03 April 2014

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: $73 M @ $0.215

Shares on issue: 341,172,309

Cash: $22 M (31 Dec 2013)

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Projects:

Four Mile (25%): uranium

East Frome: copper, base-metals

Cabeza de Vaca, Chile: copper-gold

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FOUR MILE NORTHEAST
STRIKE LENGTH INCREASE TO 3,200 METRES

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

A total of 91 rotary mud holes were drilled for 22,102.5 metres to 21 March 2014 (FMD0070 to FMD0160). Refer Figure 1.

Fifty-five rotary mud holes (FMD0106 to FMD160) were drilled at Four Mile Northeast (FMNE). Refer Figure 2.

The latest results have increased the strike length of the FMNE mineralisation to 3,200 metres.

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

A single diamond core hole (FMC001) was drilled for 284 metres at FMNE to twin a mineralised interval (9m @ 0.85% pU_3O_8) intersected in FMD0006.

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

Hole ID	m @ % pU_3O_8	m%pU_3O_8
FMD0106	1.0m @ 0.73%	GT 0.73
FMD0109	1.9m @ 0.37%	GT 0.70
FMD0112	1.2m @ 0.42%	GT 0.50
FMD0116	1.7m @ 0.30%	GT 0.51
FMD0119	10.4m @ 0.23%	GT 2.39
FMD0131	7.7m @ 0.32%	GT 2.46
FMD0133	2.1m @ 1.12%	GT 2.35
FMD0135	1.4m @ 0.86%	GT 1.20
FMD0142	2.6m @ 0.27%	GT 0.70
FMD0144	5.8m @ 0.24%	GT 1.39
FMD0152	2.3m @ 0.27%	GT 0.62
FMD0156	1.4m @ 0.70%	GT 0.98
FMC001	2.7m @ 0.27%	GT 0.73
	8.4m @ 0.65%	GT 5.46

pU_3O_8 is the equivalent grade as estimated from Prompt Fission Neutron (PFN) logging. GT = grade (%pU_3O_8) x thickness (m).

Thirty-six holes were drilled in the southern part of ML6402 (FMD0070 to FMD00105). All but one of these holes produced no significant grades; the best interval in the one mineralised hole FMD0085 was 0.5 metres @ 0.15% pU_3O_8 from 149.5 metres.

Details of the latest drilling are listed in Table 1, Figures 1 and 2 and the JORC Code, 2012 Edition – Table 1 report.

Drilling is continuing at FMNE with holes planned to the south of FMNE Zone 1 (between FMNE and Four Mile East) and in the northern part of FMNE Zone 1.

Refer to ASX announcements dated 19 December 2013, 17 January 2014 and 6 February 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 of 8 to 18 million tonnes of mineralisation at a grade range 0.20% to 0.24% uranium oxide (U3O8), containing 19,000 to 35,500 tonnes U3O8 (41 to 78 million lb U3O8). The potential quantity and grade is conceptual in nature. There has been insufficient exploration drilling to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target was estimated in order to provide the market with an assessment of the potential scale of the FMNE deposit using the Exploration Results from FMNE to 6 February 2014. 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

