

23 June 2014

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$61.4 M @ \$0.18

Shares on issue: 341,172,309

Cash: \$19.8 M (31 Mar 2014)

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Projects:

Four Mile (25%): uranium

Cabeza de Vaca, Chile:

copper-gold

East Frome: copper, base-

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FOUR MILE PROJECT REGIONAL DRILLING UPDATE

Alliance Resources Ltd (Alliance) is pleased to announce further uranium intercepts from regional drilling at the Four Mile Project.

A total of 55 rotary mud holes were drilled for 14,734.5 metres from 22 March 2014 to 28 May 2014 (FMD0161 to FMD0215). Refer Figure 1.

Eight holes (FMD0161 to FMD0168) were drilled at the southern end of Four Mile Northeast (FMNE), 8 holes were drilled north of Four Mile East (FME), 28 holes were drilled in the central and northern parts of FMNE and 11 holes were drilled in the southern part of ML6402. Refer Figures 2 and 3.

The majority of the latest holes drilled at FMNE produced significant uranium intersections, 2 out of 8 holes drilled north of FME were also successful. However none of the holes drilled in the southern part of ML6402 produced any significant uranium intersections.

Significant uranium intersections >0.5m% (GT-PFN) include:

Hole ID	m @ % pU ₃ O ₈	m%pU ₃ O ₈
FMD0166	2.0m @ 0.43%	GT 0.86
FMD0170	10.9m @ 0.59%	GT 6.43
FMD0174	6.7m @ 0.70%	GT 4.69
FMD0178	7.5m @ 0.10%	GT 0.75
FMD0182	2.0m @ 1.38%	GT 2.76
FMD0184	3.2m @ 0.21%	GT 0.67
FMD0187	2.1m @ 0.48%	GT 1.01
FMD0188	1.9m @ 0.32%	GT 0.61
FMD0191	3.6m @ 0.16%	GT 0.58
FMD0203	1.8m @ 0.37%	GT 0.67

pU₃O₈ is the equivalent grade as estimated from Prompt Fission Neutron (PFN) logging. GT = grade (%pU₃O₈) x thickness (m).

Details of the latest drilling are listed in Table 1, Figures 1 to 3 and the JORC Code, 2012 Edition – Table 1 report.

Drilling is continuing at FMNE.

The results continue to support the Four Mile region as one of Australia's great uranium provinces.

Refer to ASX announcements dated 19 December 2013, 17 January 2014, 6 February 2014 and 3 April 2014 for details of the previous drilling forming part of this program.

It is emphasised that results may be subject to revision once the geophysical logs are made available to Alliance.

Steve Johnston
Managing Director

*The Four Mile Uranium Project area is located 550 kilometres north of Adelaide in South Australia. Alliance's 100% owned subsidiary, Alliance Craton Explorer Pty Ltd (**ACE**) is the registered holder of 25% of ML6402 and EL5017 (Project). Quasar Resources Pty Ltd (**Quasar**) is the registered holder of 75% and acts as the manager of the Project.*

The mineral resource estimates for the Four Mile East and Four Mile West uranium deposits total 9.8 million tonnes of mineralisation at an average grade of 0.33% uranium oxide (U₃O₈), containing 32,000 tonnes U₃O₈ (71 million lb U₃O₈), classified in accordance with the JORC Code (2012 Edition). There has been no material change to the mineral resource estimate since the ASX announcement dated 27 January 2010. See ASX announcements dated 27 November 2013 and 20 December 2013 for details of the mineral resource estimate and competent persons' consents.

On 18 February 2014 Alliance announced an Exploration Target for the Four Mile Northeast (FMNE) uranium prospect. See ASX announcements dated 18 and 21 February 2014 for details of the Exploration Target and competent person's consent.

ACE and Quasar disagree about the nature of the regional delineation drilling. Quasar asserts it is a mining development cost for which ACE must pay its share. ACE asserts it is an exploration cost for which Quasar must pay in full.

