

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 MARCH 2009

Manager Announcements
Company Announcements Office
ASX Limited
4th Floor, 20 Bridge Street
Sydney NSW 2000

ASX Release: 30 March 2009
ASX Code: AGS

By E-Lodgement

No. of pages: 14

Dear Sir,

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ending 31 March 2009 (8 pages)
- Appendix 5B for the period ending 31 March 2009 (5 pages)



Ian Pamensky
Company Secretary

Further information relating to the Company and its various exploration projects can be found on the Company's website at www.allianceresources.com.au

30 April 2009

ASX Code: **AGS**

HIGHLIGHTS

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

- **Alliance contributes to cost of development of uranium mining at Four Mile East**
 - \$2.21 million for the quarter (\$3.01 million project-to-date)
- **Estimated Project Development Costs (100%) A\$90 million**
 - Alliance's share A\$22.5 million
- **Production forecast by Quasar to commence in January 2010 and ramp up to 3Mlb per annum in three months**
- **Forecast Production Cash Costs (inc. royalties) A\$38.80/lb U₃O₈**
 - US\$25/lb U₃O₈ (based on 0.645 USD:1AUD)
- **Alliance commissions independent mineral resource estimates in accordance with the JORC Code**
 - Study to include an initial mineral resource estimate for Four Mile East and updated mineral resource estimate for Four Mile West
 - Study anticipated to be complete in second calendar quarter 2009
- **Alliance commissions independent scoping study for Four Mile Uranium Project**
 - Study anticipated to be completed in second calendar quarter 2009

Four Mile East - Development

- The Scope of Works associated with the proposed Four Mile satellite plant and the proposed Beverley plant modifications and additions progressed during the quarter
- Quasar filed Four Mile Project Public Environmental Report and Mining Lease Proposal in support of a South Australian mining lease and Commonwealth Government environmental approval

GOLD (MALDON PROJECT, Alliance Resources 100%)

- The processing plant was successfully recommissioned during the quarter and treated a total of 5,681 dry tonnes of material at a mill reconciled head grade of 1.76g/t gold
- First gold poured on 6 April 2009; total 209 ounces gold

CORPORATE

- Cash reserves of \$12.4 million at 31 March 2009

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

The Four Mile Joint Venture Area is located 550 kilometres north of Adelaide in South Australia. Alliance holds a 25% participating interest in the joint venture.

Quasar Resources Pty Ltd (Quasar), an affiliate of Heathgate Resources Pty Ltd (Heathgate) which owns and operates the Beverley Uranium Mine located approximately 8 kilometres southeast of the Four Mile Joint Venture Area, holds a 75% interest in the joint venture and is the manager of the project.

There are two mineralised zones within the joint venture area; Four Mile West (FMW) and Four Mile East (FME) as shown in Figure 1. FMW has an Inferred Mineral Resource of 32 Mlb U₃O₈ in accordance with the JORC Code. Estimation of an initial mineral resource for FME is in progress.

In September 2008 Quasar Resources notified Alliance of its “decision to mine” and provided Alliance with a feasibility study recommending uranium mining using In Situ Recovery (ISR) mining technology, with production forecast to commence in January 2010 at a projected rate of 2.6 Mlb U₃O₈ per annum, increasing to 3 Mlb U₃O₈ per annum within three months.