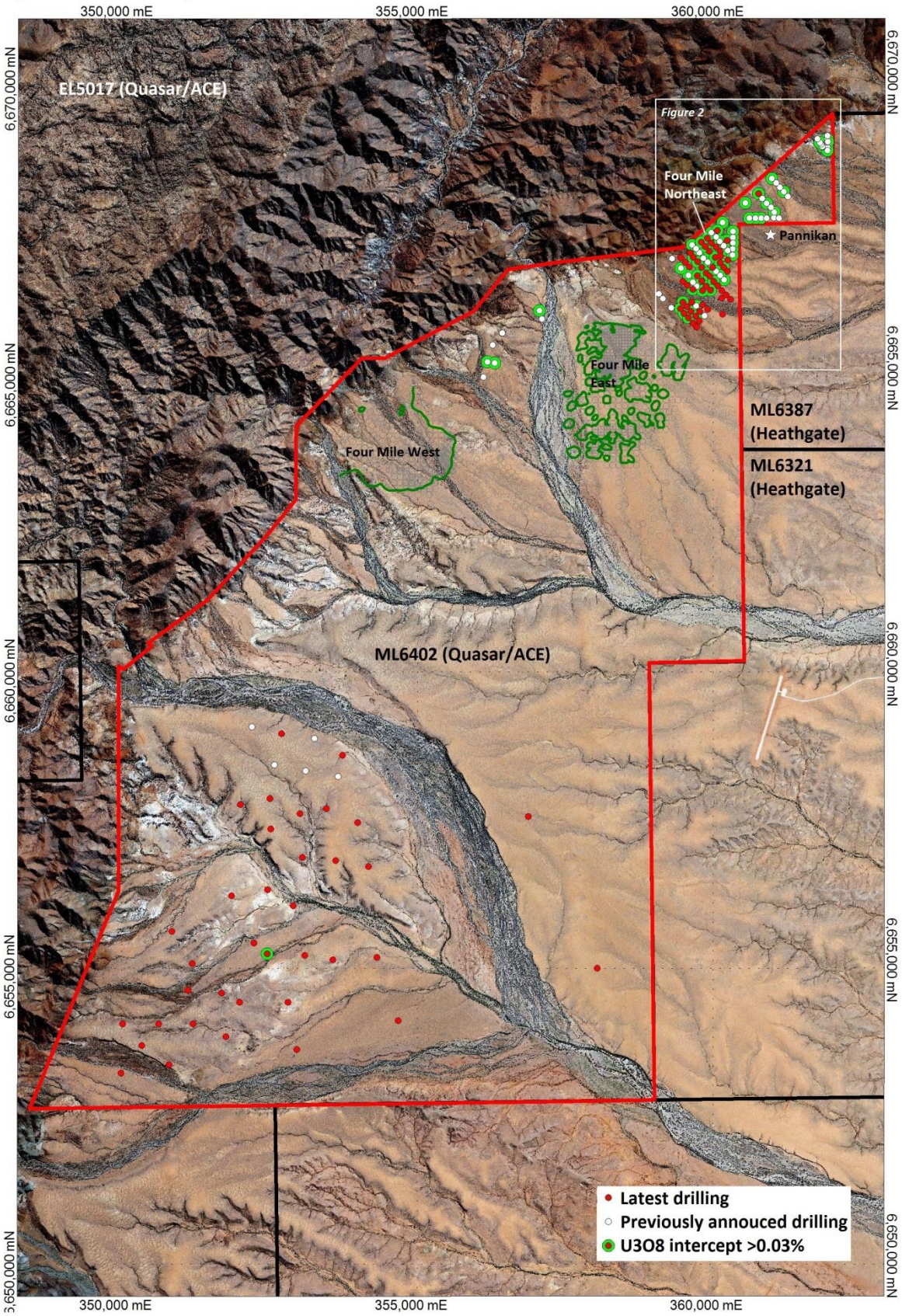

Figure 2: Four Mile Northeast drill hole locations

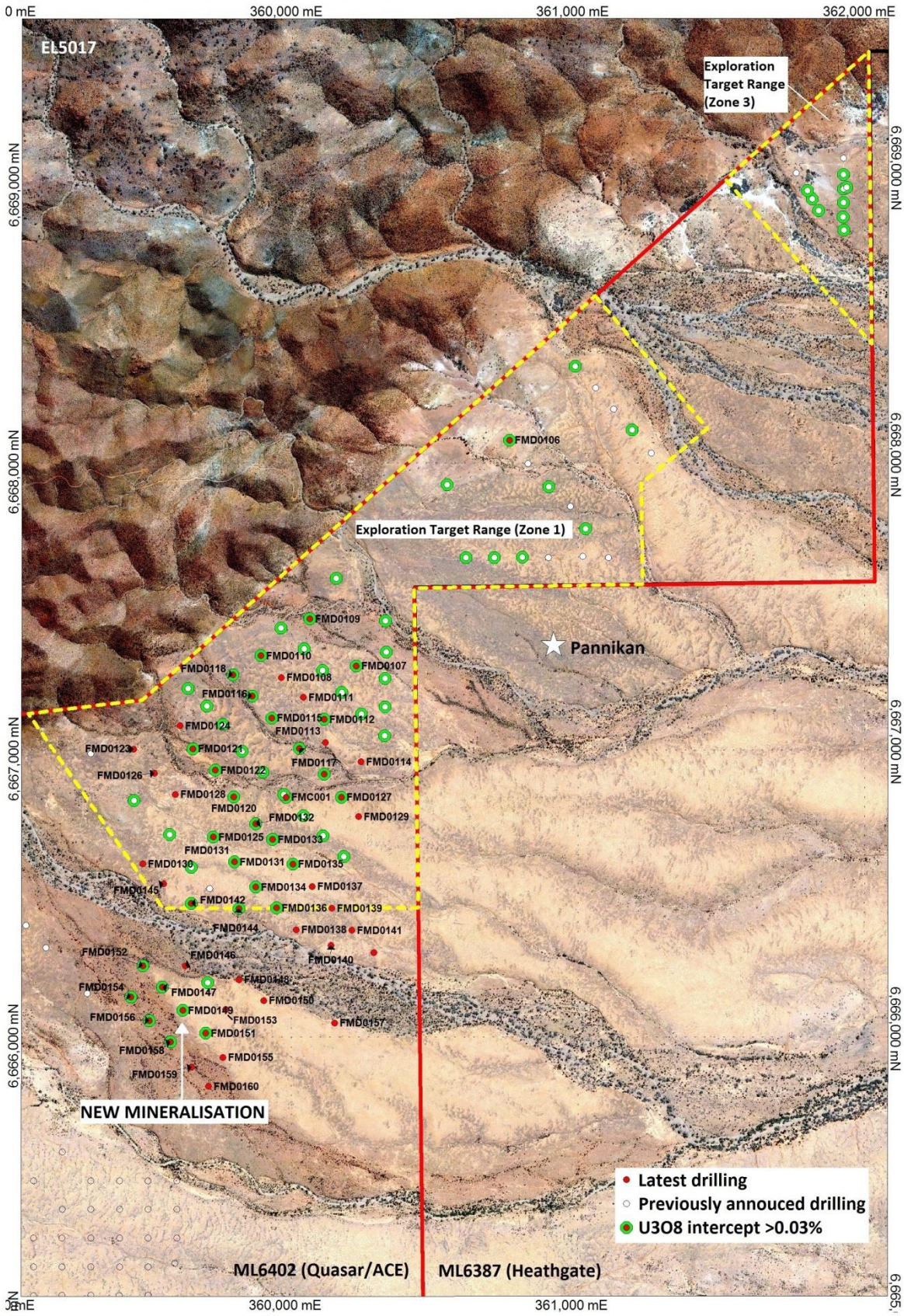

Table 1: Significant intersections above cut-off criteria of 0.05% pU_3O_8, minimum width of 0.5 metres and maximum internal dilution of 1 metre. Drill hole collar locations based on handheld GPS coordinates. Intercepts >0.5m% (GT-PFN) highlighted. Dip is -90 degrees and azimuth 0 (i.e. all holes are 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
FMC001	359981	6666836	131.59	284	238.8	241.5	2.70	0.21	0.57	238.8	241.5	2.70	0.27	0.73
FMC001					246.4	254.8	8.40	0.39	3.28	246.4	254.8	8.40	0.65	5.46
FMD0070	353728	6658596	155.85	204	No significant grade									
FMD0071	353458	6657697	157.14	210	No significant grade									
FMD0072	352503	6657866	171.74	162	No significant grade									
FMD0073	352700	6658959	175.98	128	No significant grade									
FMD0074	353988	6657462	161.27	134	No significant grade									
FMD0075	353614	6656815	161.36	85	No significant grade									
FMD0076	354173	6656713	154.16	134	No significant grade									
FMD0077	353049	6656875	154.74	170	No significant grade									
FMD0078	353014	6657611	161.83	134	No significant grade									
FMD0079	352515	6657355	167.21	116	No significant grade									
FMD0080	352003	6657767	172.16	102	No significant grade									
FMD0081	352463	6656326	137.46	94	No significant grade									