Figure 1: Four Mile Project drill hole locations (since November 2013)

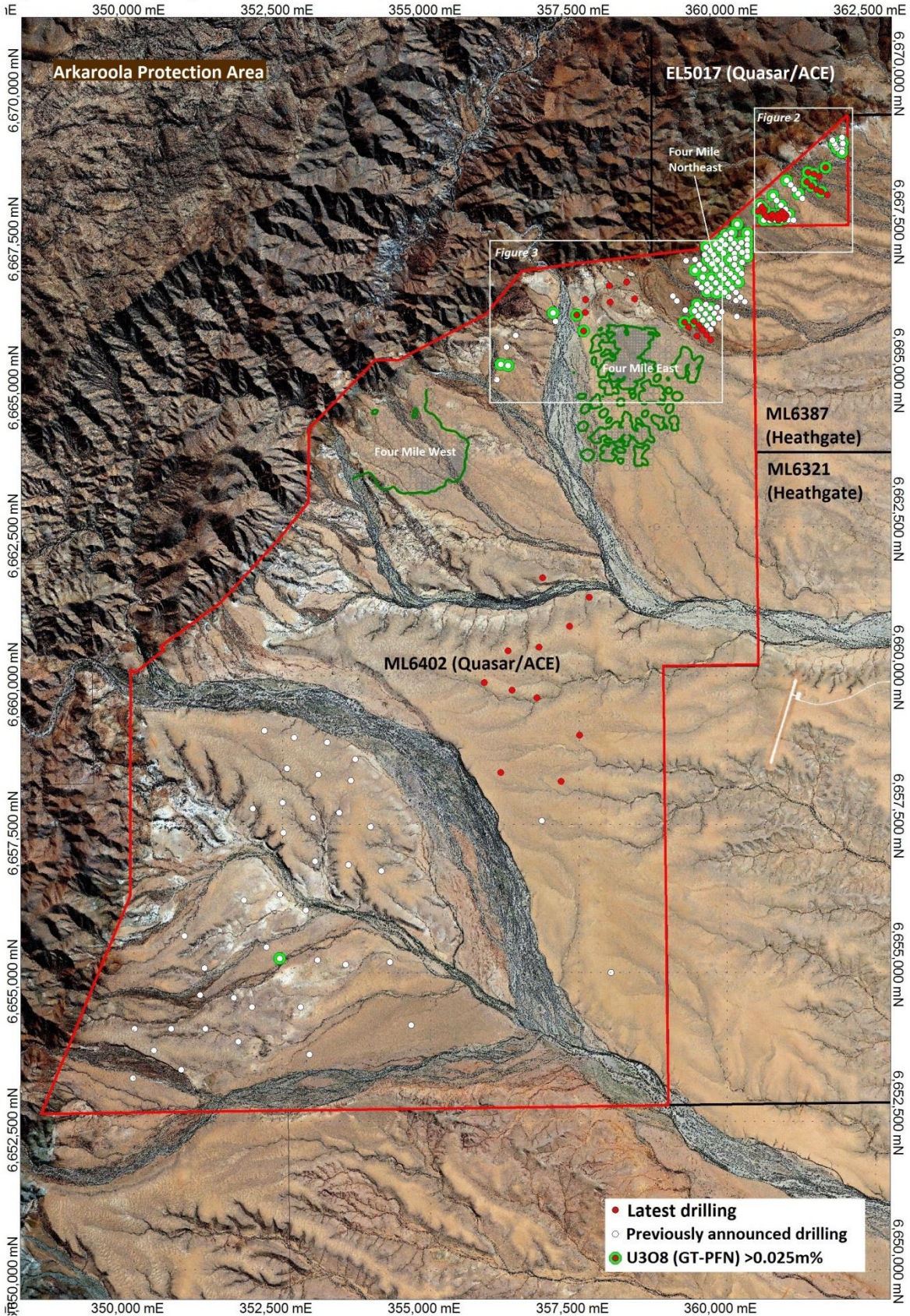
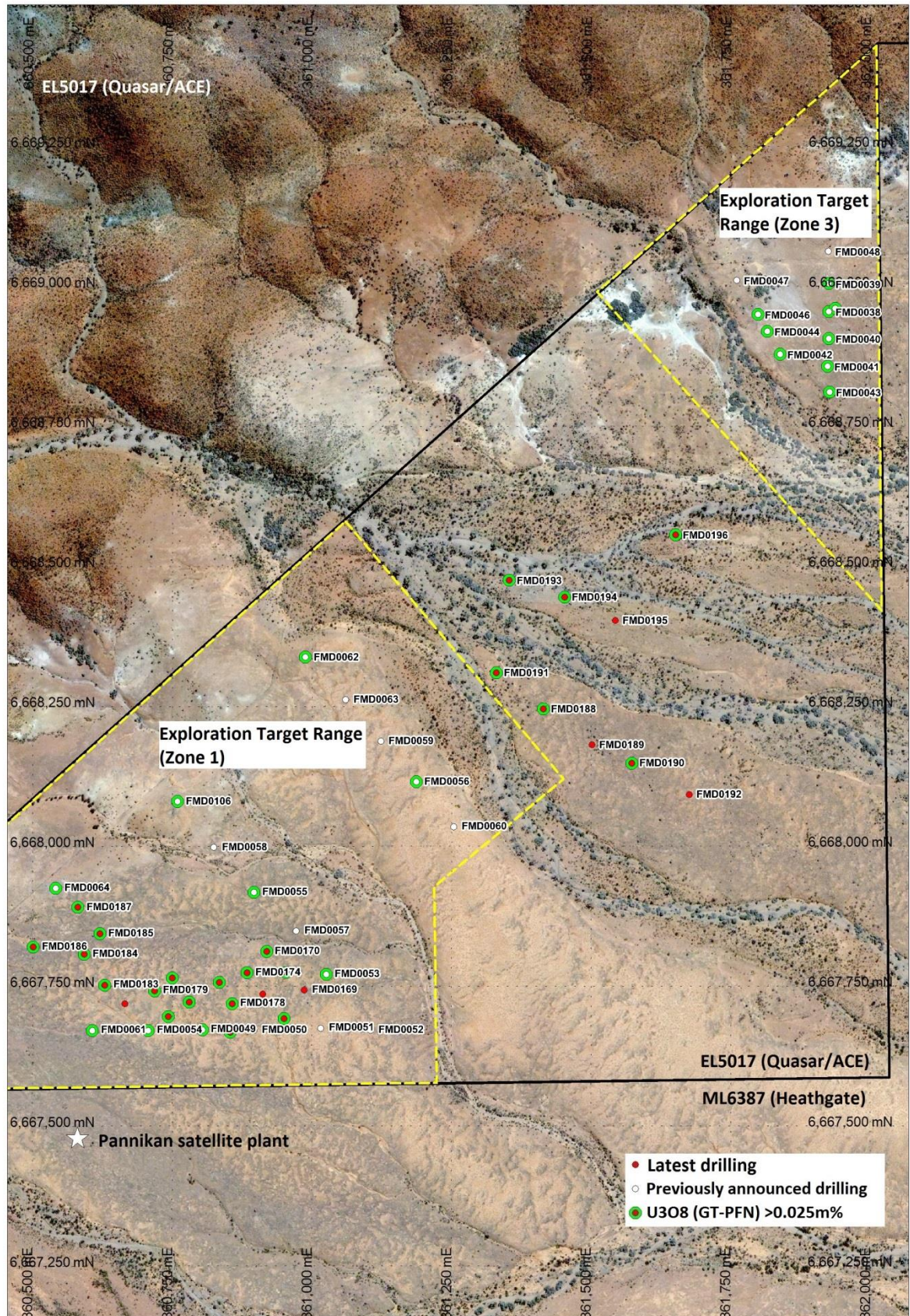