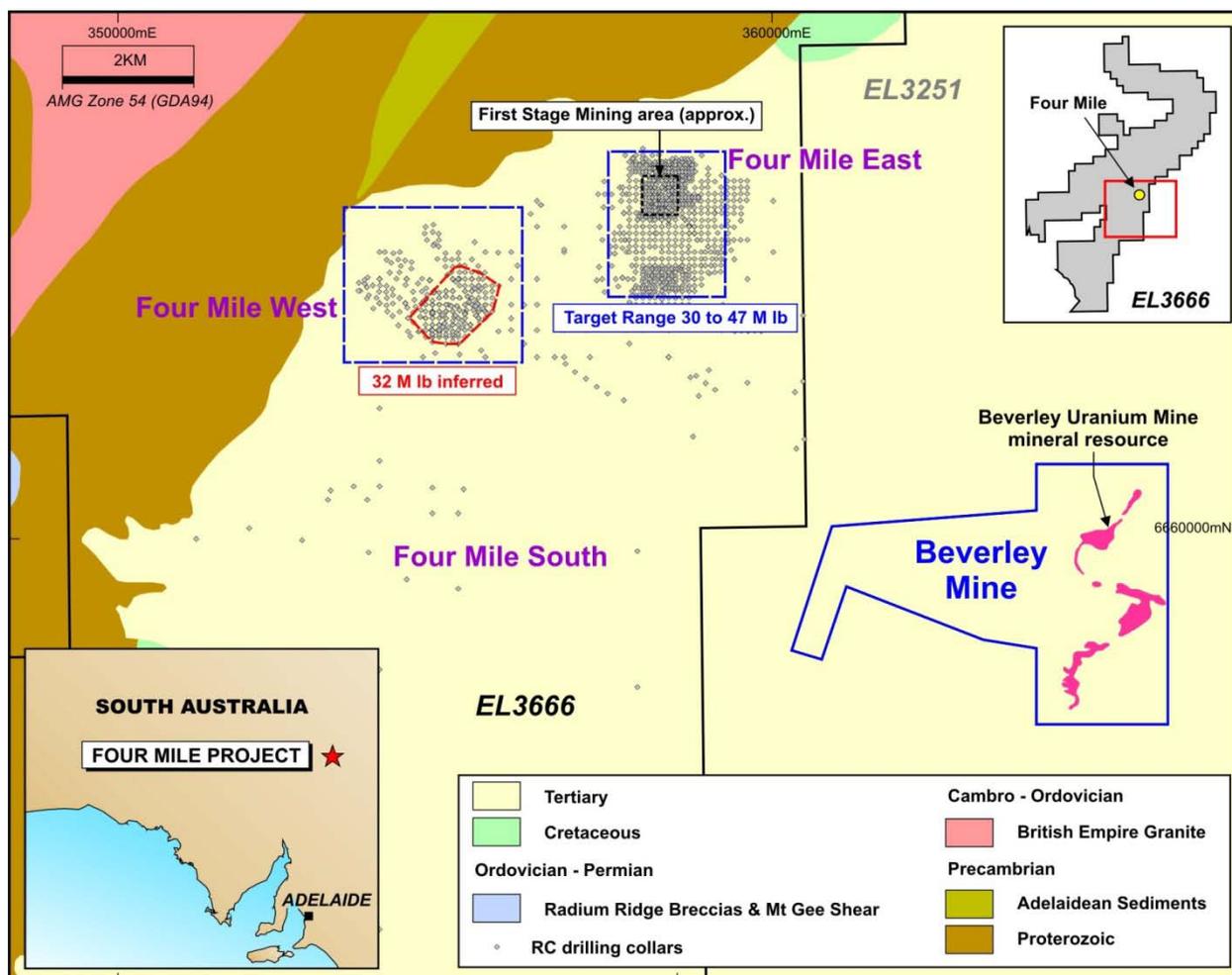


Figure 1: Four Mile Uranium Project Location Map

Four Mile Project Development and Operating Costs

During the quarter, Alliance published estimated project development costs and forecast operating cash costs as determined by Quasar in its feasibility study.

Estimated Project Development Costs (100%) - A\$90 million

- Alliance's share A\$22.5 million

Forecast Total Cash Costs, including royalties - A\$38.80/lb U₃O₈

- US\$25/lb U₃O₈ based on 0.645 USD to 1 AUD

[Disclaimer: Alliance was not involved with the generation of Four Mile Project development and operating costs and does not endorse or accept Quasar's estimated costs as correct and accurate as those costs were generated internally by Quasar and its affiliate Heathgate Resources Pty Ltd and are yet to be verified by Alliance or its consultants. Alliance has commissioned an independent scoping study to review Quasar's estimated costs and project assumptions. Alliance reserves all its rights with regards to Quasar's proposed costs.]