FMD0082	352894	6656054	134.45	90	No significant grade									
FMD0083	351854	6656225	150.24	92	No significant grade									
FMD0084	353566	6655140	139.38	146	No significant grade									
FMD0085	352455	6655244	147.6	198	131	131.5	0.50	0.02	0.01	131	131.5	0.50	0.07	0.04
FMD0085					144.45	145.45	1.00	0.05	0.05	144.45	145.45	1.00	0.07	0.07
FMD0085					149.5	150	0.50	0.11	0.06	149.5	150	0.50	0.15	0.08
FMD0085					152.75	153.3	0.55	0.07	0.04	152.75	153.3	0.55	0.10	0.06
FMD0085					162.5	163	0.50	0.07	0.04	162.5	163	0.50	0.09	0.05
FMD0086	353094	6655217	142.09	50	No significant grade									
FMD0087	352233	6655428	148.92	210	No significant grade									
FMD0088	351989	6654423	173.48	144	No significant grade									
FMD0089	351682	6654579	173.97	132	No significant grade									
FMD0090	352807	6654426	149.91	23	No significant grade									
FMD0091	351117	6654625	172.62	86	No significant grade									
FMD0092	351192	6655082	175.36	128	No significant grade									
FMD0093	354312	6655181	126.53	126	No significant grade									
FMD0094	350847	6655622	179.15	66	No significant grade									
FMD0095	351203	6654061	177.57	120	No significant grade									
FMD0096	350335	6653696	207.25	150	No significant grade									
FMD0097	350625	6654059	198.73	102	No significant grade									
FMD0098	350801	6653372	191.11	150	No significant grade									
