

10 September 2008

ASX Code: **AGS**

## FOUR MILE URANIUM PROJECT HIGH GRADE DRILLING INTERCEPTS – JULY 2008

Alliance Resources is an emerging *in situ* recovery (ISR) uranium producer through its joint venture with Quasar Resources in the advanced Four Mile Uranium Project, 8 km from the operating Beverley Uranium Mine in South Australia. Four Mile West already has an Inferred Resource of 32 Mlb U<sub>3</sub>O<sub>8</sub>.

### URANIUM (FOUR MILE JOINT VENTURE, Quasar Resources 75%, Alliance 25%)

- The mineral resource estimate for Four Mile East (FME) is scheduled for completion during October 2008.
- Drilling at FME is complete for now with the current focus of drilling activity at Four Mile West (FMW).
- Significant uranium intercepts (GT>0.5m%U<sub>3</sub>O<sub>8</sub>) from FMW, include:

**3.4m @ 0.19% pU<sub>3</sub>O<sub>8</sub> (AK922)**  
**1.1m @ 0.88% pU<sub>3</sub>O<sub>8</sub> (AK928)**  
**2.8m @ 0.66% pU<sub>3</sub>O<sub>8</sub> (AKC117)**  
**4.7m @ 0.14% pU<sub>3</sub>O<sub>8</sub> (AKC124)**  
**1.7m @ 0.56% pU<sub>3</sub>O<sub>8</sub> (AKC125)**  
**2.5m @ 0.52% pU<sub>3</sub>O<sub>8</sub> (AKC126)**  
**2.6m @ 0.74% pU<sub>3</sub>O<sub>8</sub> (AKC127)**  
**4.7m @ 0.49% pU<sub>3</sub>O<sub>8</sub> (AKC128)**  
**2.0m @ 0.48% pU<sub>3</sub>O<sub>8</sub> (AKC128)**  
**9.1m @ 0.65% pU<sub>3</sub>O<sub>8</sub> (AKC129)**  
**8.0m @ 0.15% pU<sub>3</sub>O<sub>8</sub> (AKC130)**  
**5.4m @ 0.31% pU<sub>3</sub>O<sub>8</sub> (AKC133)**  
**7.5m @ 0.52% pU<sub>3</sub>O<sub>8</sub> (AKC137)**  
**2.5m @ 0.53% pU<sub>3</sub>O<sub>8</sub> (AKC138)**  
**2.5m @ 0.42% pU<sub>3</sub>O<sub>8</sub> (AKC138)**  
**1.0m @ 0.57% pU<sub>3</sub>O<sub>8</sub> (AKC140)**  
**0.9m @ 1.15% pU<sub>3</sub>O<sub>8</sub> (AKC141)**

GT = grade x thickness (m%U<sub>3</sub>O<sub>8</sub>). pU<sub>3</sub>O<sub>8</sub> refers to the U<sub>3</sub>O<sub>8</sub> grade as estimated from PFN logging. pU<sub>3</sub>O<sub>8</sub> reported here as exploration results, may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource.

- All analytical results, acid leach and alkali leach test work from FME were completed during the month with a draft report pending.
- Sterilisation drilling is planned to assist in identifying a suitable ion exchange plant location site at FME.

## FOUR MILE JOINT VENTURE (URANIUM) (Quasar Resources 75%, Alliance 25%)

The Four Mile Joint Venture is located 550 km north of Adelaide in South Australia. Alliance has a 25% free carried interest in the joint venture during the exploration phase. Its 75% joint venture partner and project manager, Quasar Resources Pty Ltd (“Quasar”), is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley uranium mine, located 8 km southeast of the Four Mile uranium discovery (Figure 1).

