

23 July 2008

ASX Code: **AGS**

<p style="text-align: center;">FOUR MILE URANIUM PROJECT DRILLING CONTINUES AT FOUR MILE EAST AND RECOMMENCES AT FOUR MILE WEST</p>

- **Drilling recommenced at Four Mile West (FMW) with the following significant uranium intercept (GT>0.5m%U₃O₈):**

8.7m @ 0.89% pU₃O₈ (AKC116)

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

1.7m @ 1.84% pU₃O₈ (AK860)

2.6m @ 0.30% pU₃O₈ (AK852)

4.2m @ 0.20% pU₃O₈ (AK856)

3.7m @ 0.52% pU₃O₈ (AKC106)

(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).

- **Seven drilling rigs are operating between FME and FMW.**

DETAILS OF ANNOUNCEMENT

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

Drilling continues at FME and recommenced at FMW with five rotary mud rigs and two diamond core rigs in operation.

A total of 63 holes for 13,570 metres were drilled within the Four Mile Project during the period including 14 diamond core holes for 3,045 metres and 49 rotary mud holes for 10,525 metres. Significant drilling results are shown in Table 1 and a plan of drill collars is given in Figures 2 and 3. Note: water bores have not been included.

The preliminary interpretation of the area outside the First Stage Mining (FSM) area at FME has been completed. Drill hole data from 11 sections spaced 100 metres apart, covering a one kilometre strike length have been interpreted and tied in with the previously interpreted sections from the FSM area. This process will assist with understanding the lithological controls on uranium mineralisation for the purpose of estimating the FME mineral resource.

