



ALLIANCE RESOURCES LIMITED
ABN 38 063 293 336

PROSPECTUS

For a non-renounceable Rights Issue to Eligible Shareholders of approximately 26,224,024 New Shares, at an issue price of A\$0.60 (60 cents) per New Share to raise approximately A\$15.7 million.

This Offer is made to Eligible Shareholders on the basis of one New Share for every twelve Shares (1:12) held at 7:00pm AEST on the Record Date of 4 June 2009.

Closing 5:00pm AEST on 25 June 2009

The non-renounceable Rights Issue is not underwritten.

This Prospectus is important and requires your immediate attention. It should be read in its entirety. If you do not understand any part of this Prospectus, or you are in doubt as to how to deal with it, you should consult your accountant, stockbroker, solicitor or other professional adviser without delay.

THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE

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TIMETABLE OF IMPORTANT DATES*

Application to ASX for quotation of New Shares	27 May 2009
Prospectus lodged with ASIC	27 May 2009
Shares quoted on an "ex" basis	29 May 2009
Record Date to determine entitlements to New Shares	4 June 2009
Prospectus and Entitlement & Acceptance Form despatched	11 June 2009
Closing Date for acceptances and Application money payment	25 June 2009
Shares quoted on an a deferred settlement basis	26 June 2009
Deferred settlement trading ends	3 July 2009
Dispatch of holding statements	3 July 2009

* Shareholders are advised that this is an indicative timetable only and subject to change. Subject to the Listing Rules, the Company reserves the right to change the dates without prior notice.

IMPORTANT NOTICE

This Prospectus was lodged with ASIC on 27 May 2009 and is dated 27 May 2009. Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This document is important and it should be read in its entirety. Your investment decision in relation to this Offer should be based upon the information contained in this Prospectus and disclosures made to the market by the Company. If in doubt, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objective of the Company will be achieved or that any particular performance of the Company or of its Shares (including the New Shares offered by this Prospectus) will be achieved.

The Rights Issue is not being extended to any Shareholder whose registered address is outside Australia and New Zealand and accordingly does not constitute an offer in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law. Persons who come into possession of this Prospectus should seek advice on and observe such restrictions, as any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Shareholders should be aware that the Rights issue is non-renounceable which means that they will not be able to trade their Entitlement on the ASX and any part of an Entitlement due to an Eligible Shareholder not taken up, in whole or in part, will revert to the control of the Board. Subject to the Listing Rules, the Board reserves the right to issue any Shortfall, at their discretion, for a period of 3 months from the Closing Date, at a price being not less than

that at which the New Shares are offered pursuant to this Prospectus. It is therefore important that if you decide to accept your Entitlement, you take action to accept your Entitlement by the Closing Date.

Some words in this Prospectus have defined meanings. The glossary in Section 10 of this Prospectus contains these meanings.

DISCLAIMER

No person is authorised to give any information or to make any representation in connection with this Offer, which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company in connection with this Offer.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

SECTION 1 ~ CORPORATE DIRECTORY
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Board of Directors

J S F Dunlop
P R Mutz
I J Gandel
A D Lethlean

General Manager

S F Johnston

Company Secretary

I C Pamensky

Registered Office

Suite, 3 51-55 City Road
Southbank, Vic 3006

Email: info@allianceresources.com.au

Website: www.allianceresources.com.au

ASX code

AGS – ordinary shares

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067
Investor Enquiries (within Aust.): 1300 752 197
Investor Enquiries (outside Aust.): +61 3 9415 4664

Legal Advisors

HWL Ebsworth Lawyers
Level 41, 600 Bourke Street
Melbourne, Vic 3000

Auditors

PKF
Level 14, 140 William Street
Melbourne, Vic 3000

BRIEF INSTRUCTIONS**What You May Do**

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may:

- Accept your Entitlement in full or part; or
- Allow the whole of your Entitlement to lapse.

If You Wish To Take Up All or Part Of Your Entitlement

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with your cheque for the amount shown on the form or for such lesser amount as accords with the number of New Shares you wish to apply for, so as to reach the Company's Share Registry no later than 5:00pm AEST on Thursday, 25 June 2009.

Payment can also be made by BPAY[®] and should be made in accordance with the instructions set out in the Entitlement and Acceptance Form and must be received by the Company's Share Registry no later than 5:00pm AEST on Thursday, 25 June 2009. If you make your payment by BPAY[®] you do not need to lodge the Entitlement and Acceptance Form.

Cheques in respect of New Shares must be in Australian currency drawn on an Australian bank, made payable to "Alliance Resources Limited" and crossed "Not Negotiable". Applicants must not forward cash. Receipts for payment will not be issued.

Entitlements Not Taken Up

If you decide not to take up any part of your Entitlement, you do not need to take any action. Entitlements not taken up will lapse and you will receive no benefit for your Entitlements. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted as a consequence of the issue of the New Shares.

If you decide not to take up all of your Entitlement, the portion you do not take up will lapse and you will not receive any benefit for that portion.

Refer to Section 9 for further details.

SECTION 2 ~ CHAIRMAN'S LETTER

27 May 2009

Dear Shareholder,

On behalf of the Board of Alliance Resources Limited, it is my pleasure to invite you to participate in a one –for twelve (1:12) non-renounceable Rights Issue to raise approximately A\$15.7 million (before costs) if fully subscribed, through the issue of approximately 26.2 million New Shares at A\$0.60 (60 cents) per share. The Record Date for entitlement under the Rights Issue is 4 June 2009. This Prospectus outlines the details of the Rights Issue.

Alliance, along with its joint venture partner, is developing the Four Mile Uranium Project in South Australia, which upon commissioning in early 2010 (subject to regulatory approvals), will rank amongst the top 10 producing uranium mines in the Western world.

