff for both the gamma and the PFN logs.

Hole Details		Gamma					PFN				
Hole ID	T_Depth	From	To	Interval	eU3O8(%)	GT-eU3O8	From	To	Interval	pU3O8(%)	GT-PFN
AK773	206	Grade below cutoff					181.6	182.2	0.6	0.136	0.08
AK773	206						190.5	191.1	0.6	0.172	0.10
AK775	202	187.0	187.7	0.7	0.070	0.05	Grade below cutoff				
AK776	204						179.8	180.5	0.7	0.146	0.10
AK776	204	188.0	190.5	2.5	0.092	0.23	188.0	190.5	2.5	0.075	0.19
AK777	208	180.0	180.8	0.8	0.093	0.07	Grade below cutoff				
AK780	198	179.1	181.3	2.2	0.166	0.36	179.1	180.4	1.3	0.306	0.40
AK782	198	174.6	175.5	0.9	0.186	0.17	174.8	175.3	0.5	0.210	0.11
AK783	204	Data being processed					179.2	179.9	0.7	0.143	0.10
AK784	204.1	180.1	181.9	1.8	0.086	0.16	180.1	180.6	0.5	0.168	0.08
AK785	203	183.6	184.3	0.7	0.088	0.06	183.7	184.2	0.5	0.103	0.05
AK787	200	174.6	175.2	0.6	0.144	0.09	174.5	175.3	0.8	0.280	0.22
AK788	204	181.9	183.2	1.3	0.118	0.15	182.0	184.5	2.5	0.090	0.23
AK791	210	194.5	196.7	2.2	0.185	0.41	194.6	196.8	2.2	0.220	0.49
AK798	210	209.0	213.7	4.7	0.402	1.90	209.1	213.3	4.2	0.358	1.50
AK798	210	215.7	217.2	1.5	0.320	0.48	215.6	217.8	2.2	0.427	0.94
AK800	210	224.3	224.8	0.5	0.054	0.03	Grade below cutoff				
AK803	210	Data being processed					213.4	213.9	0.5	0.196	0.10
AK803	210	Data being processed					223.3	224.8	1.5	0.698	1.05
AK806	210	Neutron stuck in hole, no log recovered									
AK808	210	181.0	181.9	0.9	0.111	0.10	Grade below cutoff				
AK822	210	190.2	192.4	2.3	0.107	0.24	191.5	192.6	1.1	0.185	0.20
AK825	210	Data being processed					176.4	177.3	0.9	0.116	0.10
AK826	210	178.9	179.7	0.8	0.224	0.18	178.9	179.4	0.5	0.407	0.20
AK829	224	Data being processed					216.6	218.0	1.4	0.148	0.21
AK830	234	Data being processed					225.4	227.4	2.0	0.209	0.42
AK830	234	Data being processed					229.7	233.6	3.9	0.140	0.55
AK831	250	Data being processed					216.8	217.4	0.6	0.122	0.07
AK832	234.39	Data being processed					217.2	218.8	1.6	0.405	0.65
AK833	160	Requires redrill									
AK839	246	217.0	217.5	0.5	0.067	0.04	Grade below cutoff				
AK841	240	Data being processed					217.4	218.0	0.6	0.065	0.04
AK842	240	Data being processed					211.5	213.1	1.6	0.165	0.27
AK842	240	Data being processed					215.0	215.6	0.6	0.068	0.04
AK842	240	Data being processed					216.2	218.9	2.7	0.079	0.21
AK845	240	199.6	201.5	1.9	0.088	0.17	199.5	201.4	1.9	0.118	0.23
AKC097	250.8	206.6	208.1	1.5	0.070	0.10	205.7	208.1	2.4	0.078	0.19
AKC097	250.8	213.0	213.9	0.9	0.060	0.05					
AKC097	250.8						217.1	217.6	0.5	0.163	0.08
AKC099	140	Required redrill, redrilled as AKC100									
AKC100	224	178.2	178.8	0.6	0.200	0.12	Grade below cutoff				

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 and 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.