

22 April 2015

ASX Code: AGS

FOUR MILE PROJECT DRILLING UPDATE

Alliance Resources Ltd (Alliance) is pleased to announce further uranium intercepts from drilling at the Four Mile Project during December 2014 to February 2015.

Quasar Resources Pty Ltd (Quasar) reports no exploration activities were undertaken during the above period.

A total of fifty four (54) delineation¹ holes (FED0296 to FED0350) were completed at Four Mile East, to the north of the First Stage Mining Area, during the period. Drill hole FED0299 was abandoned due to breakage of drilling equipment which could not be retrieved from the drill hole. A single core hole (FMC002) of 195m was also completed within the area. The locations of drill holes are shown in Figures 1 and 2.

Twenty two (22) holes returned significant uranium intersections with grade-thickness (GT-PFN) values greater than 0.5m%, including 15 holes that returned GT-PFN values greater than 1.0m%.

Significant uranium intersections >1.0m% (GT-PFN) include:

Hole ID	m @ % pU ₃ O ₈	GT (m%pU ₃ O ₈)
FED0296	3.2m @ 1.40%	4.48
FED0306	2.4m @ 0.58%	1.39
FED0307	4.0m @ 0.39%	1.56
FED0308	4.3m @ 0.26%	1.12
FED0309	1.9m @ 0.69%	1.31
FED0312	1.4m @ 0.96%	1.34
FED0314	5.3m @ 0.24%	1.27
FED0316	3.6m @ 0.36%	1.30
FED0319	2.2m @ 1.36%	2.99
FED0320	3.3m @ 1.10%	3.63
FED0324	1.6m @ 0.71%	1.14
FED0325	1.0m @ 1.14%	1.14
FED0335	3.4m @ 0.44%	1.50
FED0347	0.9m @ 1.50%	1.35
FMC002	2.7m @ 0.55%	1.48

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 A, Figures 1 to 2 and the JORC Code, 2012 Edition – Table 1 report.

¹ 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.

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

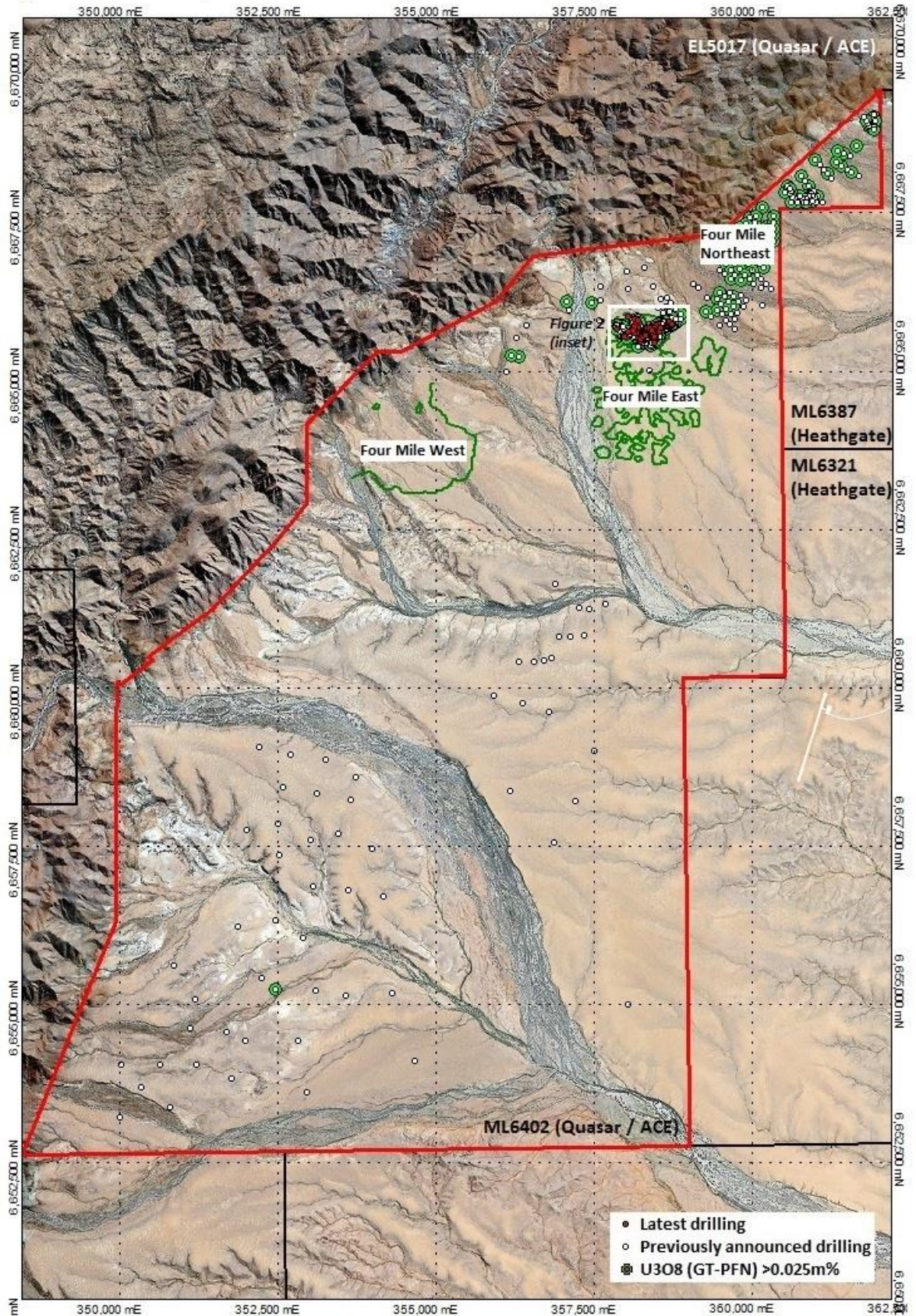
It is emphasised that results may be subject to revision once the geophysical logs are reviewed by Alliance.