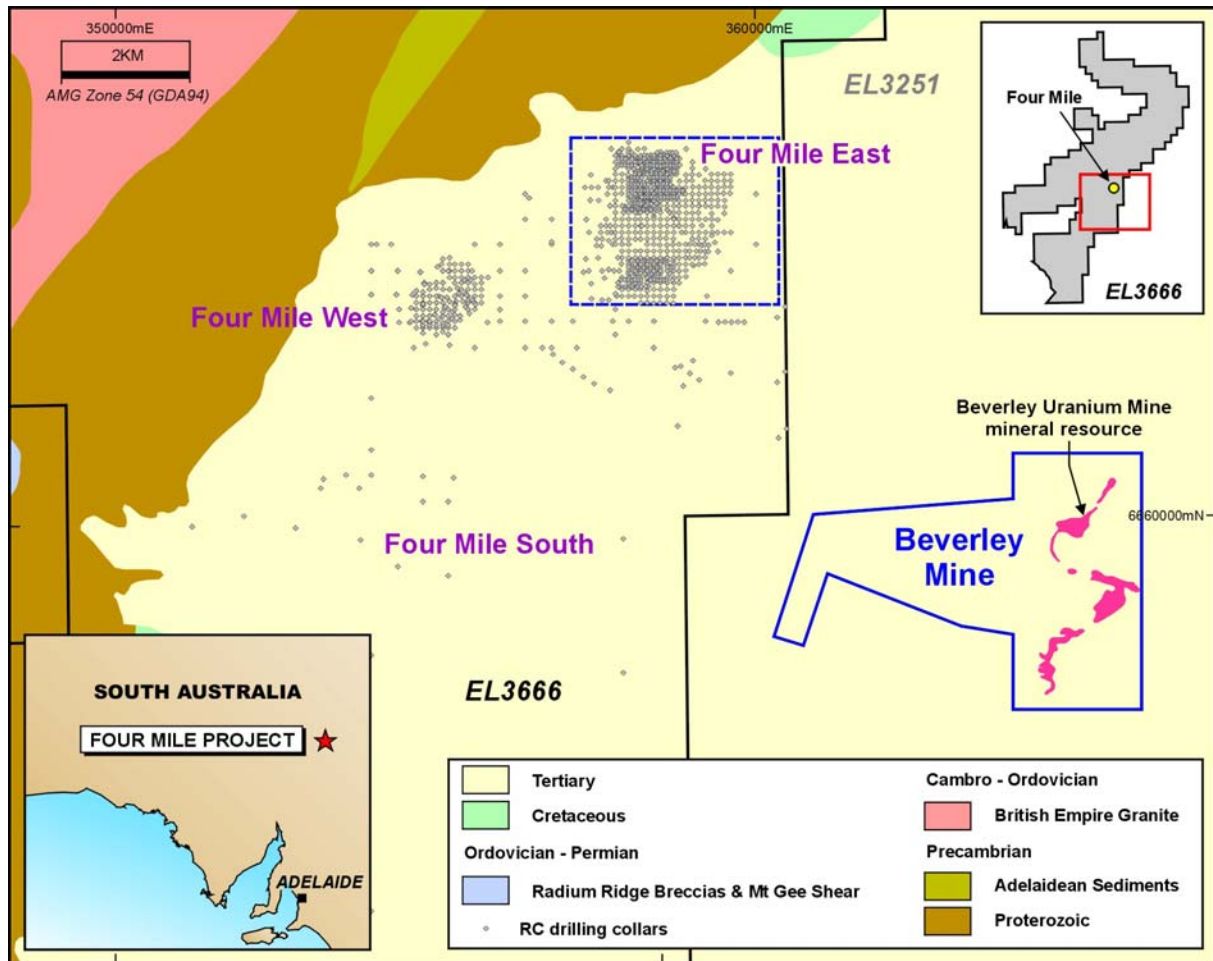


Figure 1: Four Mile Uranium Project

Four Mile East

Rotary Mud Drilling

The majority of holes targeted the northern and eastern areas of FME, along with a limited number on the western side on high points within the Four Mile Creek floodplain. Drill holes were typically completed on 50 metre and 100 metre spacings, except for those drilled in the Four Mile Creek floodplain that were drilled at predetermined locations (Figure 2).

Mineralisation in the eastern area of FME has in part been closed off by the 100 metre spaced drilling. This however does not preclude the potential for further isolated pods or zones of mineralisation to the east of the current drill extents. The drilling to date has shown that the depth to both mineralisation and basement increases to the east. Mineralisation is still open to the north.

Two out of 10 holes completed to date within Four Mile Creek floodplain intersected uranium grades above cut-off.

Diamond Core Drilling

Ten diamond core holes were completed at FME during June, including two within Four Mile Creek floodplain. These holes were sited across the deposit to increase the understanding of lithological control.

The sieve analyses data from the FME core holes are being used to calculate permeability profiles for the deposit. The results from this work are pending.

