

26 May 2009

ASX Code: **AGS**

## SHARE PLACEMENT AND NON-RENOUNCEABLE RIGHTS ISSUE

The Board of Alliance Resources Limited (“Alliance”) is pleased to announce the placement of 41.1 million shares at 68 cents each to raise gross proceeds of approximately A\$27.9 million. The Board has also resolved to raise up to a further A\$15.7 million through a one for twelve (1:12) Non-Renounceable Rights Issue (“Rights Issue”) at 60 cents.

The Placement was made to institutional and sophisticated investors. The majority of the securities were placed to large Australian and Global Institutional investors. The Placement was jointly managed by Bell Potter Securities Limited (“Bell Potter”) and Helmsec Global Capital Limited (“Helmsec”).

The Placement is undertaken pursuant to the “excluded offer” provisions (Section 708) of the Corporations Act 2001(Cth). The issue of the Placement Shares is within the Company’s existing 15% share issue capacity.

Proceeds of the capital raised will be principally used at the Four Mile Uranium Joint Venture in South Australia to satisfy the Company’s share of project development and operating costs for uranium concentrate production, scheduled to commence in early 2010, ongoing exploration commitments at Alliance’s other projects and corporate administration costs.

Alliance’s Managing Director, Patrick Mutz said “The Board has been extremely encouraged by the strong support shown by both new and existing shareholders to our forward strategy.”

Funds from the placement are expected to be received by 2 June 2009.

### NON-RENOUNCEABLE RIGHTS ISSUE

In parallel with the placement, the Directors have resolved to undertake a Rights Issue on a one for twelve basis (1 for 12) at a price of 60 cents per Alliance share to raise up to a further A\$15.7 million before issue costs.

Assuming the Rights Issue is fully subscribed, the combination of the placement and the Rights Issue results in a total capital raising of approximately A\$43.7 million (before costs).

Eligible shareholders who hold shares as at 5pm (AEST) on the Record Date of **Thursday, 4 June 2009** will be able to participate in the Rights Issue, with the Placement shares being issued prior to the Record Date. The holders of Placement Shares, who are Eligible Shareholders on the Record Date, will be entitled to participate in the Rights Issue.

The Rights Issue will result in the issue of approximately 26.2 million additional Alliance ordinary shares if fully subscribed. The Rights Issue will not be underwritten.

Proceeds of the Rights Issue will be used in conjunction with the share placement described above to fund the Company’s on-going operational activities.

Patrick Mutz said: "This Rights Issue represents another significant milestone in our development strategy and allows Alliance to reward all our shareholders for their continuing loyal support of our company, particularly during the recent financial market turmoil."

Acceptances must be received before the close of the Offer at 5:00pm AEST on **Thursday, 25 June 2009**, unless varied.

The Board of Alliance Resources Limited reserves the right to place any shortfall.

A Prospectus containing all relevant information will be mailed to all Eligible Shareholders in due course.

This timetable below is indicative only and subject to change. Subject to the ASX Listing Rules, the Directors of the Company reserve the right to vary these dates, including the Closing date, without prior notice.

Event	Proposed Date
Close of Placement	25 May 2009
Lodgement of Rights Issue Prospectus with ASX and ASIC	27 May 2009
Notice sent to Shareholders in relation to Rights Issue	28 May 2009
Allotment of Placement Shares	3 June 2009
Record Date for Rights Issue (5:00 pm AEST)	4 June 2009
Rights Issue opens and Prospectus and Entitlement and Acceptance Form despatched	11 June 2009
Closing Date of Rights Issue (5:00 pm AEST)	25 June 2009
Dispatch of holding statements	3 July 2009

It is expected that Alliance shares will recommence trading today.

**For further information regarding this announcement, contact:**

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### **About Alliance Resources**

Further information relating to the Company, its various projects and exploration interests can be found on the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au).