

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public. Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ALLIANCE RESOURCES LIMITED

ABN

38 063 293 336

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | ▪ Fully paid ordinary shares (ASX Code: AGS) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | ▪ Placement – 41,077,000 fully paid ordinary shares
▪ Rights issue - 26,244,024 fully paid ordinary shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | ▪ Placement - Fully paid ordinary shares - same as quoted shares (ASX Code: AGS)
▪ Rights Issue - Fully paid ordinary shares - same as quoted shares (ASX Code: AGS) |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<ul style="list-style-type: none"> ▪ Yes - Placement - Fully paid ordinary shares ▪ Yes - Rights Issue - Fully paid ordinary shares
<p>5 Issue price or consideration</p>	<ul style="list-style-type: none"> ▪ Placement - \$0.68 per fully paid ordinary shares ▪ Rights Issue - \$0.60 per fully paid ordinary shares
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The proceeds of the Rights Issue and Placement, will be principally used to:</p> <ul style="list-style-type: none"> ▪ Provide working capital 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; ▪ 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 Issue.
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<ul style="list-style-type: none"> ▪ Placement – anticipated to be 3 June 2009 ▪ Rights Issue – anticipated to be 3 July 2009

+ See chapter 19 for defined terms.

8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		341,172,309	Fully paid ordinary shares
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Number	+Class
		• 325,000	Employee options exercisable at 80 cents Expiry: 31 October 2009
		• 3,300,000	Employee options exercisable at \$1.60 Expiry: 31 October 2010
		• 3,000,000	Director's options exercisable at \$1.60 Expiry: 31 October 2010
		• 1,000,000	Managing Director's options exercisable at \$1.00 Expiry: 31 October 2011
		• 1,000,000	Managing Director's options exercisable at \$1.20 Expiry: 31 October 2011
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue⁽¹⁾

Note:

(1) – The Answers below only apply to the Rights Issue described above.

11	Is security holder approval required?	▪ Rights Issue – No
12	Is the issue renounceable or non-renounceable?	▪ Rights Issue – Non-renounceable
13	Ratio in which the +securities will be offered	▪ Rights Issue – 1 for 12 Fully paid ordinary shares

+ See chapter 19 for defined terms.

14	+Class of +securities to which the offer relates	▪ Rights Issue – Fully paid ordinary shares
15	+Record date to determine entitlements	▪ Rights Issue – 4 June 2009
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	▪ Rights Issue – No
17	Policy for deciding entitlements in relation to fractions	▪ Rights Issue – Rounding up
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross-reference: rule 7.7.</small>	▪ Rights Issue – All countries except Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	▪ Rights Issue – 25 June 2009
20	Names of any underwriters	▪ Rights Issue – N/A
21	Amount of any underwriting fee or commission	▪ Rights Issue – N/A
22	Names of any brokers to the issue	▪ Rights Issue – N/A
23	Fee or commission payable to the broker to the issue	▪ Rights Issue – N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	▪ Rights Issue – N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	▪ Rights Issue – N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	▪ Rights Issue – 11 June 2009

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	<ul style="list-style-type: none"> ▪ Rights Issue – 26 May 2009 (these letters have been sent)
28	Date rights trading will begin (if applicable)	<ul style="list-style-type: none"> ▪ Rights Issue – N/A
29	Date rights trading will end (if applicable)	<ul style="list-style-type: none"> ▪ Rights Issue – N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	<ul style="list-style-type: none"> ▪ Rights Issue – N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	<ul style="list-style-type: none"> ▪ Rights Issue – N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	<ul style="list-style-type: none"> ▪ Rights Issue – N/A
33	+Despatch date	<ul style="list-style-type: none"> ▪ Rights Issue – anticipated to be 3 July 2009

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period
- (if issued upon conversion of another security, clearly identify that other security)
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+ See chapter 19 for defined terms.

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 27 May 2009

Print name: **Ian Pamensky
Company Secretary**

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