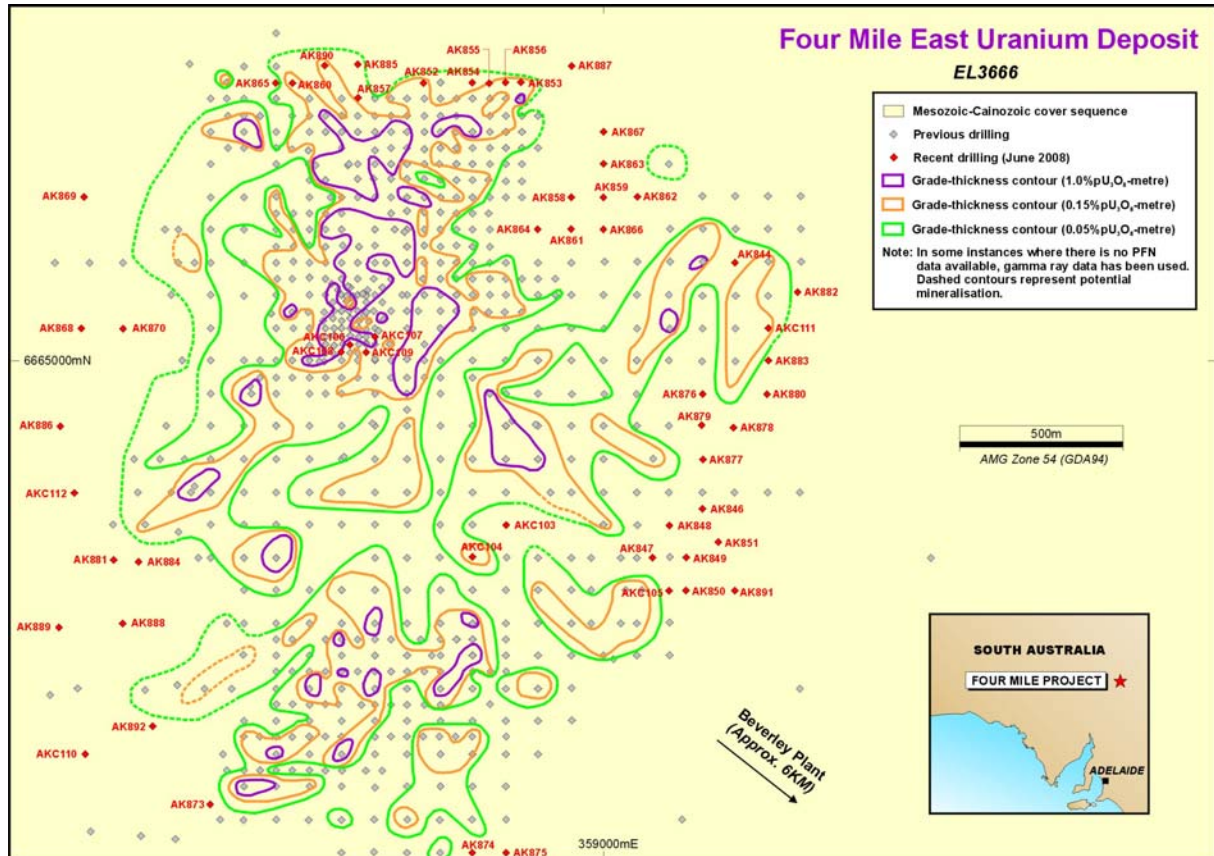


Figure 2: Four Mile East Uranium Deposit

The 100 metre spaced northern geological sections at FME are being incorporated into the First Stage Mining area mineral resource estimation.

Four Mile West

Drilling has recommenced at FMW. Three oblique traverses of diamond core drilling are planned across the high grade “nose” for the purpose of resource grade validation, detailed geological/lithological logging and geochemical sampling. Four holes have been completed to date; hole AKC116 intersecting 8.7m @ 0.893% pU₃O₈ (Figure 3). All results support the previous rotary mud drilling in the area.

Four Mile Central

A rotary mud drilling program has commenced in the area between FME and FMW. This drilling will target mineralisation beneath the silcrete layer that prevented many of the previous holes in this area from reaching target depth. Results are pending.