Contribution to Project Development

Alliance Resources Limited, on behalf of its subsidiary Alliance Craton Explorer Pty Ltd, (collectively Alliance) paid an amount of \$2.21 million towards the cost of development of the first stage mining area at FME during the quarter (\$3.01 million project-to-date).

[Alliance disputes the validity of the cash calls made by Quasar and in making these payments, has reserved all of its rights. The payments were made to preserve Alliance's participatory rights in the Four Mile project.]

Under the exploration joint venture agreement (EJVA), Quasar notified Alliance of its decision to mine in September 2008 and provided Alliance with a feasibility study (FS) compiled by URS, but generated internally by Heathgate and Quasar. The objective of the FS was to establish the basis on which Quasar rendered its decision to mine. While the FS met Quasar's obligations under the EJVA, it did not provide a sufficient quantity of independently verified information for Alliance as a publicly listed company. As such, Alliance commissioned independent studies to determine/verify whether the proposed mine development programme and budget proposed by Quasar is fair and equitable and in the best interest of Alliance Shareholders.

Expanded Independent Mineral Resource Study

Quasar's FS included a uranium mineral resource estimate for the proposed first stage mining area at FME. As this estimate was not JORC compliant, Alliance has commissioned an independent study to estimate the mineral resource at FME in accordance with the JORC Code. In addition, the study has been expanded to include an updated mineral resource estimate at Four Mile West (FMW). The updated estimate at FMW will include additional drilling and assays results obtained by Quasar since the completion of the initial mineral resource estimate of 15,000 tonnes U₃O₈ as announced in May 2007. The initial resource estimate at FMW was in accordance with the JORC Code.

The expanded mineral resource study is being conducted by JORC Code Competent Persons Mr Ken Bampton of Ore Reserve Evaluation Services and Mr Andrew Bowden of GeoDec Consulting. The study was anticipated to be complete by the end of March 2009, but has been delayed due to validation issues with Quasar's drilling database. The study is now anticipated to be complete in the second calendar Quarter 2009, subject again, to the availability of necessary validated information from Quasar.

Independent Scoping Study

Alliance is also commissioning an independent scoping study for the Four Mile Uranium Project to determine capital and operating cost estimates for comparison with costs presented to Alliance by Quasar in its FS. This new study will also expand on certain areas of Quasar's conceptual mining studies including alternative mining methods analyses, additional options of utilising in situ recovery technology, and a determination of project net present value at different production rates.

This scoping study was also anticipated to be completed by the end of March 2009, but was delayed due to issues of confidentiality with Quasar. It is now anticipated to be completed in the second calendar quarter 2009.

Four Mile East Development

Drilling

During the quarter, Quasar reported the following progress in its monthly Joint Venture Reports to Alliance:

A total of 82 holes for 17,518 metres were drilled at the Four Mile Project during the quarter, comprising 39 delineation holes, of which twenty intersected significant mineralisation ($>0.15\%$ -metre U₃O₈), excluding two abandoned holes. In addition, 43 wells were drilled and installed to first stage completion at FME, of which six wells were screened.

Hydrogeology

During the quarter, permeability studies commenced over the proposed First Stage Mining Area at FME. Other ongoing work includes: installation of monitor wells; hydrogeological investigations and consultation with Government regulatory departments to support the Public Environmental Review (PER) process.

Metallurgy

During the period, leach tests were conducted with high-grade core from eight selected intervals in suspected high carbon areas. Leaching was done as dilute atmospheric agitated leach tests. Head and residue assays from the leach tests on eight selected high grade core intervals confirmed good overall recoveries ranging between 88 to 98%. Acid and oxidant consumptions were relatively low.

Laboratory scale resin loading tests were completed with two different head grades using Four Mile groundwater. Larger-scale tests using a 35L capacity up-flow column were also completed to produce batches of loaded resins for elution trials. Calculated loadings appear similar to those of the laboratory-scale tests. Elution trials commenced.