The combined proceeds of the Rights Issue and Placement, being approximately A\$43.6 million (before costs), will be principally used to:

- Provide working capital at the Four Mile Uranium Joint Venture in South Australia to satisfy the Company's share of approved project development and operating costs for uranium concentrate production, scheduled to commence in early 2010;
- Provide working capital at the Company's Maldon gold project in Victoria,
- Provide working capital for exploration and associated activities at the Company's Warrina copper-gold Project in South Australia and East Frome copper-gold-base metals Project in NSW;
- Project generation;
- Business development, including costs associated with the potential de-merger of non-core assets; and
- General working capital and administration costs, including the costs of the Rights Issue.

The Rights Issue follows a very successful share placement made to institutional and sophisticated investors. On 26 May 2009, the Company announced a Placement of approximately 41.0 million shares at 68 cents each to raise approximately A\$27.9 million (before costs),

Holders of Placement Shares, who are Eligible Shareholders on the Record Date, will be entitled to participate in the Rights Issue.

The Rights Issue is not underwritten. Rights under the Offer are non-renounceable, which means they are not tradeable on the ASX or otherwise transferable.

Closing date for acceptances under the Rights Issue is 5.00pm (AEST) on Thursday, 25 June 2009.

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

Please read this Prospectus carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

I look forward to your support of the Rights Issue.

Yours faithfully



J. S. F. Dunlop
Chairman

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.

SECTION 3 ~ DETAILS OF THE OFFER

3.1 Offer

Eligible Shareholders are offered one New Share for every twelve Shares (1:12) registered in their name at 7:00pm AEST on 4 June 2009 (**Record Date**), at a price of A\$0.60 (60 cents) per New Share. The Offer is not underwritten and oversubscriptions will not be accepted.

Accompanying this Prospectus is an Entitlement and Acceptance Form detailing the maximum number of New Shares you may purchase pursuant to this Offer. Fractional entitlements to New Shares have been rounded up to the nearest whole number of New Shares.

Shareholders can only apply for New Shares on the accompanying Entitlement and Acceptance Form.

3.2 Application monies held in trust

Until the New Shares are allotted under this Prospectus, Alliance will hold the Application money on trust for Applicants in a separate bank account, which has been opened solely for this purpose. Any interest accrued on Application money will not be payable to the Shareholders.

3.3 Purpose of the Rights Issue

If the Rights Issue is fully subscribed the total number of New Shares to be issued by the Company will be approximately 26,244,024 (subject to rounding up for fractional entitlements). This will raise approximately A\$15.7 million (before costs).

The purpose of the Rights Issue is to provide Shareholders with the opportunity to subscribe for further Shares in the Company and for the Company to use the proceeds of the Issue to:

- (a) Provide working capital at the Four Mile Uranium Joint Venture in South Australia to satisfy the Company's share of approved project development and operating costs for uranium concentrate production, scheduled to commence in early 2010, including but not limited to, the following:
 - Construction of satellite pre-processing plant;

- Modifications to existing plant and site infrastructure;
- Mining lease, environmental and other statutory approvals;
- Delineation drilling;
- Wellfield development;
- Operating Mine operating costs;
- Joint Venture administration; and
- Mineral resource estimation, scoping study and other reports as appropriate.

- (b) Provide working capital at the Company's Maldon gold project in Victoria, specifically:
 - Care and maintenance of the Maldon treatment plant to enable processing of 100% owned ore and third party ore on a custom milling basis;
 - Care and maintenance of the decline (underground) access to Alliance South; and
 - Exploration and associated activities;

- (c) Provide working capital for exploration and associated activities at the Company's Warrina copper-gold Project in South Australia and East Frome copper-gold-base metals Project in NSW;

- (d) Project generation;

- (e) Business development, including costs associated with the potential disposition of non-core assets; and

- (f) General working capital and administration costs, including the costs of the Rights Issue

Refer to Section 4 for further details of the allocation of the funds raised.

Alliance reserves the right to withdraw the Rights Issue at any time, in which case application monies will be refunded (without interest).

3.4 Rights attaching to New Shares

New Shares will, once issued, rank equally with existing fully paid Shares. The rights attaching to Shares are:

- (a) set out in the Company's Constitution (which may be examined from 9:00 am to 5:00pm during normal business days at the

registered office of the Company);
and

- (b) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

Shareholders are entitled to one vote for every New Share. They are also entitled to participate in dividends and any distribution of assets on a winding up according to the amounts paid on all shares owned at the time of the winding up. Further details concerning the rights attaching to the New Shares are set out in Section 8.5.

3.5 Non-resident Shareholders

This Offer to subscribe for the New Shares is only being made to all Shareholders resident in Australia and New Zealand. The Offer of New Shares under this Prospectus will not be made to the remaining foreign Shareholders (**Non-qualifying Shareholders**), as the Directors have determined that it is not reasonable for the Company to make the Offer in those jurisdictions, due to the small number of New Shares that would be offered pursuant to this Offer to Shareholders in those jurisdiction, the relatively small amount of capital that could be raised even if the Offer was fully subscribed by those Shareholders, and the significant cost of complying with the overseas legal and governmental requirements and other regulatory formalities which may need to be observed to enable the Offer to be made to those foreign Shareholders. Accordingly, this Prospectus and Entitlement and Acceptance Forms are not being sent to Non-qualifying Shareholders.

3.6 Closing Dates

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

3.7 ASX Listing

The Company has applied to have the New Shares quoted on the ASX.

New Shares will not be issued unless the ASX quotes the New Shares within 3 months from the date of this Prospectus, or ASIC grants an exemption permitting the issue. If no issue is made all money paid on Application will be returned to the Applicants as soon as practicable.

3.8 Date of Issue

New Shares will not be issued until the ASX has granted permission for the New Shares to be quoted (unless ASIC has granted an exemption permitting the issue) and the proceeds of the Rights Issue have been received by the Company.

The New Shares are expected to be allotted on 3 July 2009 with holding statements issued by 3 July 2009. All Application money will be held in trust for Applicants until the New Shares are issued or, if there is no issue, until the money is returned to Applicants. A trust account will be established and funds deposited will be kept in trust on behalf of each Applicant.

Interest earned on the Application money will not be payable to the Shareholders.

3.9 Market Prices of Shares

The lowest and highest closing market sale prices of Shares on the ASX during the 3 months immediately preceding 27 May 2009 were A\$0.37 and A\$0.885.