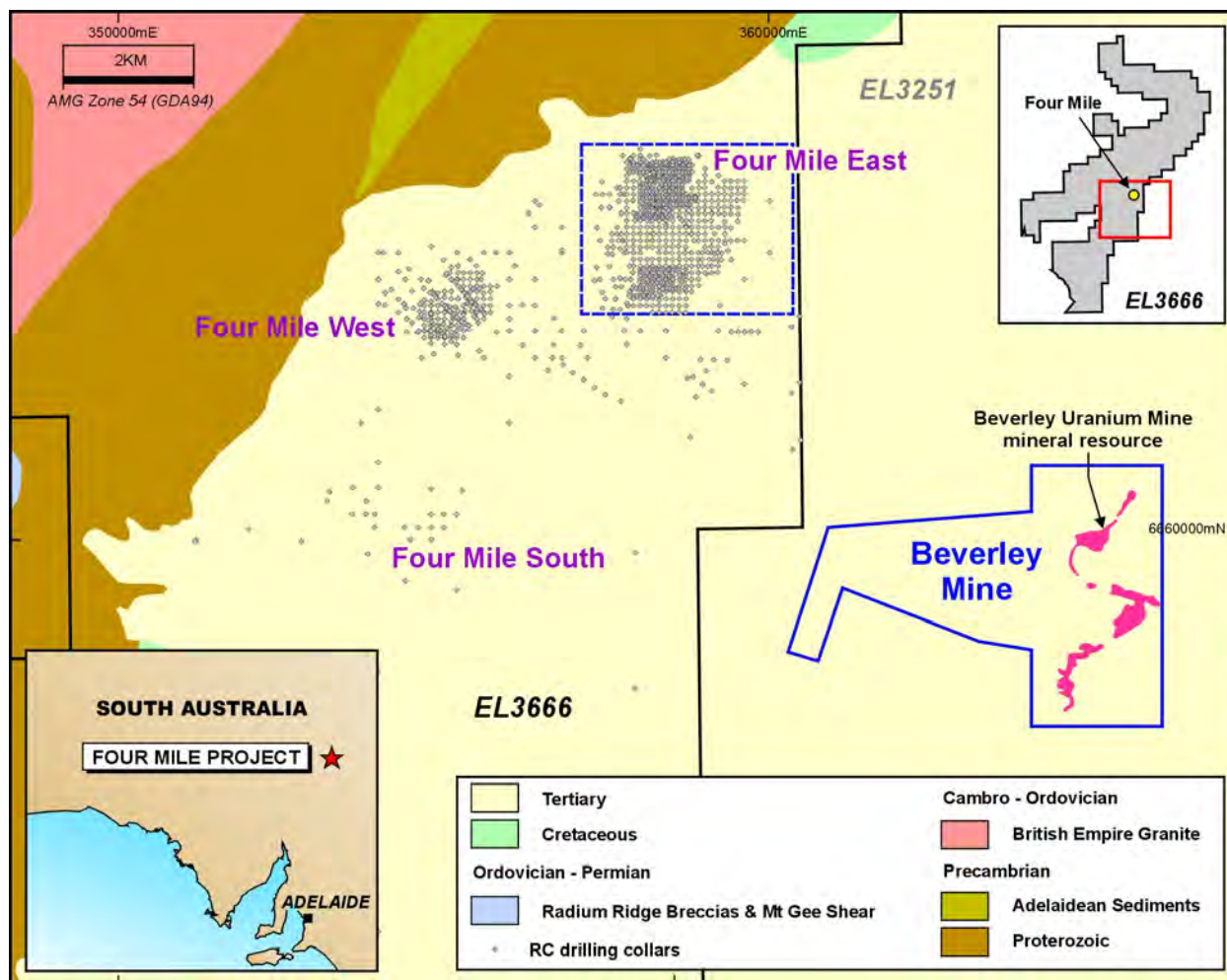


Figure 1: Four Mile Uranium Project

## EXPLORATION

A total of 76 holes for 14,219 metres were drilled at Four Mile during July 2008 including 31 diamond core holes for 6,214 metres. Forty-five rotary mud holes were completed for 8,005 metres. Drill collar and grade information are shown in Table 1 while a plan of drill collars is presented in Figures 2, 3 and 4.

One diamond drill rig remained on site at the end of July.