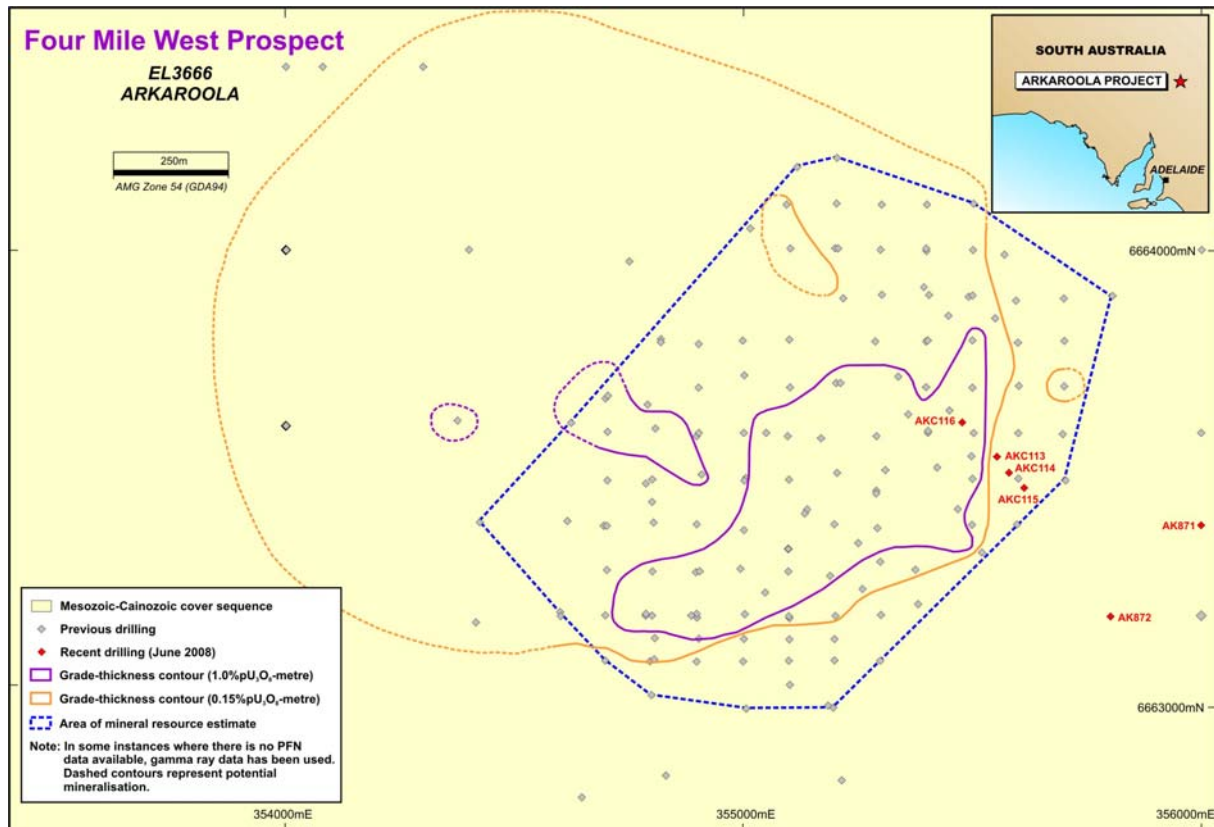


Figure 3: Four Mile West Uranium Deposit

Four Mile South

Twelve holes have been planned at Four Mile South to follow-up on previous significant uranium results. This program will follow on from the Four Mile Central drilling.

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 validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource. Cut-off grade: 0.05 %U₃O₈. Minimum width: 0.5m. Maximum internal dilution: 1.0m. GT= grade x thickness. GT>0.5m%pU₃O₈ are 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
AK844	234.0	214.0	214.6	0.7	0.083	0.06					
AK844	234.0	216.1	216.7	0.6	0.153	0.10	216.1	216.8	0.7	0.199	0.14
AK852	199.0	154.2	156.7	2.5	0.168	0.42	154.2	156.8	2.6	0.301	0.78
AK853	224.0	179.6	180.3	0.7	0.117	0.08	179.7	180.4	0.7	0.178	0.13
AK853	224.0	192.1	193.9	1.8	0.192	0.35	192.1	194.0	1.9	0.208	0.40
AK855	144.0						Hole Abandoned				
AK856	218.0	176.6	181.4	4.8	0.157	0.75	176.9	181.1	4.2	0.202	0.85
AK856	218.0	186.4	188.7	2.3	0.108	0.25	186.4	188.6	2.2	0.189	0.42
AK857	40.0						Hole Abandoned				
AK860	240.0	168.9	170.8	1.9	1.222	2.29	169.0	170.7	1.7	1.841	3.13
AK868	198.0			Grade below cutoff			141.1	141.9	0.8	0.071	0.06
AK868	198.0			Grade below cutoff			175.8	176.3	0.5	0.094	0.05
AK870	210.0						Requires Redrill				
AK882	144.0						Hole Abandoned				
AK885	186.0	152.7	153.3	0.6	0.102	0.06	152.7	153.4	0.7	0.186	0.13
AK887	194.0						Requires Redrill				
AK888	192.0			Grade below cutoff			169.8	170.3	0.5	0.179	0.09
AK890	198.0	146.8	149.1	2.3	0.089	0.21	Grade below cutoff				
AKC104	222.6	187.0	188.0	1.0	0.114	0.12	187.1	188.3	1.2	0.149	0.18
AKC106	221.7	197.8	198.5	0.7	0.122	0.09					
AKC106	221.7	200.1	205.5	5.4	0.326	1.75	200.5	204.2	3.7	0.519	1.92
AKC107	237.4	209.2	209.7	0.5	0.066	0.03	Grade below cutoff				
AKC109	240.6	207.6	208.2	0.5	0.176	0.10	207.7	208.3	0.6	0.236	0.14
AKC110	197.4										
AKC111	257.0	217.3	219.1	1.8	0.160	0.29	217.4	219.2	1.8	0.209	0.38
AKC113	206.0	156.8	158.2	1.4	0.061	0.08	156.9	158.4	1.5	0.078	0.12
AKC116	205.4	157.5	166.4	8.9	0.978	8.70	157.7	166.4	8.7	0.893	7.77

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.