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%² of ML6402 and EL5017 (Project).

² Reducing to approximately 15% by 31 December 2015 in respect of the Four Mile Mine Development Area as a result of Alliance Craton Explorer Pty Ltd electing not to contribute to the Four Mile 2015 Program and Budget. Refer ASX announcement dated 20 November 2014.

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



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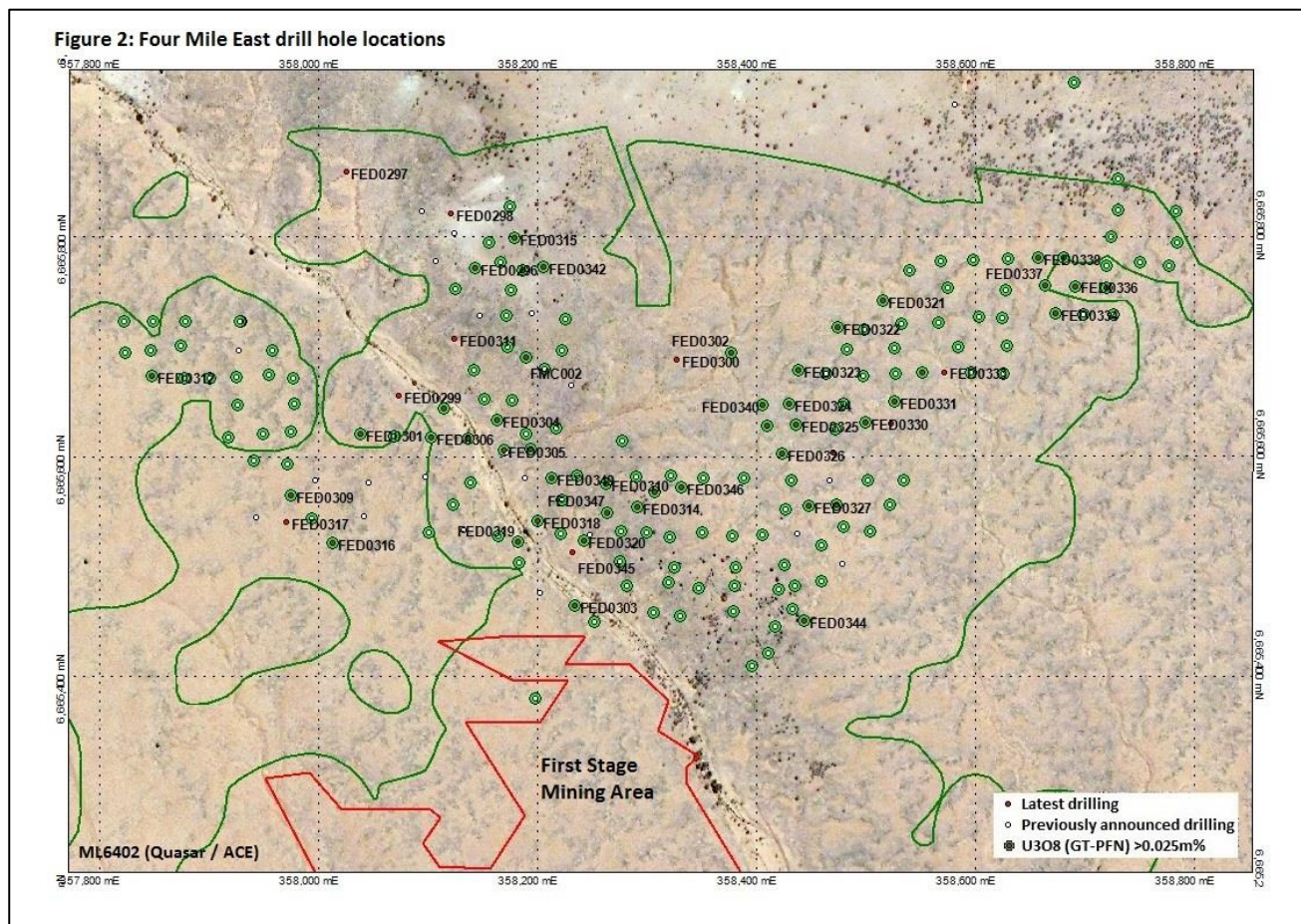
Table A: Latest drillhole results (Intercepts >0.5m% (GT-PFN) highlighted). Drill hole collar locations based on handheld GPS coordinates. Dip is -90 degrees and azimuth 0 (i.e. all holes are drilled vertically).