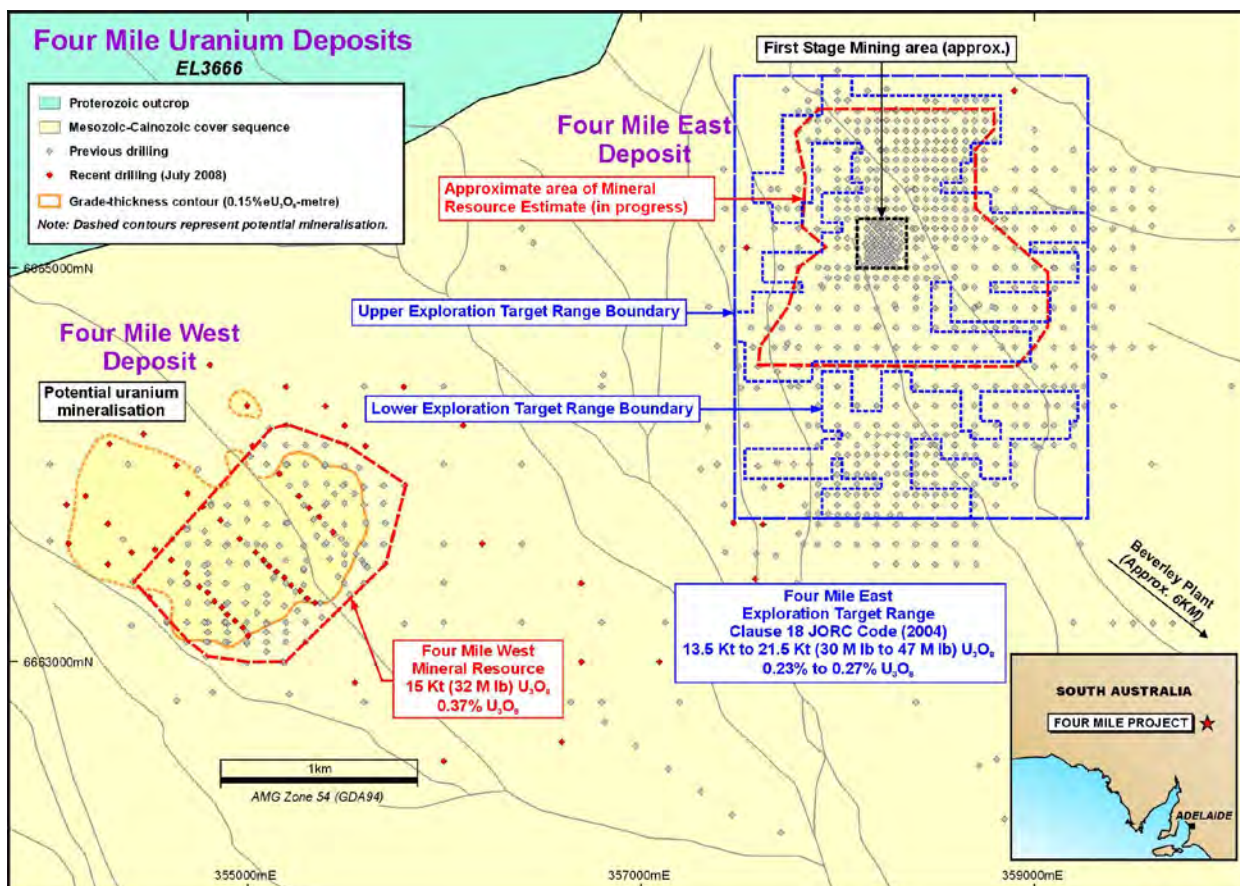


Figure 2: Four Mile East and Four Mile West Uranium Deposits

## Four Mile East

The current programme of FME exploration drilling was completed during the month.

A “first-pass” lithological interpretation has been completed for the northern area of the FME deposit. Six correlated lithological boundaries have been interpreted and will be used to constrain mineralisation as part of a resource calculation for the first stage mining area. The remaining drill sections in the central and southern parts of the deposit are currently being interpreted.