The last sale price for Shares on the ASX prior to the date of the announcement of the Rights Issue was A\$0.855 on 20 May 2009.

The last sale price for Shares on the ASX prior to the date of this Prospectus was A\$0.79 on 26 May 2009.

The issue of New Shares may affect the market price of Shares.

3.10 Payment

Payments can be made by:

(a) Cheque

The completed Entitlement and Acceptance Form must be accompanied by payment in full of A\$0.60 (60 cents) per New Share rounded up to the nearest cent. Payments will only be accepted in Australian currency. Refer to Section 9 for further details on payment requirement; and

(b) BPAY[®]

Payment by BPAY[®] should be made in accordance with the instructions set out in the Entitlement and Acceptance Form in full of A\$0.60 (60 cents) per New Share rounded up to the nearest cent. If you make your payment by BPAY[®] you do not

need to lodge the Entitlement and Acceptance Form.

3.11 Underwriting

This Rights Issue is not underwritten and therefore there is no guarantee that all the projected proceeds of the Offer will be raised.

3.12 Major Shareholders

The Company has been notified by Abbotsleigh (a company associated with one of the Directors, Mr Ian Gandel), the largest Shareholder in the Company which presently holds, approximately 32.09% of the Company's Shares, presently intends to take up its Entitlements in respect of a substantial portion of its shareholding. There is, however, no guarantee that Abbotsleigh will take up the full extent or a substantial portion of its Entitlement.

Refer to Section 8.3 for information on the potential effect of the Offer on the control of the Company.

3.13 No Minimum Subscription

This Offer has no minimum subscription. Shareholders will only be entitled to purchase their Entitlement to New Shares under the Offer.

3.14 Oversubscriptions

Oversubscriptions will not be accepted. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus Application money will be returned to you.

3.15 Taxation

The tax treatment and consequences of this Offer will vary depending on the particular circumstances of the Applicant. The Company accepts no liability or responsibility in relation to any taxation consequences connected to the New Shares. Therefore regarding the appropriate tax treatment that applies to this Offer, it is the responsibility of any Applicant who makes an Application to satisfy themselves by consulting their own professional tax advisors prior to investing in New Shares.

3.16 Action by Shareholders (Offer Lapses)

The Entitlement to New Shares which is offered to Eligible Shareholders under this Prospectus is non-renounceable. Shareholders may accept all of their Entitlement, or accept part of their

Entitlement and allow the balance to lapse and revert to the control of the Board. Subject to the Listing Rules, the Board reserves the right to issue any Shortfall, at their discretion, for a period of 3 months from the Closing Date, at a price being not less than that at which the New Shares are offered pursuant to this Prospectus.

Important: If you do nothing you will lose your Entitlement and receive nothing for your rights. Entitlements to New Shares not accepted will lapse.

If you are in any doubt as to what you should do, you should contact your accountant, stockbroker, solicitor or other professional adviser.

You should refer to Section 9 for instructions regarding the various ways to deal with your Entitlement and instructions for completion of the enclosed Entitlement and Application Form.

Uncertificated holdings will be entered on the CHES register as soon as practicable after the close of the Rights Issue. Notification of issue and allotment of the New Shares will be posted to Shareholders at their address appearing in the share register.

Alliance will apply to participate in CHES. All ASX trading in the Shares after they are quoted will be settled through CHES. The Share Registry will operate an electronic issuer-sponsored sub-register and CHES sub-register. Both of these sub-registers will constitute Alliance's principal share register. Subject to the Listing Rules, Alliance will not issue share certificates to applicants who are issued shares. Alliance will provide each Shareholder with a notice (Notice) that sets out the number of Shares issued to the Shareholder. The Notice will also inform Shareholders of their Security Reference Number (SRN). Shareholders who are CHES participants will receive an explanation of sale and purchase procedures under CHES with their Notice.

3.17 Costs of the Rights Issue

The costs of the Rights issue are estimated at approximately A\$155,000.

3.18 Placement

As part of a funding strategy undertaken in conjunction with the Rights Issue,

Alliance has conducted a Placement of 41 million Shares at A\$0.68 (68 cents) per Share to raise approximately A\$27.9 million. The Placement was made to institutional and sophisticated investor clients through Joint Lead Managers to Placement Bell Potter Securities Limited and Helmsec Global Capital Limited pursuant to section 708 of the Corporations Act and is due to settle on Tuesday, 2 June 2009. The issue price for the Placement was A\$0.68 (68 cents) per Share, which represented a 9.2% discount to the Volume-Weighted Average Price (VWAP) of Alliance on the ASX for the 1 month proceeding 20 May 2009 and is 11.7% higher than the price under the Rights Issue.

All of the Shares issued under the Placement will rank *pari passu* with existing Shares and are due to be issued before the Record Date. Accordingly, the Placement will give rise to an Entitlement for Eligible Shareholders issued with the Shares under the Placement, to participate in the Rights Issue in respect of those Shares.

The proceeds from the Placement will be used in accordance with the table set out in Section 4.

SECTION 4 ~ ALLOCATION OF COMPANY'S FUNDS
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Based on the information now known and current circumstances, the following table shows the proposed allocation of the funds the Company already has and of those to be raised by the Prospectus (net of expenses of the Rights Issue). The estimates are based on the Offer being fully subscribed.

Current Cash and Subscription	A\$
Current Cash ⁽²⁾	12,437,932
Share Placement ⁽⁴⁾	27,932,360
Rights Issue	15,746,414
Total funds	56,116,706
Allocation of Funds ⁽¹⁾⁽³⁾	
Rights issue expenses	154,335
Provide working capital at the Four Mile Uranium Joint Venture in South Australia to satisfy the Company's share of approved project development and operating costs for uranium concentrate production, scheduled to commence in early 2010	28,700,000
Provide working capital at the Company's Maldon gold project in Victoria	1,500,000
Provide working capital for exploration and associated activities at the Company's Warrina copper-gold Project in South Australia and East Frome copper-gold-base metals Project in NSW	350,000
Project generation	200,000
Business development, including costs associated with the potential de-merger of non-core assets	500,000
General working capital and administration costs, including costs relating to the Placement	5,023,442
Remaining Funds to fund future working capital (including project contingencies)	19,688,929
	56,116,706

Notes:

(1) Application of funds for the next 12 months

(2) Cash on hand at 31 March 2009

(3) Should the Company not raise the full amount proposed by the Prospectus, it is not possible to state with any degree of certainty which component (other than meeting tenement holding costs) of the intended exploration budget will be implemented by the Company.