FMD0099	350010	6654059	214.52	128	No significant grade									
FMD0100	349988	6653227	205.9	148	No significant grade									
FMD0101	352957	6653624	151.42	70	No significant grade									
FMD0102	351763	6653842	171.95	56	No significant grade									
FMD0103	354671	6654115	131.93	77	No significant grade									
FMD0104	356875	6657558	134.11	186	No significant grade									
FMD0105	358044	6655000	120.2	186	No significant grade									
FMD0106	360759	6668080	128.74	347	221.8	222.7	0.90	0.15	0.13	221.8	222.7	0.90	0.22	0.20
FMD0106					250.2	251.2	1.00	0.63	0.63	250.2	251.2	1.00	0.73	0.73
FMD0107	360225	6667293	131.85	386	246.7	247.9	1.20	0.22	0.26	246.7	247.9	1.20	0.24	0.29
FMD0108	359963	6667253	139.9	350	No significant grade									
FMD0109	360062	6667457	138.18	354	227	228.9	1.90	0.22	0.42	227	228.9	1.90	0.37	0.70
FMD0109					266.8	267.8	1.00	0.20	0.2	266.8	267.8	1.00	0.30	0.30
FMD0110	359892	6667329	143.86	354	243.1	243.6	0.50	0.10	0.05	243.1	243.6	0.50	0.08	0.04
FMD0111	360041	6667184	135.69	362	No significant grade									
FMD0112	360113	6667107	131.95	372	221	222.2	1.20	0.19	0.23	221	222.2	1.20	0.42	0.50
FMD0112					236	239.8	3.80	0.10	0.38	236	239.8	3.80	0.13	0.49
FMD0113	360117	6667027	129.14	350	No significant grade									
FMD0114	360242	6666959	126.86	332	No significant grade									
FMD0115	359930	6667112	136.57	350	260.9	262.2	1.30	0.03	0.04	260.9	262.2	1.30	0.05	0.07