The resource calculation for FME is scheduled for completion during October 2008.

A comparison of grades between PFN data with XRF core analysis has commenced.

Sterilisation drilling is planned to assist in identifying a suitable ion exchange plant location site.

Mineralisation in the eastern area of the deposit has been partially closed off by the 100 metre spaced drilling. This however does not preclude the potential for further zones of mineralisation to exist east of the current drilling locations. 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.

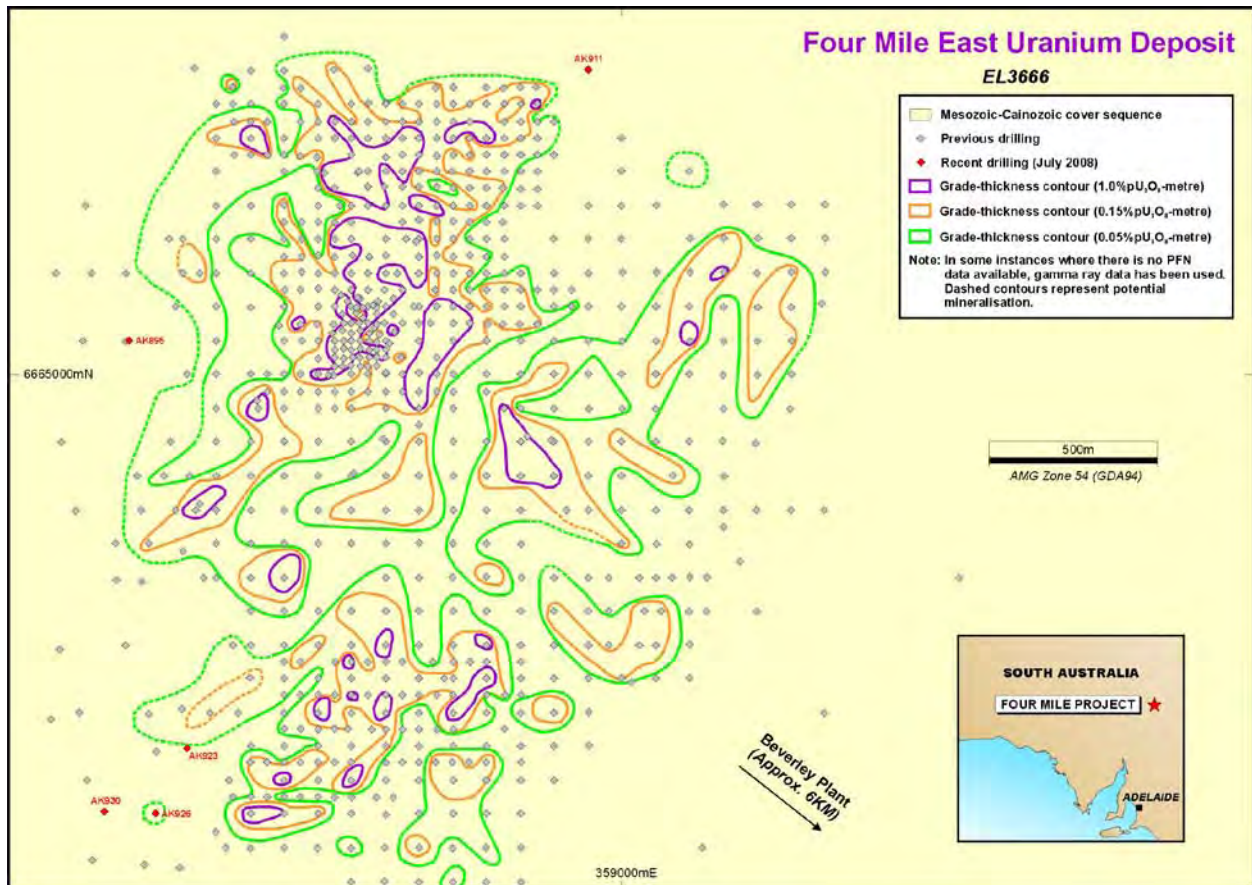


Figure 3: Four Mile East Uranium Deposit

## Four Mile West

The focus of drilling activity moved to FMW during the month to define further the grade and limits to mineralisation in this area. Two diamond core rigs completed three oblique drill traverses across the high grade “nose” of the deposit. This drilling returned some excellent results including 9.1m @ 0.65% pU<sub>3</sub>O<sub>8</sub> and 7.5m @ 0.52% pU<sub>3</sub>O<sub>8</sub>.