The finalisation of the budget is dependent on the amount raised by this Rights Issue, the ongoing economic climate and as a consequence of results achieved by the Company from its current exploration activities.

The pro-forma cash on hand at the date of this Prospectus is sufficient to meet the tenement holding costs as they fall due and in the short term the day-to-day costs of the Company.

(4) Placement of approximately 41 million shares at A\$0.68.

Although it is the Directors current intention to use the funds as set out above, they reserve the right to reassess the proposed allocation of the Company's funds for the benefit of the Company's Shareholders. Those funds may be used to pursue other exploration and research opportunities that may arise from time to time.

SECTION 5 ~ SOME RISK FACTORS TO CONSIDER

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

This Prospectus carries no guarantee with respect to the payment of dividends, return of capital or price at which New Shares will trade.

The Directors regard the following risk factors (which are not exhaustive) as important and should be considered by Shareholders when deciding whether or not to apply for New Shares.

➤ **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities. The short and medium term impacts of the global financial crisis are uncertain.

➤ **Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. The market price of the New Shares when quoted on the ASX will be influenced by international and domestic factors affecting conditions in equity and financial markets. These factors may affect the prices for the securities of minerals exploration companies quoted on the ASX, including Alliance.

The stock market has in the past and may in the future be affected by a number of matters including:

- Supply and demand for money;
- Currency exchange rates;
- General economic outlook; and
- Changes in government policy.

- Commodity prices;
- Economic conditions in general terms and in particular to the industry that a business operates in;
- Interest rates;
- Market confidence;

➤ **Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance. Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company.

Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

➤ **Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious metals, base metals and uranium, technological advancements, forward selling activities and other macroeconomic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States

dollar and the Australian dollar as determined in international markets.

➤ **Highly Speculative Nature of Mineral Exploration and Development**

Mineral exploration is highly speculative in nature and involves risks. There can be no assurance that exploration efforts will be successful. Once minerals in commercially recoverable grades and quantities are discovered it may take several years until production is possible during which time the economic feasibility of production may still change. In addition, exploration discovery is inherently uncertain, and results can never be predicted with certainty. The risks of failure are higher when a project is at the early stage of the exploration path.

➤ **Mining and Developmental Risks**

The business of mineral exploration and mining is generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, encountering unusual or unexpected geologic formations, cave-ins, flooding and periodic interruptions due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties, personal injury, environmental damage and possible legal liability. Although the Company maintains appropriate insurances within ranges of coverage consistent with industry practice, no assurance can be given that such insurance will continue to be available at economically feasible premiums.

➤ **Occupational health and safety risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its Occupational Health and Safety Management Systems.

➤ **Native Title and Title Risks**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose

title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

➤ **Consequences of Inability to Raise Funds**

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Rights Issue will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Rights Issue there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

➤ **Non Profitable Mining Operations.**

At present, the Company is an exploration company. There can be no assurance that any of the Company's exploration ventures will be successfully commercialised. The failure to establish a profitable mining operation would

adversely affect the Company's financial performance.

➤ **Access to Third Party Tenements**

In cases where the Company's rights to the tenement interests of third parties are subject to rights granted to the Company under various agreements, there can be no assurance that such agreements will not be terminated under certain conditions.

➤ **Retention/Attraction of Key Personnel**

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to retain its key executives.

➤ **Insurance Risks.**

The Company maintains insurance coverage that is substantially consistent with industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to us at economically viable premiums, (if at all), or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate or that a liability or other claim would not materially and adversely affect our business.

➤ **Terrorist Attacks**

The terrorist attacks overseas (and any other potential consequential events) have caused uncertainty in the global markets and economies. Accordingly, there is a risk that the terrorist attacks, the resulting action of members of the international community and any other potential consequential events could impact further on the global markets and economies, including consumer confidence, trade, commodity prices, exchange rates and equity prices. These events may in turn impact further on the Company's business or on the financial markets or economic environment than has been the case to date.

➤ **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

➤ **Resource Estimations**

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

➤ **Risks specific to Uranium Mining**

(a) Approval process

The approval processes for uranium mining are more rigorous than conventional mines, with both Federal and State government legislation to satisfy. There is a risk that, should economic deposits of uranium be discovered, the necessary government approvals may not be granted, or may be significantly delayed.

(b) Government policy

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular government policies and regulations vary in different States and with different governing parties in relation to uranium exploration, mining and marketing.

The Company's activities will require compliance with various laws, both State and Federal, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection of workers and the public against the dangers of radiation and the export of uranium. Changes in government, government policies and legislation could have a material adverse affect on the Company.

(c) Regulation and politics

In Australia, mining in general and uranium mining in particular, is regulated by State and Federal governments in relation to

exploration, development, production, exports, taxes and royalties, labor standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and a range of other matters. Compliance with these laws and regulations impacts on the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and exporting of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

The South Australian State Government allows the mining of uranium provided certain conditions are adhered to.

(d) Public perception

Debate on the relative dangers and benefits of uranium as an energy source will continue into the foreseeable future and may result in statutory and/or regulatory changes which impact the Company operations.

(e) Export Policy

The Australian Commonwealth Government maintains tight control over the export of uranium through its licensing process.

Currently there are no nuclear power stations operating within Australia and therefore almost all uranium produced from Australian mines is exported. Federal legislation (including the Customs (Prohibited Exports) Regulations and the Nuclear Nonproliferation (Safeguards) Act) currently ensures that Australian uranium is only exported to countries that undertake to use it for peaceful purposes. The physical mining of uranium is also extensively regulated.

Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering the deposits uneconomic.

(f) Alternative Energy Sources

Uranium is used primarily as a fuel source for electricity generation. Other sources of fuel available for power generation include coal, gas and hydro-electricity. Factors that influence the decision of power producers to choose uranium rather than other fuels include political, technological and environmental considerations (both locally and globally). While these, to date, have impacted negatively on the growth of the uranium industry, recent concerns in relation to carbon-based emissions have strengthened the case for the use of uranium. However, sufficient advances in the technology associated with other carbon-efficient power generation (such as wind, solar or geo-thermal power generation) could see the demand for uranium as a fuel source decrease, which would be likely to have a negative impact on the Company and the value of the Shares.

➤ **Joint Venture Risk**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

Where a joint venture partner does not act in the best commercial interest of the joint venture, it could have a material adverse effect on the interests of the Company.

SECTION 6 ~ CAPITAL STRUCTURE

6.1 Issue of New Shares

Assuming no Options on issue as at the date of this Prospectus are exercised prior to the Record Date, the approximate effect of the Rights Issue on the Company's issued share capital will be as follows:

	Ordinary Shares			Unlisted Options
	100%	75%	50%	
Rights Issue take up percentage	100%	75%	50%	
On issue as at the date of this Prospectus	273,851,285	273,851,285	273,851,285	8,625,000
Number of New Shares to be issued under the Placement	41,077,000	41,077,000	41,077,000	-
Approximate number of New Shares to be issued under Rights Issue	26,244,024	19,683,018	13,122,012	-
Total securities on issue after completion of the Rights Issue	341,172,309	334,611,303	328,050,297	8,625,000

The exact number of New Shares to be issued under the Offer will not be known until completion of the Offer for reasons including the rounding of Entitlements and the fact that the Offer is not underwritten.

6.2 Effect of the Rights Issue

The principal effects of the Rights Issue on the Company (based on the Rights Issue being fully subscribed) are:

- the Company's cash funds and issued capital will increase by approximately A\$15.7 million less expenses of the Rights Issue, which are estimated at approximately A\$155,000; and
- the total number of Shares will increase from 314,928,285 (after adjusting for the Placement) to 341,172,309.

To illustrate the effect of the Rights Issue on the Company, a pro forma consolidated statement of financial position of the Company and its controlled entities (**Group**) has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2008.

6.3 Option Holders

Option holders are not entitled to participate in the Rights Issue in respect of their options, without first exercising their options so that the underlying shares are issued by the Record Date. Directors are of the belief that it is unlikely that the majority of option holders will exercise their options prior to the Record Date as the exercise prices for the options range between A\$0.80 and A\$1.60. However, in the unlikely event that all vested options are exercised prior to the Record Date, approximately a further 635,000 New Shares may be issued under the Prospectus.

SECTION 7 ~ FINANCIAL INFORMATION
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7.1 Income Statements

The Rights Issue will have no immediate effect on the Company's financial (revenue) performance, although the investment of the proceeds of the Rights Issue is expected to eventually have an effect on the financial performance of the Company, depending on the success of the investment. The success of that investment is not something which is presently capable of being quantified.

7.2 Pro-forma Consolidated Balance Sheet

Set out below, for the purposes of illustration only, is an audit reviewed consolidated Balance Sheet of the Company as at 31 December 2008 and a pro forma consolidated Balance Sheet of the Company as at 31 December 2008 which is based on the actual consolidated balance Sheet as at 31 December 2008 adjusted for the effect of the Rights Issue assuming a full subscription for New Shares by Shareholders (net of costs), the Placement (net of costs), and operating and exploration & evaluation expenditure incurred between 31 December 2008 and 31 March 2009.

		Actual 30 June 2008⁽²⁾	Actual 31 December 2008	Pro-forma 31 December 2008
	Notes	(Audited) A\$	(Audited) A\$	(Audited) A\$
Current Assets				
Cash assets	(1)	23,792,643	15,593,932	54,938,930
Receivables		443,155	544,669	227,669
Inventory		59,031	64,031	64,031
Other		111,861	236,932	236,932
Total Current Assets		24,406,690	16,439,564	55,467,562
Non Current Assets				
Receivables		499,000	509,000	509,000
Other financial assets		458,842	171,768	171,768
Property, plant and equipment		853,663	1,391,407	1,391,407
Exploration and Evaluation		20,154,829	9,290,041	12,178,041
Total Non Current Assets		21,948,334	11,362,216	14,250,216
Total Assets		46,355,024	27,801,780	69,717,778
Current Liabilities				
Payables		1,175,195	1,535,844	1,535,844
Provisions		62,074	32,118	32,118
Total Current Liabilities		1,237,269	1,567,962	1,567,962
Non Current Liabilities				
Deferred income		59,075	-	-
Provisions		600,000	656,333	656,333
Total Non Current Liabilities		659,075	656,333	656,333
Total Liabilities		1,896,344	2,224,295	2,224,295
Net Assets		44,458,680	25,577,485	67,493,483
Equity				
Contributed equity	(1)	55,574,318	55,866,724	98,367,722
Reserves		3,377,530	3,773,052	3,773,052
Accumulated losses		(14,493,168)	(34,062,291)	(34,647,291)
Total Equity		44,458,680	25,577,485	67,493,483

Notes:

- (1) *The movement in the cash assets from the actual consolidated balance sheet as at 31 December 2008 to the pro-forma consolidated balance sheet as at 31 December 2008 reflects the following:*
 - (i) *net payments during the period 1 January 2009 to 31 March 2009 of A\$3,156,000. Net payments include amounts expensed to the income statement and amounts capitalised as capitalised exploration expenses;*
 - (ii) *the proceeds from the Placement of \$26,908,918, after adjusting for the costs of the Placement and broker fees; and*
 - (iii) *the proceeds from the Rights Issue will be approximately A\$15,592,080, after adjusting for the costs of the Rights Issue.*
 - (iv) *The net proceeds from the Placement and the Rights Issue have also increased Contributed Equity in the pro-forma consolidated balance sheet.*
- (2) *The Accounting policies adopted in the preparation of the financial information are consistent with the accounting policies adopted and described in the Company's published Annual Report for the year ended 30 June 2008.*

SECTION 8 ~ ADDITIONAL INFORMATION

8.1 Litigation

The Directors are unaware of any current litigation of material nature against the Company, which may significantly affect the financial position of the Company.