Table 1 continued

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
FMD0116	359862	6667188	140.07	354	233.7	235.4	1.70	0.09	0.15	233.7	235.4	1.70	0.30	0.51
FMD0116					263.3	263.8	0.50	0.03	0.02	263.3	263.8	0.50	0.11	0.06
FMD0117	360027	6667006	131.73	338	235.7	236.8	1.10	0.10	0.11	235.7	236.8	1.10	0.11	0.12
FMD0117					237.5	238.9	1.40	0.20	0.28	237.5	238.9	1.40	0.24	0.34
FMD0118	359794	6667263	143.52	354	257.7	258.5	0.80	0.27	0.22	257.7	258.5	0.80	0.34	0.27
FMD0118					261.6	264.1	2.50	0.10	0.25	261.6	264.1	2.50	0.12	0.30
FMD0119	360113	6666917	128.03	348	221.8	232.2	10.40	0.11	1.14	221.8	232.2	10.40	0.23	2.39
FMD0120	359797	6666837	134.48	348	253.6	254.8	1.20	0.18	0.22	253.6	254.8	1.20	0.16	0.19
FMD0121	359655	6667005	138.67	332	259.5	260.1	0.60	0.13	0.08	259.5	260.1	0.60	0.14	0.08
FMD0122	359733	6666930	135.35	356	254.6	255.5	0.90	0.25	0.23	254.6	255.5	0.90	0.26	0.23
FMD0123	359448	6667003	147.5	339	No significant grade									
FMD0124	359610	6667085	142.04	360	No significant grade									
FMD0125	359726	6666697	134.99	326	246	246.6	0.60	0.05	0.03	246	246.6	0.60	0.05	0.03
FMD0125					248.6	249.2	0.60	0.27	0.16	248.6	249.2	0.60	0.19	0.11
FMD0125					253.4	255.2	1.80	0.13	0.23	253.4	255.2	1.80	0.06	0.11
FMD0126	359521	6666920	142.09	338	No significant grade									
FMD0127	360174	6666836	128.49	330	228.1	229.4	1.30	0.02	0.03	228.1	229.4	1.30	0.06	0.08
FMD0128	359593	6666846	138.58	243	No significant grade									
FMD0129	360234	6666768	127.92	336	No significant grade									
FMD0130	359480	6666604	138.88	320	No significant grade									
FMD0131	359800	6666611	134.13	321	252.9	253.9	1.00	0.27	0.27	252.9	253.9	1.00	0.33	0.33
FMD0131					254.7	262.4	7.70	0.30	2.31	254.7	262.4	7.70	0.32	2.46
FMD0132	359875	6666744	133.19	332	251.6	253.8	2.20	0.23	0.51	251.6	253.8	2.20	0.21	0.46
FMD0133	359933	6666689	131.93	332	226.1	227.6	1.50	0.08	0.12	226.1	227.6	1.50	0.09	0.14
FMD0133					246.6	247.1	0.50	0.16	0.08	246.6	247.1	0.50	0.13	0.07
FMD0133					252.5	254.6	2.10	0.62	1.3	252.5	254.6	2.10	1.12	2.35
FMD0134	359875	6666523	132.33	288	242.7	243.6	0.90	0.27	0.24	242.7	243.6	0.90	0.37	0.33
FMD0135	360004	6666603	130.93	320	219.3	220.6	1.30	0.13	0.17	219.3	220.6	1.30	0.21	0.27
FMD0135					243.8	245.2	1.40	0.66	0.92	243.8	245.2	1.40	0.86	1.20
FMD0136	359947	6666450	130.75	321	227.8	229.6	1.80	0.04	0.07	227.8	229.6	1.80	0.07	0.13
FMD0137	360072	6666525	129.54	317	No significant grade									
FMD0138	360016	6666374	129.22	317	No significant grade									
FMD0139	360140	6666449	127.97	214	No significant grade									
FMD0140	360138	6666319	126.53	309	No significant grade									
FMD0141	360211	6666372	125.64	311	No significant grade									
FMD0142	359650	6666466	135.42	308	255.3	257.9	2.60	0.26	0.68	255.3	257.9	2.60	0.27	0.70
FMD0143	360287	6666294	124.13	301	No significant grade									
FMD0144	359816	6666448	132.42	326	219.4	219.9	0.50	0.06	0.03	219.4	219.9	0.50	0.08	0.04
FMD0144					243.9	249.7	5.80	0.25	1.45	243.9	249.7	5.80	0.24	1.39
FMD0145	359553	6666534	136.81	313	No significant grade									
FMD0146	359629	6666249	132.59	296	No significant grade									
FMD0147	359550	6666175	133.39	296	220.3	221.5	1.20	0.05	0.06	220.3	221.5	1.20	0.05	0.06
FMD0147					257.2	258.1	0.90	0.11	0.1	257.2	258.1	0.90	0.13	0.12
FMD0148	359817	6666200	130.99	299	No significant grade									
FMD0149	359621	6666093	132.44	290.5	221.1	222	0.90	0.10	0.09	221.1	222	0.90	0.16	0.14
FMD0149					258.9	259.4	0.50	0.17	0.09	258.9	259.4	0.50	0.20	0.10
FMD0150	359903	6666127	129.37	295	No significant grade									
FMD0151	359700	6666014	130.71	289	225.7	228.6	2.90	0.03	0.09	225.7	228.6	2.90	0.05	0.15
FMD0151					234.3	235	0.70	0.06	0.04	234.3	235	0.70	0.09	0.06
FMD0152	359481	6666249	134.84	296.5	256.4	258.7	2.30	0.20	0.46	256.4	258.7	2.30	0.27	0.62
FMD0152					259.9	260.4	0.50	0.21	0.11	259.9	260.4	0.50	0.39	0.20
FMD0153	359770	6666097	130.85	295	No significant grade									
FMD0154	359439	6666140	133.98	292.5	242.9	243.4	0.50	0.04	0.02	242.9	243.4	0.50	0.07	0.04
FMD0155	359760	6665929	128.59	285	No significant grade									
FMD0156	359503	6666058	132.35	288	242.5	243.9	1.40	0.71	0.99	242.5	243.9	1.40	0.70	0.98
FMD0156					253	254.5	1.50	0.12	0.18	253	254.5	1.50	0.12	0.18
FMD0157	360151	6666049	125.5	287	No significant grade									
FMD0158	359578	6665983	130.54	285	221.4	222.3	0.90	0.07	0.06	221.4	222.3	0.90	0.11	0.10
FMD0158					232.6	233.8	1.20	0.07	0.08	232.6	233.8	1.20	0.15	0.18
FMD0159	359651	6665895	129.06	280	No significant grade									
FMD0160	359711	6665828	127.95	282	No significant grade									