The drill core will also be sampled for metallurgical test work, check geochemical assays against the PFN values and selected samples will be submitted for palynology.

Two rotary mud rigs completed 18 mud holes in the northern and western areas of the deposit. Most of these holes returned significant uranium intersections (GT>0.2m% pU<sub>3</sub>O<sub>8</sub>), with mineralisation becoming shallower towards the Flinders Ranges. Follow-up drilling has been planned to test for extensions to mineralisation, particularly to the north and northeast.

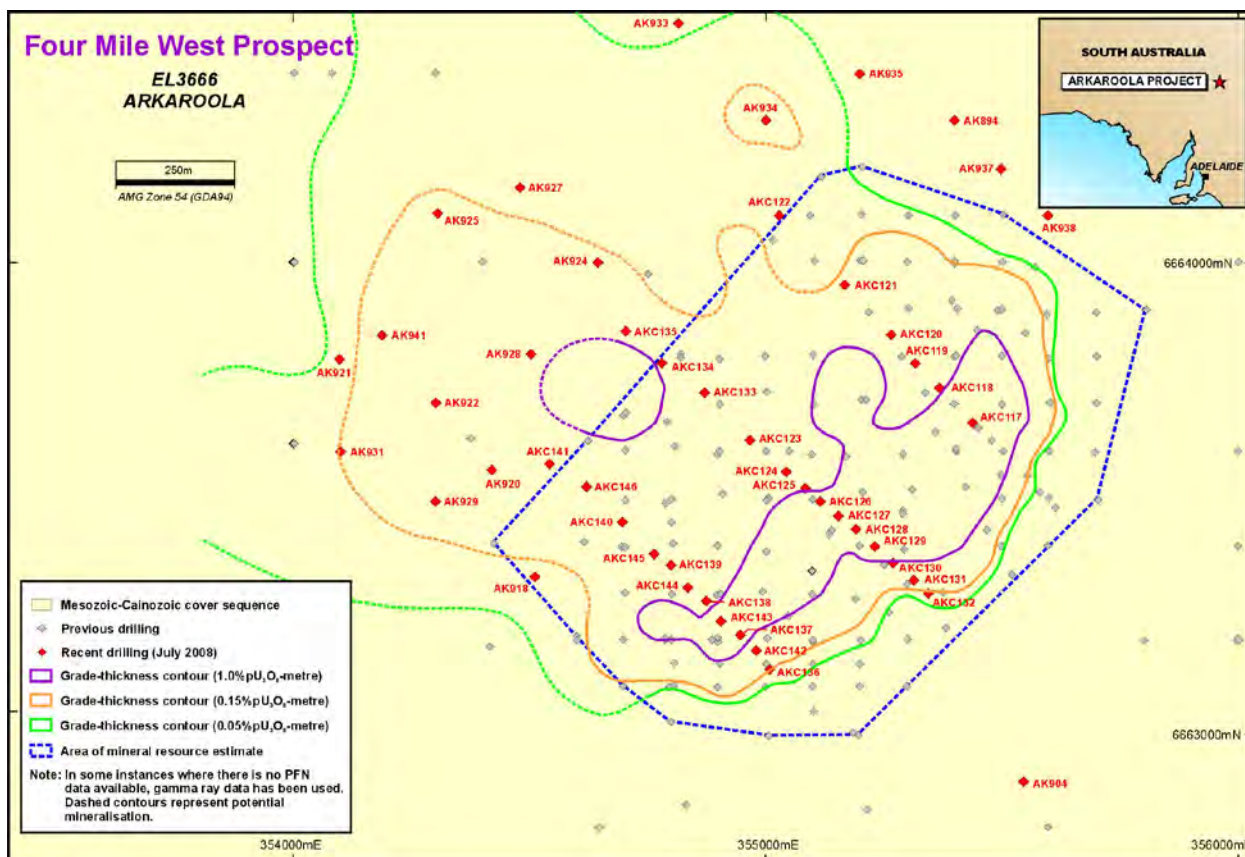


Figure 4: Four Mile West Uranium Deposit

## Four Mile South

Fourteen holes were drilled in the Four Mile South area to follow-up on previous ore grade uranium results. The best intercept returned 0.6m @ 0.06% eU<sub>3</sub>O<sub>8</sub> (gamma only) and no additional follow-up drilling is planned.

## Four Mile Creek Floodplain

Six holes were completed in the Four Mile Creek floodplain during early July, the best result returning 0.7m @ 0.19% pU<sub>3</sub>O<sub>8</sub>. The majority of holes did not intersect significant mineralisation. The drilling to date indicates that mineralisation between FME and FMW is not continuous at the scale of these two deposits and is likely to occur, at best, as narrow channels or discrete pods.

## OTHER WORK

### Metallurgy

All analytical results, acid leach and alkali leach test work from FME were completed during the month and a draft report is pending.

No further test work is anticipated or scheduled for the FME Deposit.

# ASX ANNOUNCEMENT

**Table 1: Four Mile Uranium Project Summary Drilling Data (July 2008)**

Thickness and grade results for holes drilled in July 2008. Drill holes with neither PFN nor Gamma Log grades above the cut off grade of 0.05% U<sub>3</sub>O<sub>8</sub> are not reported. GT>0.5m%pU<sub>3</sub>O<sub>8</sub> are highlighted. These figures are provisional and may be subject to revision by calibration factor and data validation. NOTE: The table does not include drill hole collar coordinates. Refer to figures for drill hole locations.