8.2 Directors' interests and benefits

Pursuant to this Issue, the Directors who hold Shares will receive (in their capacities as Shareholders) a pro rata entitlement to New Shares of the same proportion as all other Eligible Shareholders.

The number of Shares and Options held (directly or indirectly) by or on behalf of each Director on the date of this Prospectus are as follows:

	Shares	Options
JSF Dunlop	6,702,403	1,000,000
PR Mutz	88,815	2,000,000
IJ Gandel	87,875,150	1,000,000
AD Lethlean	1,650,000	1,000,000
Total	96,210,906	5,000,000

Other than as disclosed in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the Rights Issue; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or this Rights Issue.

Other than as disclosed in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce a person to become, or qualify as, a Director; or
- for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Rights Issue.

8.3 Effect of the Offer on control

The equity of existing Shareholders who do not participate in the Rights Issue will be diluted. The equity of the existing

Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent.

The Company has been notified by Abbotsleigh, which presently, before adjustment for the Placement holds 32.09% of the Company's Shares, that it intends to take up its Entitlement in respect of a substantial portion of its shareholding. Abbotsleigh is an entity associated with one of the Directors, Mr Ian Gandel.

Based on the shareholding interests of Abbotsleigh as at the date of this Prospectus and the stated intention of Abbotsleigh, the potential effect the issue of the New Shares under the Rights Issue will have on the control of the Company is as follows:

- If all Eligible Shareholders take up their Entitlements in full, then the Rights Issue will have no effect on the control of the Company. Abbotsleigh's holding will decrease from 32.09% to 27.90% after adjusting for the Placement.
- If Abbotsleigh takes up all of its Entitlements and the remaining Eligible Shareholders take up half of their Entitlements, then Abbotsleigh's holding will increase from 27.90% to 28.70% (assuming that no Shortfall from the Rights Issue is placed by the Board).
- If Abbotsleigh takes up all of its Entitlements and the remaining Eligible Shareholders take up none of their Entitlements, then Abbotsleigh's holding will increase from 27.90% to 29.54% (assuming that no Shortfall from the Rights Issue is placed by the Board).

The final shareholding interest of Abbotsleigh upon completion of the Offer will depend upon the degree to which Eligible Shareholders take up their Entitlements and what portion of the shortfall is placed by the Board.

8.4 Dividend policy

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, the operating results, financial condition and capital

requirements of the Company, general business conditions and such other factors as the Directors consider relevant.

Due to the losses incurred to date it is not expected that dividends shall be declared in the near future.

8.5 Rights and liabilities attaching to New Shares

The New Shares will rank equally with all other issued fully paid Shares in the capital of the Company from the date of issue of the New Shares. The rights attaching to Shares are set out in the Company's Constitution. A copy of the Company's constitution is available for inspection at the Company's Registered Office between 9.00am and 5.00pm on business days.

The rights and liabilities attaching to Shares in the Company can be summarised as follows:

➤ Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote;
- (c) each Shareholder shall, in respect of each fully paid Share held by him or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share but in respect of partly paid Shares shall have a fraction of a vote for each partly paid Share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In the calculation of a fraction of a vote, amounts paid in advance of a call are ignored.

➤ Dividends

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the

Company to the Shareholders of such a dividend.

It is not envisaged that dividends will be paid by the Company in the foreseeable future.

➤ Variation of class rights

Shares may be issued with such preferred, deferred, qualified or other special rights or such restrictions, as the Directors, subject to any resolution, determine.

If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated in any way with the consent in writing of the holders of three-quarters of the issued shares of the class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. Any such variation shall be subject to the Corporations Act.

➤ Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares are transferable by any form for or method of transferring or dealing in Shares introduced by the ASX or operated in accordance with the Market Rules or Listing Rules, and, in any such case, permitted under the Corporations Act.

The Directors may refuse to register the transfer where the Corporations Act, Market Rules or the Listing Rules require the Company to do so or the transfer is in breach of the Corporations Act, Market Rules or the Listing Rules or the transfer is in breach of any Restriction Agreement in respect of those Shares.

➤ Future Increases in Capital

The allotment and issue of shares is under the control of the Directors. Subject to the Constitution of the Company, the Corporations Act, the Listing Rules and restrictions on the allotment of shares to Directors and their associates, the Directors may allot, issue or otherwise dispose of additional shares on such terms and conditions as they determine.

➤ **Notices**

Each Shareholder is entitled to receive notice of general meetings of the Company and to receive all notices, accounts and other documents required to be sent to the Shareholder under the Constitution of the Company or the Corporations Act.

➤ **Rights on Winding Up**

Subject to the rights of shareholders (if any) entitled to shares with special rights, in a winding-up, all monies and property that are to be distributed among Shareholders on a winding-up, shall be so distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited on the Shares.

8.6 Continuous disclosure and documents available for inspection

Alliance Resources Limited (ASX Code: AGS) is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require the ASX to be continuously notified of information about specific events and matters as they arise for the purpose of the ASX making the information available to the stock market conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain limited exceptions), to notify the ASX immediately of any information concerning the Company, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of Shares. It is also required to prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a Directors' statement and report and an audit or review report.

