

28 May 2009

ASX Code: **AGS**

**No. of pages: 5**

<p style="text-align: center;"><b>NON-RENOUCEABLE RIGHTS ISSUE NOTIFICATION LETTERS TO SHAREHOLDERS</b></p>
---

## DETAILS OF ANNOUNCEMENT

Please find attached the following shareholder notification letters being dispatched on the 28 May 2009:

1. to shareholders registered in Australia and New Zealand providing them with the information required in relation to the 1:12 Non-Renounceable Rights Issue; and
2. to shareholders registered in countries outside of Australia and New Zealand advising them that the Company will not be extending the Rights Issue to them.

Yours sincerely  
Alliance Resources Limited




**Ian Pamensky**  
**Company Secretary**

Email: [info@allianceresources.com.au](mailto:info@allianceresources.com.au)

### **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](http://www.allianceresources.com.au).



000001 000 AGS  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

28 May 2009

Dear Shareholder,

**ALLIANCE RESOURCES LIMITED - NON-RENOUNCEABLE RIGHTS ISSUE**

Alliance Resources Limited (Alliance) announced to the ASX on 26 May 2009 that it is undertaking a non-renounceable Rights Issue (Rights Issue) of approximately 26,224,024 fully paid ordinary shares (New Shares) at an issue price of 60 cents per New Share, to raise approximately A\$15.7 million (before costs), if fully subscribed.

The Rights Issue entitles shareholders in the Company with a registered address in Australia and New Zealand (Eligible Shareholders) as at 7pm (AEST) on the Record Date of 4 June 2009 to subscribe for one New Share for every twelve (1:12) fully paid ordinary shares (Shares) held at an issue price of 60 cents per New Share. In determining entitlements under the Rights Issue, fractions will be rounded up to the nearest whole number and holdings on different registers (or sub-registers) will be aggregated for calculating entitlements.

The Rights Issue follows a very successful share placement made to institutional and sophisticated investors (Placement). The Company announced on 26 May 2006 a placement of approximately 41 million shares (Placement Shares) at 68 cents each to raise approximately A\$27.9 million. 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. 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 is not underwritten. Rights are non-renounceable and will not be tradeable on the ASX or otherwise transferable. The Board of Alliance Resources Limited reserves the right to place any shortfall.

The prospectus in relation to this Rights Issue (Prospectus), which was lodged with ASIC and ASX on 27 May 2009, will be sent to all Eligible Shareholders, together with an Entitlement and Acceptance Form, on 11 June 2009. A copy of the Prospectus is also available on the ASX website and the Company's website. Full details of the terms and conditions of the Rights Issue are contained within the Prospectus.

Pursuant to the ASX Listing Rules, the Company is required to provide you with certain information before proceeding with the Rights Issue. This notice contains all the information required by Appendix 3B of the ASX Listing Rules.

The number of issued Shares at the date of this notice and the total number of issued Shares at the close of the Rights Issue are as follows:

- Number of Shares currently on issue and quoted on ASX 273,851,285
- Number of Placement Shares to be 41,077,000
- Maximum number of New Shares to be issued under the Rights Issue 26,224,024 (approx)
- Maximum number of Shares on issue upon completion of Rights Issue 341,172,309

The New Shares will rank pari passu in all respects from the date of issue with the existing Shares of the Company and the same existing dividend policy will apply on the increased capital.

The proceeds of the Rights Issue and Placement, being approximately A\$43.6 million (before issue 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 Issue.

The Company informs you that no shareholder approval is required for the Rights Issue and, therefore, no shareholder approval will be sought.

It is proposed that the Rights Issue be conducted according to the following indicative timetable:

Event	Date
Rights Issue announcement via ASX	26 May 2009
Lodgement of Rights Issue Prospectus with ASX	27 May 2009
Notice sent to Shareholders in relation to Rights Issue	28 May 2009
Shares quoted on an "ex" basis	29 May 2009
Record Date for Rights Issue (7:00 pm AEST)	4 June 2009
Prospectus sent to Shareholders and Rights Issue opens	11 June 2009
Closing Date of Rights Issue (5:00 pm AEST)	25 June 2009
Dispatch of holding statements	3 July 2009

This timetable 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.

Before taking up your entitlements under the Rights Issue, Eligible Shareholders should read all the information set out in the Prospectus, including the summary risk factors in section 5 of the Prospectus carefully. If you have any queries, please consult your professional adviser.

If you have any queries regarding your rights or the mailing of the Prospectus and the accompanying Entitlement and Acceptance Form, please contact me, Ian Pamensky on +61 3 9697 9090 or the Company's Share Registry, Computershare Investor Services Pty Limited on 1300 752 197 (within Australia) and +61 3 9415 4664 (outside Australia).

Further information in relation to Alliance's activities and the Rights Issue is available on the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au).


By order of the Board



**Ian Pamensky**  
**Company Secretary**

#### **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).



000001 000 AGS  
MR JOHN SMITH 1  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

28 May 2009

Dear Shareholder

### **ALLIANCE RESOURCES LTD – NON-RENOUNCEABLE RIGHTS ISSUE**

Alliance Resources Limited (Alliance or the Company) announced to the ASX on 26 May 2009 that it is undertaking a non-renounceable Rights Issue (Rights Issue) pursuant to a prospectus dated 27 May 2009 (Prospectus) of approximately 26,224,024 fully paid ordinary shares (New Shares) at an issue price of 60 cents per New Share, to raise approximately A\$15.7 million (before costs), if fully subscribed. Alliance anticipates that the Rights Issue will close on 25 June 2009.

The Rights Issue follows a very successful share placement made to institutional and sophisticated investors (Placement). The Company announced on 26 May 2006 a placement of approximately 41 million shares (Placement Shares) at 68 cents each to raise approximately A\$27.9 million. 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. The holders of Placement Shares, who are Eligible Shareholders on the Record Date, will be entitled to participate in the Rights Issue.

The proceeds of the Rights Issue and Placement, being approximately A\$43.6 million (before issue 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 costs 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.

The Prospectus is for a non-renounceable rights issue to existing shareholders in Australia and New Zealand.

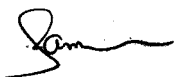
The Company has determined, pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited ("ASX Listing Rules"), that it would be unreasonable to make offers under the Prospectus to all countries outside of Australia and New Zealand. ("foreign shareholders") having regard to the relatively small number of foreign shareholders, the relatively small number and value of the shares the foreign shareholders would otherwise be offered under the Rights Issue, and the costs of complying with legal and regulatory requirements to enable the Rights Issue to be made to foreign shareholders.

As your address shown in Alliance's register of members is a place outside Australia and New Zealand, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Rights Issue to you and a copy of the Prospectus will not be mailed to you.

If you have any queries regarding the Rights Issue contact me, Ian Pamensky on +61 3 9697 9090 or the Company's Share Registry, Computershare Investor Services Pty Limited on 1300 752 197 (within Australia) and +61 3 9415 4664 (outside Australia).

Further information in relation to Alliance's activities and the Rights Issue is available on the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au).

By order of the Board



**Ian Pamensky**  
**Company Secretary**

**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).