Hole Details		Gamma					PFN					Deposit
Hole_ID	T_Depth	From	To	Interval	eU3O8(%)	GT	From	To	Interval	pU3O8(%)	GT	
AK897	209.0	199.5	200.4	0.9	0.056	0.05	Grade below cutoff					FMW
AK918	188.0	138.4	139.2	0.8	0.200	0.16	138.5	139.1	0.6	0.246	0.15	FMW
AK918	188.0	151.5	152.1	0.5	0.118	0.06	151.5	152.0	0.5	0.141	0.07	FMW
AK919	186.0	87.4	90.6	3.2	0.192	0.61	88.5	89.9	1.4	0.221	0.31	FMS
AK919	186.0	94.5	95.4	1.0	0.187	0.19	94.7	95.3	0.6	0.225	0.14	FMS
AK919	186.0	116.3	117.5	1.2	0.362	0.44	116.6	117.4	0.8	0.513	0.41	FMS
AK920	178.0	138.3	139.5	1.2	0.379	0.44	138.5	139.3	0.8	0.438	0.35	FMW
AK920	178.0	150.8	151.7	0.9	0.152	0.14	151.0	151.5	0.5	0.246	0.12	FMW
AK922	180.0	84.9	85.8	1.0	0.107	0.10						FMW
AK922	180.0	89.8	92.6	2.8	0.333	0.93	90.7	91.8	1.1	0.287	0.32	FMW
AK922	180.0	103.9	112.4	8.6	0.198	1.69	109.0	112.4	3.4	0.186	0.63	FMW
AK924	198.0	137.0	137.9	0.9	0.274	0.25	137.2	137.8	0.6	0.348	0.21	FMW
AK924	198.0	160.3	160.9	0.6	0.114	0.07	160.4	160.9	0.5	0.145	0.07	FMW
AK925	204.0	106.5	107.5	1.0	0.277	0.28	106.7	107.4	0.7	0.324	0.23	FMW
AK925	204.0	130.4	131.1	0.7	0.131	0.09						FMW
AK926	222.0	165.8	166.6	0.8	0.117	0.09	165.8	166.5	0.7	0.186	0.13	FME
AK927	200.0	116.5	117.4	0.9	0.216	0.18	116.7	117.3	0.6	0.217	0.13	FMW
AK927	200.0	116.5	117.4	0.9	0.220	0.18	140.2	140.7	0.5	0.125	0.06	FMW
AK928	186.0	121.0	122.1	1.1	0.295	0.34	121.2	121.8	0.6	0.406	0.24	FMW
AK928	186.0	143.9	145.5	1.6	0.512	0.81	144.2	145.3	1.1	0.881	0.97	FMW
AK929	214.0	88.1	89.8	1.7	0.192	0.33	89.0	89.7	0.7	0.312	0.22	FMW
AK929	214.0	102.2	104.0	1.8	0.085	0.15	102.0	104.1	2.1	0.099	0.21	FMW
AK931	204.0	83.8	84.9	1.1	0.134	0.15	84.3	84.8	0.5	0.202	0.10	FMW
AK931	204.0	87.5	88.5	1.0	0.281	0.27	87.8	88.4	0.6	0.362	0.22	FMW
AK931	204.0						106.5	107.3	0.8	0.084	0.07	FMW