This Prospectus is issued pursuant to section 713 of the Corporations Act. A company may only issue a prospectus pursuant to this section where the Company has been a listed disclosing entity for a period of at least 12 months and its securities have been quoted by the ASX at all times in the 12 months before the issue of the prospectus. Apart from formal matters, a prospectus issued pursuant to section 713 needs to contain less information than a full prospectus but still all the information that investors and their professional advisers would

reasonably require to make an informed assessment of the effect of the Offer on the Company and the rights and obligations attaching to the New Shares. This information must be disclosed to the extent that investors and their professional advisers would reasonably expect to find in this Prospectus.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

8.7 Other documents

The Company will provide a copy of any of the following documents free of charge to any person who requests a copy during the Application period in relation to this Prospectus:

- (a) the annual report of the Company for the year ended 30 June 2008 (being the most recent annual report lodged with ASIC before the issue of this Prospectus);
- (b) the half yearly report lodged with ASIC by the Company for the 6 month period ending 31 December 2008 (being the most recent half yearly report lodged with ASIC after the annual report described in (a) above and before the issue of this Prospectus);
- (c) any other document or financial report lodged by the Company with ASIC or the ASX under the continuous disclosure reporting requirements in the period after the date of lodgement of the annual report for the year ending 30 June 2008 to the date of this Prospectus.

Given that the Company is a disclosing entity it may be required to release information to the market during the period between the date of this Prospectus and the Closing Date. Prospective investors are advised to refer to the ASX's website at www.asx.com.au for updated releases about specified events or matters affecting Alliance.

The following is a list of documents lodged with ASX since the date of lodgement of the annual report of the Company for the year ended 30 June 2008:

Date	Headline
26/05/09	Notice to Option Holders - Non-Renounceable Rights Issue
26/05/09	Reinstatement to Official Quotation
26/05/09	Share Placements and Non-Renounceable Rights Issue
25/05/09	Suspension from Official Quotation immediately
26/05/09	Notice to Option Holders - Non-Renounceable Rights Issue
21/05/09	Trading Halt
19/05/09	DGO: Capital Raising Update
6/05/09	Heads of Agreement between Drummond Gold Limited, Alliance and A1 Consolidated Pty Ltd
6/05/09	DGO: Heads of Agreement
30/04/09	Third Quarter Activity and Cashflow Report - 31 March 2009
23/04/09	Presentation - World Nuclear Fuel Cycle 2009 Conference
2/04/09	FM Uranium Project Contribution to Project Development
16/03/09	Presentation - Paydirt Uranium Conference - Adelaide
16/03/09	Half Year Financial Report - 31 December 2008
18/02/09	Presentation - RIU Explorers Conference - Feb 2009 - Fremantle
30/01/09	Second Quarter Activity and Cashflow Report_31 December 2008
29/01/09	Four Mile Uranium Project-FMW Drilling and FME Development
19/01/09	Four Mile Uranium Project - Contribution to Project Developm
8/12/08	Four Mile Uranium Project - Four Mile West - New Drilling
2/12/08	Issue of Unlisted Director Options
19/11/08	AGM 2008 - Results of Meeting - 19 November 2008
19/11/08	AGM 2008 - Chairman`s address to Shareholders - 19 November
19/11/08	2008 AGM Presentation by CEO Mr Steve Johnston
3/11/08	Maldon Gold Project - Suspension of Underground Operations
31/10/08	First Quarter Activity a Cashflow Report _ 30 September 2008
30/10/08	Presentation - Mining 2008 Resources Convention - Brisbane
29/10/08	Four Mile Uranium Project Four Mile West - High Grade Extension
28/10/08	Appendix 3B / Appendix 3Y / Form 604
17/10/08	Notice of Annual General Meeting / Proxy Form
17/10/08	Appointment of Patrick Mutz as Managing Director
29/09/08	30 June 2008 Annual Report
25/09/08	Four Mile Uranium Project - Decision to Mine
23/09/08	Request for Trading Halt
23/09/08	Trading Halt
10/09/08	Four Mile Uranium Project - High Grade Uranium Intercepts
3/09/08	Open Briefing - Progressing the Four Mile Uranium Project
11/08/08	Appendix 3X - Initial Director`s Interest Notice
7/08/08	Appointment of Non-Executive Director
30/07/08	Fourth Quarter Activity and Cashflow Report - 30 June 2008
23/07/08	Four Mile Uranium JV Update- Drilling continues at Four Mile

8.8 Consents and responsibility statements

Each of the parties referred to in this section:

- does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties, other than as specified in this section; and
- to the maximum extent permitted, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Mr Steve Johnston has given, and at the time of lodgment of this Prospectus has not withdrawn, his consent to be named in this Prospectus as the Company's General Manager in the form and context in which he is named.

Mr Ian Pamensky has given, and at the time of lodgment of this Prospectus has

not withdrawn, his consent to be named in this Prospectus as the Company's secretary in the form and context in which he is named.

PKF has given, and at the time of lodgment of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the Company's auditor in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and at the time of lodgment of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the share registry in the form and context in which it is named.

HWL Ebsworth has given, and at the time of lodgment of this Prospectus has not withdrawn, its consent to be named in this Prospectus as legal adviser in relation to the Rights Issue in the form and context in which it is named.

Abbotsleigh has given, and at the time of lodgment of this Prospectus has not withdrawn, its consent to be named in this Prospectus in the form and context in which it is named.

Bell Potter Securities Limited has given, and at the time of lodgment of this Prospectus has not withdrawn, its consent to be named in this Prospectus in the form and context in which it is named.

Helmsec Global Capital Limited has given, and at the time of lodgment of this Prospectus has not withdrawn, its consent to be named in this Prospectus in the form and context in which it is named.

8.9 Interests of advisers

Expenses of the Rights Issue, including ASIC and ASX fees, printing costs, administration and legal costs are estimated to be approximately A\$155,000. Other than as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the time of lodgment of this Prospectus with ASIC, or has held in the two years before lodgment of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;

- the Rights Issue; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Rights Issue,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of the Company or the Rights Issue.

8.10 Inspection of Documents

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) The Constitution of the Company;
- (b) The consents referred to in this Prospectus;
- (c) Any announcements made by the Company in terms of the Company's continuous disclosure obligations under the Listing Rules;
- (d) The annual report of the Company for the year ended 30 June 2008, (being the most recent annual report lodged with ASIC before the issue of this Prospectus); and
- (e) The half yearly report lodged with ASIC by the Company for the 6 month period ending 31 December 2008 (being the most recent half yearly report lodged with ASIC after the annual report described in (d) above and before the issue of this Prospectus).

