

25 September 2008

ASX Code: **AGS**

FOUR MILE URANIUM PROJECT - DECISION TO MINE

- **Feasibility Study recommends development of the Four Mile project using In-Situ Recovery (ISR) methods as the optimum basis for development.**
 - **Uranium concentrate production proposed to commence in January 2010, ramping up to 3M lbs U₃O₈ per annum within three months.**
 - **It is proposed to construct a satellite pre-processing plant close to the Four Mile deposits to recover uranium from ISR mining solutions for transport to the existing Beverley uranium processing facility for further processing, drying and packaging of uranium concentrate.**
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The Directors of Alliance Resources Limited (Alliance) are pleased to announce that the Four Mile project joint venture partner and manager, Quasar Resources Pty Ltd (Quasar), has given notice of a decision to mine in accordance with the exploration joint venture agreement between Alliance and Quasar. The decision will have effect on 22 October 2008.

Quasar has provided Alliance with a feasibility study performed by Heathgate Resources Pty Ltd (Heathgate) and compiled by URS Australia Pty Ltd based on information provided by Heathgate and Quasar, including a preliminary program and budget prepared by Quasar.

Subject to obtaining all necessary regulatory approvals, the feasibility study recommends initial development of the Four Mile project using ISR methods, involving the construction of a satellite pre-processing plant close to the Four Mile deposits to recover the uranium, and utilizing the existing Beverley uranium processing facility for further processing, drying and packaging of uranium concentrate. Use of the Beverley plant is subject to an appropriate agreement on commercial terms with Heathgate Resources Pty Ltd, the owner/operator of that plant, and the Quasar-Alliance joint venture.

Uranium concentrate production is proposed to commence in January 2010 at a projected production rate of 2.6M lbs U₃O₈ per annum and increasing to 3M lbs U₃O₈ per annum within three months.

The feasibility study assumes the production licence applicable to the Beverley plant will not need to be increased in order to accommodate Four Mile production.

Alliance will now commence a detailed consideration of the feasibility study and other available information in order to make an informed decision in relation to participating in the project.

About Alliance Resources

The Four Mile Joint Venture Area 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 manager, Quasar Resources Pty Ltd, 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. The western zone of Four Mile already has an Inferred Resource of 32M lbs U₃O₈. Estimation of resources in other zones is continuing.

Further information relating to the Company and its various exploration projects can be found on the Company's website at 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 project 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