AK934	200.0	147.4	150.4	2.9	0.081	0.24	148.0	150.5	2.5	0.107	0.27	FMW
AK934	200.0						157.5	159.4	1.9	0.057	0.11	FMW
AK941	180.0	90.4	91.6	1.1	0.099	0.11	90.6	91.3	0.7	0.102	0.07	FMW
AK941	180.0	99.1	100.0	0.9	0.215	0.19	99.3	99.9	0.6	0.225	0.14	FMW
AK941	180.0	121.2	122.5	1.2	0.390	0.48	121.5	122.4	0.9	0.465	0.42	FMW
AKC117	223.7	161.3	168.6	7.3	0.291	2.13	161.3	164.1	2.8	0.662	1.85	FMW
AKC118	228.4	164.4	166.0	1.7	0.260	0.43	164.6	165.7	1.1	0.373	0.41	FMW
AKC118	228.4	175.9	178.6	2.7	0.154	0.42	176.4	178.5	2.1	0.186	0.39	FMW
AKC119	213.4	162.1	163.8	1.7	0.207	0.35	162.8	163.6	0.8	0.354	0.28	FMW
AKC119	213.4	173.5	176.5	3.0	0.130	0.39	174.2	176.5	2.3	0.149	0.34	FMW
AKC120	207.9	159.1	160.7	1.6	0.269	0.43	159.5	160.8	1.3	0.335	0.44	FMW
AKC121	212.0	156.8	157.5	0.7	0.158	0.10	157.0	157.5	0.5	0.159	0.08	FMW
AKC124	212.0	150.6	153.0	2.4	0.221	0.53	151.0	152.3	1.3	0.317	0.41	FMW
AKC124	212.0	159.0	164.3	5.3	0.121	0.64	159.6	164.3	4.7	0.136	0.64	FMW
AKC125	207.4	152.3	155.0	2.6	0.508	1.33	152.4	154.1	1.7	0.555	0.94	FMW
AKC125	207.4	159.5	161.9	2.4	0.141	0.35	159.8	161.8	2.0	0.152	0.31	FMW
AKC126	201.4	152.1	157.7	5.6	0.286	1.61	153.3	155.8	2.5	0.516	1.29	FMW
AKC126	201.4	159.2	161.9	2.7	0.191	0.51	160.0	162.0	2.0	0.225	0.45	FMW

**Table 1: Four Mile Uranium Project Summary Drilling Data (July 2008), continued**

Thickness and grade results for holes drilled in July 2008. Drill holes with neither PFN nor Gamma Log grades above the cut off grade of 0.05% U3O8 are not reported. GT>0.5m%pU<sub>3</sub>O<sub>8</sub> are highlighted. These figures are provisional and may be subject to revision by calibration factor and data validation. NOTE: The table does not include drill hole collar coordinates. Refer to figures for drill hole locations.