Engineering and Procurement

The Scope of Work associated with the proposed Four Mile satellite plant and the proposed Beverley plant modifications and additions progressed during the quarter, as follows:

Completing draft report on capital expenditure and operating expenditure estimates; awarding the IX loading column fabrication package; issuing the resin catch screen tender to the market; continuation of discipline design criteria; developing mechanical layouts and major pipe work;

awarding the transformer fabrication package; awarding the supply package for the resin screens; completion of adjudication of the earthworks bids; completion of process flow diagrams and mass balance; development of process and instrument drawings; awarding the supply package for fibre-reinforced plastic pumps; awarding of camp construction package; completion of the installation of services for the camp and commencement of camp buildings delivery.

Regulatory Approvals

A Draft Public Environment Report and Mining Lease Proposal (PER) was prepared by Quasar/Heathgate and released for public comment in January 2009. The public comment period closed in February 2009 and Quasar prepared a Response Document addressing public submissions to the PER, which was submitted to South Australian and Commonwealth regulatory authorities for approval.

Four Mile West Exploration

Stratigraphic interpretation continued on the host sequences at FMW, using the detailed data gained from the recently completed drill core logging activities.

Validation of both the earlier drill hole interpretations and the more recent drilling completed in the western area of the deposit, continued during the period. The FMW lithological interpretation has defined several surfaces, which will be used as part of the resource model in much the same way as was done for FME. Upon completion of validation, the stratigraphy will be correlated to FME.

Core samples from seven drill holes located across the FMW deposit were dispatched to ANSTO for geochemical analysis and metallurgical testing.

A rotary-mud drill programme has been designed for FMW for the purpose of delineating the current resource. The majority of holes are located in the northern and western parts of the deposit where the aim is to increase the drilling density within the current ore outline. Quasar has scheduled this programme to commence in April 2009.

Hydrogeology activities included planning of FMW test work, particularly natural attenuation studies and the drilling of two water wells in the "nose" of the high-grade uranium mineralisation.

MALDON GOLD PROJECT (Alliance Resources 100%)

The Maldon Gold Project is located 30 km southwest of Bendigo in central Victoria (Figure 2).

Union Hill Decline

The Union Hill decline has remained on care and maintenance during the quarter. The contractor has now completed removing all equipment from the site. Alliance continues to monitor and dewater the underground workings.

Exploration

Alliance has commenced a program of regional exploration on the greater Maldon Gold Project, exploring the surrounding exploration licences. The program is aimed at collating available historical data, structural mapping and sampling of available structures, prior to geological modelling of available data. It is intended that a preliminary review will be completed by mid year, with a selection of targets defined that may warrant further exploration activity.

Initial work has identified many structural similarities between the Maldon East reef systems to the primarily explored Central Maldon reef systems. The Maldon East reef systems are continuous over a strike length of 12 kilometres, and display a series of discrete steep easterly and westerly dipping reefs, which systematically offset in a sinistral, en echelon pattern. Production figures vary for the mines along the eastern reef system with poor recording of the historical data, however, grades of up to 15g/t gold were recorded. The Maldon East reef system may have the potential to host economic mineralisation both at surface and at depth.

Treatment Plant

Refurbishment of the gold ore processing plant (Mill) at Porcupine Flat was finalised and the Mill was successfully recommissioned during the quarter and treated a total of 5,681 dry tonnes of material at a mill reconciled head grade of 1.76g/t gold. This material included a trial parcel of 1,028 dry tonnes of low grade development material from Alliance South grading 0.56g/t gold (predicted grade 0.21g/t) and 4,653 dry tonnes of purchased battery sands grading 2.03g/t gold.

Subsequent to the end of the quarter, Alliance poured its first gold following recommissioning of the Mill, for a total of 209 fine ounces gold.

Following the successful recommissioning of the Mill, a further parcel of economic gold bearing material is being transported to the processing plant, and processing is expected to recommence during the second quarter.

Alliance is continuing to source mill feed for the continuous operations of the Mill and continues to review prospective areas of either historic tailings or hard rock mineralisation that may be deemed to be economic for Alliance to secure, transport and treat at the Maldon Mill.