Figure 2: Four Mile Northeast drill hole locations



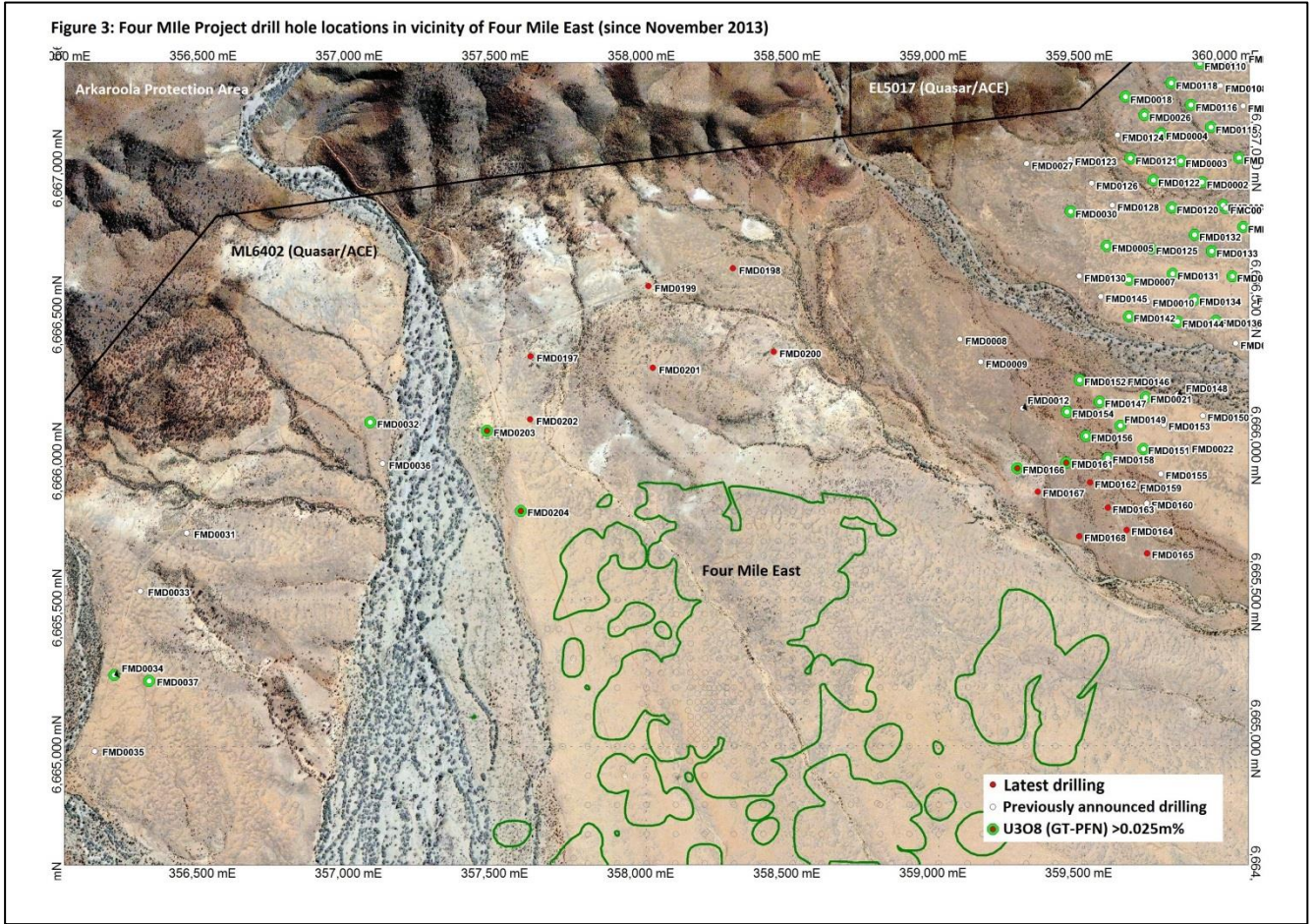


Table A: Significant intersections above cut-off criteria of >0.025m% (GT-PFN) (0.05% pU₃O₈, minimum width of 0.5 metres and maximum internal dilution of 1 metre). Drill hole collar locations based on handheld GPS coordinates. Intercepts >0.5m% (GT-PFN) highlighted. Dip is -90 degrees and azimuth 0 (i.e. all holes are drilled vertically).