Hole Details		Gamma					PFN					Deposit
Hole_ID	T_Depth	From	To	Interval	eU3O8(%)	GT	From	To	Interval	pU3O8(%)	GT	
AKC127	225.4	23.7	24.4	0.7	0.102	0.08	No PFN at this interval					FMW
AKC127	225.4	153.1	161.9	8.9	0.321	2.84	153.2	155.8	2.6	0.738	1.92	FMW
AKC127	225.4						160.9	162.0	1.1	0.330	0.36	FMW
AKC128	206.0	152.7	161.8	9.1	0.564	5.10	152.8	157.5	4.7	0.490	2.30	FMW
AKC128	206.0	192.9	193.4	0.5	0.078	0.04	159.9	161.9	2.0	0.482	0.96	FMW
AKC129	203.2	150.5	159.9	9.4	0.669	6.25	151.1	160.2	9.1	0.650	5.92	FMW
AKC129	203.2	190.8	192.3	1.5	0.068	0.10	No PFN at this interval					FMW
AKC130	204.0	148.1	156.2	8.1	0.193	1.57	148.2	156.2	8.0	0.146	1.17	FMW
AKC130	204.0	185.7	186.8	1.1	0.113	0.13	Grade below cutoff					FMW
AKC131	201.4	148.4	151.3	2.9	0.092	0.27	148.5	151.2	2.7	0.080	0.22	FMW
AKC132	201.4	148.8	150.3	1.5	0.062	0.09	Grade below cutoff					FMW
AKC133	201.4	144.1	144.7	0.7	0.096	0.06	Grade below cutoff					FMW
AKC133	201.4	156.2	163.0	6.9	0.304	2.08	157.1	162.5	5.4	0.306	1.65	FMW
AKC134	201.4	143.3	144.2	0.9	0.390	0.36	143.4	144.0	0.6	0.503	0.30	FMW
AKC134	201.4	165.4	166.3	0.9	0.159	0.14	165.5	166.2	0.7	0.208	0.15	FMW
AKC135	202.1	139.9	140.9	1.0	0.409	0.41	140.1	140.8	0.7	0.511	0.36	FMW
AKC135	202.1	162.3	163.2	0.9	0.127	0.11	162.4	163.0	0.6	0.183	0.11	FMW
AKC137	202.8	141.8	149.4	7.6	0.527	3.98	141.8	149.3	7.5	0.515	3.87	FMW
AKC138	194.3	144.5	148.0	3.4	0.426	1.47	144.5	147.0	2.5	0.528	1.32	FMW
AKC138	194.3	150.8	153.7	2.9	0.461	1.32	151.0	153.5	2.5	0.424	1.06	FMW
AKC139	201.3	Waiting on calculations					143.2	144.3	1.1	0.385	0.42	FMW
AKC139	201.3	Waiting on calculations					150.6	151.8	1.2	0.213	0.26	FMW
AKC140	201.4	141.2	142.3	1.1	0.435	0.49	141.2	142.2	1.0	0.567	0.57	FMW
AKC141	192.6	139.5	140.8	1.3	0.774	1.03	139.7	140.6	0.9	1.147	1.03	FMW
AKC142	195.1	140.5	143.4	2.9	0.132	0.38	140.8	143.5	2.7	0.141	0.38	FMW
AKC143	201.4	143.5	149.4	6.0	0.147	0.88	143.6	144.5	0.9	0.229	0.21	FMW
AKC146	185.0	139.5	140.8	1.3	0.343	0.45	139.5	140.7	1.2	0.407	0.49	FMW

## About Alliance Resources

Further information relating to the Company and its various exploration projects can be found on the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au)

Steve Johnston  
Chief Executive Officer

*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 relevant to the style of mineralisation and type of deposit under consideration and to the activity 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.*

*All other information in this report, including future proposals for development of the Four Mile uranium deposit(s) and the information relating to Exploration Results, Mineral Resources or Ore Reserves for copper and gold is based on information compiled by Mr Stephen Johnston who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Johnston is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Johnston consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*