ID	GDA94_E	GDA94_N	RL (m)	TD (m)	Gamma					PFN				
					From (m)	To (m)	Interval (m)	eU308(%)	GT-Gam	From (m)	To (m)	Interval (m)	pu308 (%)	GT-PFN
FED0296	358143	6665772	149	210	180.8	184	3.20	1.74	5.57	180.8	184	3.20	1.40	4.48
FED0297	358025	6665859	148	192	No significant grade									
FED0298	358121	6665821	150	202	No significant grade									
FED0299	358073	6665656	144	144	Hole abandoned - drill bit lost down hole									
FED0300	358327	6665688	150	216	No significant grade									
FED0301	358038	6665621	144	210	185.5	186.2	0.70	0.09	0.06	185.5	186.2	0.70	0.13	0.09
FED0302	358377	6665695	150	218	185.5	186.5	1.00	0.21	0.21	185.5	186.5	1.00	0.21	0.21
FED0303	358234	6665464	141	216	147.6	149.5	1.90	0.07	0.13	147.6	149.5	1.90	0.10	0.19
FED0303					190.3	191.2	0.90	0.34	0.31	190.3	191.2	0.90	0.38	0.34
FED0303					192.3	192.8	0.50	0.23	0.12	192.3	192.8	0.50	0.14	0.07
FED0303					193.9	194.6	0.70	0.15	0.1	193.9	194.6	0.70	0.18	0.13
FED0304	358163	6665633	143	218	179.6	180.9	1.30	0.33	0.43	179.6	180.9	1.30	0.20	0.26
FED0305	358169	6665606	142	210	182.2	184.1	1.90	0.15	0.29	182.2	184.1	1.90	0.16	0.30
FED0305					185.8	186.5	0.70	0.14	0.1	185.8	186.5	0.70	0.08	0.06
FED0306	358103	6665618	143	216	180.8	183.2	2.40	0.84	2.02	180.8	183.2	2.40	0.58	1.39
FED0307	358136	6665617	142	206	181.1	185.1	4.00	0.35	1.4	181.1	185.1	4.00	0.39	1.56
FED0308	358186	6665770	151	210	182.8	187.1	4.30	0.18	0.77	182.8	187.1	4.30	0.26	1.12
FED0309	357975	6665565	145	214	187.5	189.4	1.90	0.45	0.86	187.5	189.4	1.90	0.69	1.31
FED0310	358263	6665575	144	210	188.1	188.7	0.60	0.66	0.4	188.1	188.7	0.60	0.58	0.35
FED0310					191.8	193.1	1.30	0.11	0.14	191.8	193.1	1.30	0.07	0.09
FED0311	358124	6665707	145	204	No significant grade									
FED0312	357848	6665674	145	210	177.7	179.1	1.40	0.63	0.88	177.7	179.1	1.40	0.96	1.34
FED0313	358114	6665644	142	228	179.3	179.9	0.60	0.15	0.09	179.3	179.9	0.60	0.20	0.12
FED0313					180.9	182	1.10	0.42	0.46	180.9	182	1.10	0.30	0.33
FED0314	358291	6665554	145	216	150.3	151.3	1.00	0.05	0.05	150.3	151.3	1.00	0.11	0.11
FED0314					193.5	198.8	5.30	0.30	1.59	193.5	198.8	5.30	0.24	1.27
FED0315	358179	6665799	153	206	182.6	184.3	1.70	0.14	0.24	182.6	184.3	1.70	0.17	0.29