ID	GDA94_E	GDA94_N	RL (m)	Total Depth (m)	Gamma					PFN				
					From (m)	To (m)	Interval (m)	eU3O8(%)	GT-Gam	From (m)	To (m)	Interval (m)	pU3O8 (%)	GT-PFN
FMD0161	359436	6665967	131.79	288	218.4	219.2	0.8	0.09	0.07	218.4	219.2	0.8	0.11	0.09
FMD0162	359517	6665899	130.40	278	No significant grade									
FMD0163	359578	6665813	128.90	279	No significant grade									
FMD0164	359643	6665737	127.62	276	No significant grade									
FMD0165	359713	6665657	126.08	280	No significant grade									
FMD0166	359269	6665948	133.95	270	212.1	214.1	2.0	0.33	0.66	212.1	214.1	2.0	0.43	0.86
FMD0166					215.8	216.3	0.5	0.10	0.05	215.8	216.3	0.5	0.15	0.08
FMD0167	359338	6665868	130.97	272	No significant grade									
FMD0168	359481	6665716	128.68	264	No significant grade									
FMD0169	360986	6667743	121.03	337.5	No significant grade									
FMD0170	360919	6667812	121.87	338	245.1	256	10.9	0.49	5.34	245.1	256	10.9	0.59	6.43
FMD0171	360950	6667692	121.43	334	221.7	224.2	2.5	0.11	0.28	221.7	224.2	2.5	0.17	0.43
FMD0172	360954	6667775	121.51	344	242.4	244.3	1.9	0.20	0.38	242.4	244.3	1.9	0.18	0.34
FMD0173	360912	6667736	122.42	339	No significant grade									
FMD0174	360884	6667774	122.93	338	246.3	246.8	0.5	0.14	0.07	246.3	246.8	0.5	0.10	0.05
FMD0174					254.9	261.6	6.7	0.46	3.08	254.9	261.6	6.7	0.70	4.69
FMD0175	360854	6667668	122.99	334	246.4	247.8	1.4	0.22	0.31	246.4	247.8	1.4	0.17	0.24
FMD0176	360834	6667757	123.93	338	261.7	263.3	1.6	0.17	0.27	261.7	263.3	1.6	0.21	0.34
FMD0177	360743	6667696	125.42	336	261.7	262.2	0.5	0.08	0.04	261.7	262.2	0.5	0.08	0.04
FMD0177					263.3	265.1	1.8	0.15	0.27	263.3	265.1	1.8	0.13	0.23
FMD0178	360857	6667719	123.36	336	230.3	231.4	1.1	0.12	0.13	230.3	231.4	1.1	0.10	0.11
FMD0178					252.9	254.2	1.3	0.33	0.43	252.9	254.2	1.3	0.25	0.32
FMD0178					255	262.5	7.5	0.09	0.68	255	262.5	7.5	0.10	0.75
FMD0179	360718	6667742	126.56	338	265.7	266.1	0.4	0.29	0.12	265.7	266.1	0.4	0.41	0.16
FMD0180	360780	6667722	124.97	336	245.5	246	0.5	0.19	0.1	245.5	246	0.5	0.15	0.08
FMD0181	360665	6667719	127.59	335	No significant grade									
FMD0182	360750	6667765	125.66	336	264.2	266.2	2.0	1.08	2.16	264.2	266.2	2.0	1.38	2.76
FMD0183	360629	6667752	128.80	337	263.9	264.7	0.8	0.37	0.3	263.9	264.7	0.8	0.48	0.38
FMD0184	360592	6667807	129.57	336	213.4	214.9	1.5	0.05	0.08	213.4	214.9	1.5	0.10	0.15
FMD0184					251.9	252.8	0.9	0.08	0.07	251.9	252.8	0.9	0.09	0.08
FMD0184					259.8	260.3	0.5	0.16	0.08	259.8	260.3	0.5	0.23	0.12
FMD0184					263.2	266.4	3.2	0.19	0.61	263.2	266.4	3.2	0.21	0.67
FMD0185	360620	6667844	128.58	338	247.7	248.7	1.0	0.13	0.13	247.7	248.7	1.0	0.08	0.08
FMD0185					261.4	262.8	1.4	0.21	0.29	261.4	262.8	1.4	0.27	0.38
FMD0186	360501	6667820	132.19	339	254.6	257	2.4	0.06	0.14	254.6	257	2.4	0.06	0.14
FMD0187	360581	6667891	130.05	340	251.7	252.2	0.5	0.63	0.32	251.7	252.2	0.5	0.59	0.30
FMD0187					255.7	257.8	2.1	0.29	0.61	255.7	257.8	2.1	0.48	1.01
FMD0188	361414	6668245	119.26	356	259.2	261.1	1.9	0.21	0.4	259.2	261.1	1.9	0.32	0.61
FMD0189	361501	6668181	117.65	360	No significant grade									
FMD0190	361573	6668148	116.61	350	258.5	260.2	1.7	0.03	0.05	258.5	260.2	1.7	0.11	0.19
FMD0190					267.5	268.3	0.8	0.04	0.03	267.5	268.3	0.8	0.08	0.06
FMD0191	361330	6668310	121.17	360	230.9	232.6	1.7	0.12	0.2	230.9	232.6	1.7	0.11	0.19
FMD0191					235.6	236.3	0.7	0.24	0.17	235.6	236.3	0.7	0.33	0.23
FMD0191					240.5	244.1	3.6	0.15	0.54	240.5	244.1	3.6	0.16	0.58
FMD0191					244.9	247.5	2.6	0.17	0.44	244.9	247.5	2.6	0.11	0.29
FMD0191					257	257.9	0.9	0.31	0.28	257	257.9	0.9	0.38	0.34
FMD0192	361676	6668092	114.99	345	No significant grade									
FMD0193	361353	6668475	121.41	362	226.3	228.8	2.5	0.07	0.18	226.3	228.8	2.5	0.08	0.20
FMD0194	361452	6668445	119.52	360	238	239.5	1.5	0.07	0.11	238	239.5	1.5	0.08	0.12
FMD0195	361543	6668403	118.33	358	No significant grade									
FMD0196	361651	6668556	117.03	356	254.3	256.7	2.4	0.12	0.29	254.3	256.7	2.4	0.10	0.24
FMD0196					259.5	260	0.5	0.06	0.03	259.5	260	0.5	0.08	0.04
FMD0197	357601	6666331	156.20	54	Drill Hole Abandoned									
FMD0198	358295	6666631	151.76	96	No significant grade									
FMD0199	358005	6666570	155.04	114	No significant grade									
FMD0200	358434	6666346	146.54	94	No significant grade									