JORC Code, 2012 Edition – TABLE 1 report

Criteria	Commentary
Sampling techniques	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. 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.
Drilling techniques	Drill holes are drilled vertically using the rotary mud method.
Drill sample recovery	Rotary mud chip cuttings are collectively photographed at the drill site. Chip tray samples are kept in storage.
Logging	Chip samples are not collected for laboratory chemical assay.
Sub-sampling techniques and sample preparation	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. The rotary mud chip cuttings are collectively photographed at the drill site.
Quality of assay data and laboratory tests	PFN directly measures uranium grade. There is no conventional assay data and no laboratory tests were carried out. 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.
Verification of sampling and assaying	PFN tools are regularly calibrated at a calibration facility located at Beverley. No sampling or conventional assaying was carried out.
Location of data points	Collar coordinates were determined by handheld GPS. Survey data are GDA94, MGA Zone 54.
Data spacing and distribution	Although full grid drilling was not envisaged for this drill program, provisional drill holes were planned in fences 400m apart with hole locations spaced at 100m intervals along the fences. The actual location of drill holes to be completed is dependent on the discovered locations of redox/roll fronts.
Orientation of data in relation to geological structure	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.
Sample security	Drill hole cuttings are stored at the Beverley Mine.
Audits or reviews	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 the Project

Criteria	Commentary
Mineral tenement and land tenure status	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. A Native Title Mining Agreement is in effect with traditional owners. 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.
Exploration done by other parties	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.
Geology	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. A detailed interpretation of the sedimentary sequence is not yet available for these preliminary drill holes. 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 25,000km^2 between the Mount Painter Inlier in the north west, Olary Block to the south and Broken Hill Block to the east.
Drill hole Information	Drill hole coordinates together with uranium mineralized intersections detected by PFN and gamma log probes are presented in Table 1.
Data aggregation methods	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.

Criteria	Commentary
Relationship between mineralisation widths and intercept lengths	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.
Diagrams	Plan Figure 1: Distribution of regional drilling at Four Mile and Table 1: Significant intersections above cut-off criteria of 0.03% pU_3O_8, minimum width of 0.5 metres and maximum internal dilution of 1 metre, are included in this announcement.
Balanced reporting	The results for all significant intersections (i.e. intersections with significant reportable uranium equivalent grade) are shown in Table 1.
Other substantive exploration data	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.
Further work	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.