FED0316	358013	6665521	144	216	187.4	191	3.60	0.54	1.94	187.4	191	3.60	0.36	1.30
FED0317	357971	6665541	144	212	No significant grade									
FED0317					No significant grade									
FED0318	358200	6665541	141	216	187.9	188.4	0.50	0.37	0.19	187.9	188.4	0.50	0.14	0.07
FED0318					191.3	192	0.70	0.22	0.15	191.3	192	0.70	0.13	0.09
FED0319	358182	6665522	141	220	190.7	192.9	2.20	1.03	2.27	190.7	192.9	2.20	1.36	2.99
FED0320	358242	6665524	142	234	189.9	190.8	0.90	0.51	0.46	189.9	190.8	0.90	0.46	0.41
FED0320					192	195.3	3.30	1.83	6.04	192	195.3	3.30	1.10	3.63
FED0321	358515	6665742	151	246	190.3	191.5	1.20	0.49	0.59	190.3	191.5	1.20	0.38	0.46
FED0322	358474	6665718	150	238	191	195.1	4.10	0.25	1.03	191	195.1	4.10	0.22	0.90
FED0323	358438	6665679	149	252	191.2	195.5	4.30	0.15	0.65	191.2	195.5	4.30	0.13	0.56
FED0324	358430	6665648	148	234	193.8	195.4	1.60	0.52	0.83	193.8	195.4	1.60	0.71	1.14
FED0325	358436	6665629	147	238	194.8	195.8	1.00	0.84	0.84	194.8	195.8	1.00	1.14	1.14
FED0325					196.8	199.2	2.40	0.13	0.31	196.8	199.2	2.40	0.08	0.19
FED0326	358423	6665603	147	231	154	154.9	0.90	0.06	0.05	154	154.9	0.90	0.13	0.12
FED0327	358448	6665555	146	240	161.9	162.5	0.60	0.07	0.04	161.9	162.5	0.60	0.11	0.07
FED0327					195.1	196	0.90	0.19	0.17	195.1	196	0.90	0.19	0.17
FED0327					197.3	198.5	1.20	0.23	0.28	197.3	198.5	1.20	0.23	0.28
FED0328	358473	6665556	146	240	195.4	195.9	0.50	0.33	0.17	195.4	195.9	0.50	0.30	0.15
FED0329	358470	6665604	147	240	No significant grade									
FED0330	358499	6665631	147	240	160.2	161.3	1.10	0.08	0.09	160.2	161.3	1.10	0.08	0.09
FED0330					197.9	198.6	0.70	0.19	0.13	197.9	198.6	0.70	0.30	0.21
FED0331	358526	6665650	148	238	201.7	202.5	0.80	0.17	0.14	201.7	202.5	0.80	0.36	0.29
FED0332	358523	6665630	147	237	No significant grade									
FED0333	358571	6665677	148	238	No significant grade									
FED0334	358673	6665730	147	240	190.3	190.8	0.50	0.13	0.07	190.3	190.8	0.50	0.28	0.14
FED0334					197.9	198.6	0.70	0.25	0.17	197.9	198.6	0.70	0.56	0.39
FED0335	358551	6665677	148	236	162.4	163.4	1.00	0.06	0.06	162.4	163.4	1.00	0.10	0.10
FED0335					201.1	204.5	3.40	0.25	0.85	201.1	204.5	3.40	0.44	1.50