Table A (continued): Significant intersections above cut-off criteria of >0.025m% (GT-PFN) (0.05% pU₃O₈, minimum width of 0.5 metres and maximum internal dilution of 1 metre). Drill hole collar locations based on handheld GPS coordinates. Intercepts >0.5m% (GT-PFN) highlighted. Dip is -90 degrees and azimuth 0 (i.e. all holes are drilled vertically).

ID	GDA94_E	GDA94_N	RL (m)	Total Depth (m)	Gamma					PFN				
					From (m)	To (m)	Interval (m)	eU3O8(%)	GT-Gam	From (m)	To (m)	Interval (m)	pU3O8 (%)	GT-PFN
FMD0201	358020	6666291	169.29	86	No significant grade									
FMD0202	357600	6666116	151.38	118	No significant grade									
FMD0203	357453	6666076	149.29	180	125.2	126.6	1.4	0.05	0.07	125.2	126.6	1.4	0.05	0.07
FMD0203					130	131.8	1.8	0.36	0.65	130	131.8	1.8	0.37	0.67
FMD0204	357569	6665803	147.98	199	160.3	160.8	0.5	0.23	0.12	160.3	160.8	0.5	0.17	0.09
FMD0205	357341	6660831	131.18	186	No significant grade									
FMD0206	356825	6660479	138.17	182	No significant grade									
FMD0207	357670	6661321	116.02	169	No significant grade									
FMD0208	355902	6659884	146.88	162	No significant grade									
FMD0209	356790	6659628	132.85	172	No significant grade									
FMD0210	357198	6658220	131.54	179	No significant grade									
FMD0211	356179	6658374	144.56	160	No significant grade									
FMD0212	357508	6659001	131.43	192	No significant grade									
FMD0213	356368	6659755	141.62	246	No significant grade									
FMD0214	356302	6660421	143.62	154	No significant grade									
FMD0215	356886	6661649	135.14	168	No significant grade									