Figure 2: Four Mile Uranium Project Location Map

WARRINA COPPER-GOLD PROJECT (Alliance Resources 100%)

The Warrina Project is located 60 km northeast of Coober Pedy in the Gawler province of South Australia (Figure 2). The project is prospective for Olympic Dam style breccia-hosted iron-oxide copper-gold mineralisation.

No fieldwork was undertaken during the quarter.

Analyses for the two holes drilled in the subsequent quarter were received. Best intervals were 1m grading 448ppm copper from 498 metres down hole in BNE04 and 1.6 metres grading 0.29% copper from 395.6 metres down hole in BNE05.

Proposed work during the next quarter will consist of a review of all work to date and possible re-modelling of the existing gravity data using the latest specific gravity data.

EAST FROME COPPER-BASE METALS PROJECT (Alliance Resources 100%)

The East Frome Project is located approximately 30 km to the northwest of Broken Hill, New South Wales (Figure 2). The project is prospective for copper-gold mineralisation and Broken Hill style lead-zinc-silver mineralisation.

No fieldwork was undertaken during the quarter.

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 MARCH 2009

CORPORATE

Alliance has cash reserves of \$12.4 million and 273.85 million shares on issue at 31 March 2009.

For further information regarding this announcement, contact:



Patrick Mutz
Managing Director

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

Reference to Joint Ore Reserves Committee (JORC) Code

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 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 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLIANCE RESOURCES LIMITED

ABN

38 063 293 336

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(227)	(1,686)
(b) development	(2,661)	(8,557)
(c) production	(349)	(1,448)
(d) administration	(539)	(1,637)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	303	1,034
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid/recouped)	317	981
Net Operating Cash Flows	(3,156)	(11,313)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	(5)
(b) equity investments	-	-
(c) other fixed assets	-	(238)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Transfer to deposit)	-	-
Net investing cash flows	-	(243)
1.13 Total operating and investing cash flows (carried forward)	(3,156)	(11,556)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,156)	(11,556)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Cost of Capital Raising/Prospectus)	-	-
	Net financing cash flows	-	200
	Net (decrease) increase in cash held	(3,156)	(11,356)
1.20	Cash at beginning of quarter/year to date	15,592	-11,156
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	12,436	12,436

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	238
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imburements of expenses and payments in terms of a management service agreement with a Director related entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	636
4.2 Development ⁽¹⁾⁽²⁾	5,825
Total	6,461

Notes:

- (1) Includes cash calls for the Four Mile Project per the Programme and Budget received from the Joint Venture Manager, Quasar Resources Pty Ltd. In the period from 1 January 2009 to 31 March 2009 Alliance made payments in order to preserve its participatory rights in the Four Mile project. Alliance disputes the validity of the Programme and Budget and the cash calls made by Quasar and in making the payments has reserved all of its rights.
- (2) Maldon Payments represent payments to contractors for maintaining the underground decline while on care and maintenance.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	707	191
5.2 Deposits at call	2,209	3,881
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposit	9,520	11,520
Total: cash at end of quarter (item 1.22)	12,437	15,592

Changes in interests in mining tenements

	Tenement reference	Nature of interest (Note 2 - Below)	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL3422 MIN5146	Maldon Tenements – Victoria ⁽³⁾	100% 100%	- -
6.2 Interests in mining tenements acquired or increased	EL3422 MIN5145	Maldon Tenements – Victoria ⁽³⁾	- -	100% 100%

Note:

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

(3) *Maldon Tenements - EL3422 and MIN5146 were transferred from Alliance Resources Limited to 100% owned subsidiary Maldon Resources Pty Ltd*

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	273,851,285	273,851,285		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<i>(Unlisted Options)</i>		Exercise price A\$	Expiry date
	325,000	Unlisted	\$0.80	31 Oct 2009
	3,300,000	Unlisted	\$1.60	31 Oct 2010
	3,000,000	Unlisted	\$1.60	31 Oct 2010
	1,000,000	Unlisted	\$1.00	31 Oct 2011
	1,000,000	Unlisted	\$1.20	31 Oct 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)				
------	---	--	--	--	--

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2009
Company Secretary

Print name: **IAN PAMENSKY**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedents, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.