8.11 Directors Consent and Authorisation

Each Director has consented to the lodgment of this Prospectus with ASIC and has not withdrawn that consent.

In accordance with section 351 of the Corporations Act, this Prospectus has been signed for and on behalf of the Company by a Director of the Company.



Ian Gandel
Director

SECTION 9 ~ ACTION BY SHAREHOLDERS AND INSTRUCTIONS FOR COMPLETION OF ENTITLEMENT AND ACCEPTANCE FORM
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Enclosed you will find the Entitlement and Acceptance Form (**Form**) on which you need to indicate what you wish to do with your Entitlement. You need to choose between:

- accepting your full Entitlement (refer Section 9.1).
- taking up only part of your Entitlement and allowing the balance to lapse (refer Section 9.2).

9.1 If you wish to take up all of your Entitlement

- (a) Insert in Box B the number of New Shares you wish to accept. This number should be the same as the number in the Box headed **"ENTITLEMENT TO NEW SHARES ON A 1:12 BASIS"**.
- (b) Insert in Box C the full amount of Application money payable (being the amount shown in the box headed **"AMOUNT PAYABLE ON FULL ACCEPTANCE AT A\$0.60 (60 cents) PER NEW SHARE"** rounded up to the nearest cent).
- (c) Complete the Cheque Payment details in Box D.
- (d) Complete the contact details in Box E.
- (e) Forward your completed Form and your cheque to arrive at Computershare Investor Services Pty Limited, GPO Box 505, Melbourne, Victoria, 3001, by no later than 5.00 pm AEST on 25 June 2009.

9.2 If you wish to take up only part of your Entitlement and allow the balance to lapse

- (a) Insert in Box B the number of New Shares you wish to accept.
- (b) Insert in Box C the full amount of Application money payable (being the number of New Shares accepted multiplied by A\$0.60 (60 cents) rounded up to the nearest cent).
- (c) Complete the Cheque Payment details in Box D.
- (d) Complete the contact details in Box E.
- (e) Forward your completed Form and your cheque to arrive at

Computershare Investor Services Pty Limited, GPO Box 505, Melbourne, Victoria, 3001, by no later than 5.00 pm AEST on 25 June 2009.

9.3 Payment

Cheques must be drawn in Australian currency on an Australian bank and made payable to **"Alliance Resources Limited"** and crossed "Not Negotiable". Shareholders are asked not to forward cash by mail. Receipts for payments will not be issued.

9.4 Australian Eligible Shareholders may pay through BPAY®

Payment by BPAY® should be made in accordance with the instructions set out in the Form and must be received by the Computershare by no later than 5.00 pm AEST on 25 June 2009. Applicants should be aware that their own financial institution may implement earlier cut-off times with regards to electronic payments. Applicants should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Form to pay each holding separately. If you pay by BPAY® and do not pay for your full Entitlement, your remaining Entitlement will lapse.

If you make your payment by BPAY® you do not need to lodge the Form.

9.5 IMPORTANT NOTICE

IF YOU DECIDE NOT TO TAKE UP ALL OR ANY PART OF YOUR ENTITLEMENT, IT WILL LAPSE AND YOU WILL NOT RECEIVE ANY BENEFIT.

YOUR COMPLETED FORM OR BPAY® ACCEPTANCE, ONCE SENT TO COMPUTERSHARE, CANNOT BE WITHDRAWN.

OVERSUBSCRIPTIONS WILL NOT BE ACCEPTED.

SECTION 10 ~ DEFINITIONS IN THIS PROSPECTUS
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Abbotsleigh	means Abbotsleigh Pty Ltd ACN 005 612 377
AEST	means Australian Eastern Standard Time
Application	means a valid application made upon the conditions set out in this Prospectus by using an Entitlement and Acceptance Form to apply for a specified number of New Shares
Applicant	means an Eligible Shareholder who makes an Application
ASIC	means Australian Securities and Investments Commission
ASX	means ASX Limited ACN 008 624 691
A\$	means the lawful currency of the Commonwealth of Australia
Business Day	has the meaning given to that expression in the Listing Rules
CHESS	means Clearing House Electronic Sub-register System
Closing Date	means the last day for receipt of the completed Entitlement and Acceptance forms for the New Shares, offered by this Prospectus, being 25 June 2009, unless varied by the Company
Company or Alliance	means Alliance Resources Limited ACN 063 293 336
Constitution	means the constitution of the Company from time to time
Corporations Act	means the <i>Corporations Act 2001</i> (Cth)
Directors or Board	means the Directors of the Company at the date of this Prospectus
Eligible Shareholder	means a Shareholder entitled to participate in the Rights Issue, other than a Non-qualifying Shareholder
Entitlement(s)	means the entitlement of one New Share for every twelve (1:12) Shares held by an Eligible Shareholder at the Record Date
Entitlement and Acceptance Form	means the entitlement and acceptance form accompanying this Prospectus, and on which to apply for shares
Rights Issue or Offer	means issue of New Shares pursuant to the offer contained in this Prospectus
Listing Rules	means the Listing Rules of the ASX
Market Rules	means the market rules of the ASX, the Australian Clearing House Pty Limited clearing rules and the ASX Settlement and Transfer Corporation settlement rules
New Share(s)	means the Share(s) offered under this Prospectus
Non-qualifying Shareholder	means a Shareholder, whose registered address is not situated in Australia or New Zealand
Official List	means the Official List of the ASX
Option	means an option to purchase one Share
Placement	means the placement of Shares described in section 3.18
Prospectus	means this Prospectus dated 27 May 2009
Record Date	means 7:00pm AEST on 4 June 2009 the date to determine entitlements to New Shares offered by this Prospectus
Shareholder(s)	means the registered holder of Shares
Share(s)	means ordinary fully paid shares in the capital of the Company
Share Registry or Computershare	means Computershare Investor Services Pty Limited
Shortfall	means those Shares under the Offers not applied for by the Eligible Shareholders under their respective Entitlement.