JORC Code, 2012 Edition – TABLE 1 report

Criteria	Commentary
<i>Sampling techniques</i>	<p>The principal sampling method was by downhole geophysical PFN and gamma probes in rotary mud drill holes for both grade and lithological logging, PFN grade logging directly measures in-situ uranium grade, thus avoiding the issue of variable radiometric disequilibrium that can affect results from gamma, which measures uranium daughter products.</p> <p>The natural gamma tool is calibrated for uranium grade at the 'Adelaide Model' geophysical calibration pits. The PFN is calibrated at the purpose built calibration facility located at Beverley.</p>
<i>Drilling techniques</i>	Drill holes are drilled vertically using the rotary mud method.
<i>Drill sample recovery</i>	Rotary mud chip cuttings are collectively photographed at the drill site. Chip tray samples are kept in storage.
<i>Logging</i>	Chip samples are not collected for laboratory chemical assay.
<i>Sub-sampling techniques and sample preparation</i>	<p>Sub-samples of the chip cuttings are stored in chip trays as a physical record of the intersection sequence. Handheld XRF analyses of chip tray samples are collected.</p> <p>The rotary mud chip cuttings are collectively photographed at the drill site.</p>
<i>Quality of assay data and laboratory tests</i>	<p>PFN directly measures uranium grade. There is no conventional assay data and no laboratory tests were carried out.</p> <p>A single diamond core hole (FMC001) was drilled to twin a mineralised interval intersected in FMD0006. Core analyses are normally by XRF method at ANSTO, however at the date of this report, had not been received by Alliance.</p>
<i>Verification of sampling and assaying</i>	PFN tools are regularly calibrated at a calibration facility located at Beverley. No sampling or conventional assaying was carried out.
<i>Location of data points</i>	Collar coordinates were determined by handheld GPS. Survey data are GDA94, MGA Zone 54.
<i>Data spacing and distribution</i>	Although full grid drilling was not envisaged for this drill program, provisional drill holes were initially planned in fences 400m apart with hole locations spaced at 100m intervals along the fences. Some of the drill holes at Four Mile Northeast in this announcement are on a 50m x 50m grid. The actual location of drill holes to be completed is dependent on the discovered locations of redox/roll fronts.
<i>Orientation of data in relation to geological structure</i>	Drill holes fences are oriented perpendicular to the interpreted strike of the large scale regional roll-front redox boundary. Vertical drilling intersects the expected sub-horizontal sediments and mineralization at close to right angles.
<i>Sample security</i>	Drill hole cuttings are stored at the Beverley Mine.
<i>Audits or reviews</i>	The raw data underpinning the information contained herein has not been independently reviewed by Mr Bowden as CP for Alliance and relies on information provided by Quasar Resources Pty Ltd, the manager and holder of a 75% interest in