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Table A (continued): Latest drillhole results (Intercepts >0.5m% (GT-PFN) highlighted). Drill hole collar locations based on handheld GPS coordinates. Dip is -90 degrees and azimuth 0 (i.e. all holes are drilled vertically).

ID	GDA94_E	GDA94_N	RL (m)	TD (m)	Gamma					PFN				
					From (m)	To (m)	Interval (m)	eU308(%)	GT-Gam	From (m)	To (m)	Interval (m)	pU308 (%)	GT-PFN
FED0336	358691	6665755	148	240	180.4	182.6	2.20	0.06	0.13	180.4	182.6	2.20	0.09	0.20
FED0337	358663	6665756	148	240	185.6	186.7	1.10	0.05	0.05	185.6	186.7	1.10	0.07	0.08
FED0338	358657	6665781	149	246	188	188.9	0.90	0.52	0.47	188	188.9	0.90	0.69	0.62
FED0339	358680	6665781	148	240	195.8	196.5	0.70	0.38	0.27	195.8	196.5	0.70	0.57	0.40
FED0340	358405	6665647	148	228	145	146.2	1.20	0.05	0.06	145	146.2	1.20	0.11	0.13
FED0341	358719	6665754	147	238	199.3	200.4	1.10	0.12	0.13	199.3	200.4	1.10	No PFN run	
FED0342	358205	6665773	152	210	184.1	186.5	2.40	0.12	0.29	184.1	186.5	2.40	0.15	0.36
FED0342					187.7	188.9	1.20	0.08	0.1	187.7	188.9	1.20	0.08	0.10
FED0343	358410	6665628	148	235	194	195.2	1.20	0.26	0.31	194	195.2	1.20	0.27	0.32
FED0344	358444	6665451	143	240	192.5	193	0.50	0.09	0.05	192.5	193	0.50	0.13	0.07
FED0345	358232	6665513	142		Hole in progress									
FED0346	358331	6665572	146	224	196.1	198.6	2.50	0.44	1.1	196.1	198.6	2.50	0.35	0.88
FED0347	358264	6665549	143	222	189.9	190.8	0.90	1.57	1.41	189.9	190.8	0.90	1.50	1.35
FED0347					192.1	192.6	0.50	0.34	0.17	192.1	192.6	0.50	0.28	0.14
FED0348	358307	6665568	146	222	196.1	198.2	2.10	0.36	0.76	196.1	198.2	2.10	0.24	0.50
FED0349	358213	6665581	143	209.5	189.4	191.9	2.50	0.31	0.78	189.4	191.9	2.50	0.27	0.68
FED0350	358194	6665607	143	211.5	185.2	187.7	2.50	0.53	1.33	185.2	187.7	2.50	0.39	0.98
FMC002	358189	6665690	147	195	180.3	183	2.70	0.52	1.4	180.3	183	2.70	0.55	1.48



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>	PFN directly measures uranium grade. There is no conventional assay data and no laboratory tests were carried out.
<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>	The drill holes at Four Mile East in this announcement are on fences 25 to 50 metres apart with holes spaced 25 to 30m apart. 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, in general, oriented perpendicular to the interpreted strike of the large scale regional roll-front redox boundary however the actual location of drill holes to be completed may be dependent on the discovered locations of more localised redox/roll fronts. 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 Exploration Results (delineation drilling results) information contained herein has not been independently reviewed by Mr Johnston as CP for Alliance and relies on information provided by Quasar Resources Pty Ltd, the

Criteria	Commentary
	manager of the Project.
<i>Mineral tenement and land tenure status</i>	<p>Mineral Lease 6402 is held 25%³ by Alliance Craton Explorer Pty Ltd (a wholly owned subsidiary of Alliance Resources Limited)(ACE) and the balance held by Quasar Resources Pty Ltd (Quasar), an affiliate of Heathgate Resources Pty Ltd (Heathgate), both wholly owned subsidiaries of a 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. In April 2014, in-situ recovery mining operations commenced within the first stage mining area at Four Mile East deposit with uranium capture at Heathgate's Pannikan satellite plant and precipitation, drying and packing at Heathgate's Beverley processing plant.</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</p>

³ Reducing to approximately 15% by 31 December 2015 in respect of the Four Mile Mine Development Area as a result of Alliance Craton Explorer Pty Ltd electing not to contribute to the Four Mile 2015 Program and Budget. Refer ASX announcement dated 20 November 2014.

Criteria	Commentary
	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.
<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: Four Mile Project drill hole locations (since November 2013); Plan Figure 2: Four Mile East drill hole locations and Table A: Latest drill hole results (intercepts >0.5m% (GT-PFN) highlighted) are included in this announcement.
<i>Balanced reporting</i>	The results for all holes drilled during the reporting period 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 (delineation drilling results) 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 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 Johnston 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.