Criteria	Commentary
	the Project
<i>Mineral tenement and land tenure status</i>	<p>Mineral Lease 6402 is held 25% by Alliance Craton Explorer Pty Ltd (a wholly owned subsidiary of Alliance Resources Limited)(ACE) and 75% by Quasar Resources Pty Ltd (Quasar), an affiliate of Heathgate Resources Pty Ltd (Heathgate), both wholly owned subsidiaries of private US corporation, General Atomics. Quasar as manager for the project, utilizes staff, facilities and equipment at Heathgate’s adjacent Beverley Mine site.</p> <p>A Native Title Mining Agreement is in effect with traditional owners.</p> <p>The 12,206ha mining lease was granted for a period of 10 years from 26 April 2012 and production planning is progressing for the Four Mile East deposit.</p>
<i>Exploration done by other parties</i>	<p>The Oilmin-Transoil-Petromin Group discovered Beverley in 1969 and ISL development was proposed by South Australian Uranium Corp in 1982 but did not proceed until after Heathgate acquired it in 1990 and commenced production in 2000. In 2005 Quasar resumed exploration drilling at 4,000m x 2,000m spacing on the ‘Arkaroola’ licence to the west (then held by ACE).This led to the discovery of Four Mile East in hole AK010 which returned 1m @ 0.16% eU3O8 from 181m depth.</p>
<i>Geology</i>	<p>The mineralisation is of the sandstone uranium type, associated with redox interfaces. The mineralisation announced today is interpreted to lie within an apparent regional roll-front type redox interface that embraces the Four Mile West, Four Mile East, Pepegoona and Pannikan deposits over a total strike length of 7.5 kilometres.</p> <p>A detailed interpretation of the sedimentary sequence is not yet available for these preliminary drill holes.</p> <p>Mineralisation is hosted in Mesozoic sediments of the Frome Embayment and underlain by crystalline Meso/Palaeoproterozoic basement, with Mesoproterozoic granites considered source rocks. Other deposits occur in Tertiary sands of the overlying Callabonna Sub Basin of the Lake Eyre Basin, extending over an area of approximately 25,000km² between the Mount Painter Inlier in the north west, Olary Block to the south and Broken Hill Block to the east.</p>
<i>Drill hole Information</i>	<p>Drill hole coordinates together with uranium mineralized intersections detected by PFN and gamma log probes are presented in Table A.</p>
<i>Data aggregation methods</i>	<p>PFN grade logging directly measures in-situ uranium grade and thickness. For gamma logs, the area under an anomalous gamma curve is proportional to the grade x thickness (GT) of the mineralised intercept. In both cases calibration data unique to the individual probe are used to “correct” the measured data to standard measures in purpose built calibration facilities. In order to derive an estimate of equivalent uranium grade from gamma logs it is necessary to estimate the intercept thickness (T) and calculate grade by division grade $G=GT/T$. Anomalous intersections indicated by the down hole gamma probe are expected to exceed the true width due to the “shoulder effect” whereby radiation is “recorded” by the probe as it approaches and leaves the mineralised zone. Classically, the shoulder effect is compensated in gamma logs by a deconvolution process. This process is not utilised by Quasar which, as a “rule of thumb”, applies the PFN derived thickness to the gamma log GT to obtain gamma log equivalent grade.</p>

Criteria	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	Unless there has been significant structural disturbance the sedimentary beds are expected to be sub-horizontal and the intersected thickness is expected to be close to the true thickness.
<i>Diagrams</i>	Plan Figure 1: Distribution of regional drilling at Four Mile and Table A: Significant intersections above cut-off criteria >0.025m% (GT-PFN) (0.05% pU ₃ O ₈ , minimum width of 0.5 metres and maximum internal dilution of 1 metre) are included in this announcement.
<i>Balanced reporting</i>	The results for all significant intersections (i.e. intersections with significant reportable uranium equivalent grade) are shown in Table A.
<i>Other substantive exploration data</i>	Assuming no sampling or calibration errors, the difference between the gamma derived equivalent uranium grade and the PFN measured uranium grade should be a measure of disequilibrium within the mineralised intersection. Inspection of the results shown in Table 1 implies significant disequilibrium is present in this area.
<i>Further work</i>	The current drill program is in progress.

Competent Person's Statement

The information in this report that relates to Exploration Results 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 Bowden is a part-time employee of Alliance Resources Ltd 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bowden consents to the inclusion in the report of the matters based on information provided to him by Quasar Resources Pty Ltd in the form and context in which it appears and subject to the qualifications entered in the JORC 2012 Table 1 Report.