

28 May 2009

ASX Code: **AGS**

**FIRST A\$5 MILLION OF ANY SHORTFALL FROM
NON-RENOUCEABLE RIGHTS ISSUE
TO BE PLACED AT A\$0.68**

On 26 May 2009, Alliance Resources Limited ("Alliance") announced the placement of 41.1 million shares at 68 cents each to raise gross proceeds of approximately A\$27.9 million (Placement). This was followed by the Board resolving to raise up to a further A\$15.7 million through a one for twelve (1:12) Non-Renounceable Rights Issue ("Rights Issue") at 60 cents.

The Placement was jointly managed by Bell Potter Securities Limited ("Bell Potter") and Helmsec Global Capital Limited ("Helmsec").

The Rights Issue will result in the issue of approximately 26.2 million additional Alliance ordinary shares if fully subscribed. The Rights Issue is not underwritten and the Board of Alliance has reserved the right to place any shortfall at their discretion.

Alliance is pleased to announce it has now agreed to place up to A\$5 million of shares from any shortfall from the Rights Issue at an issue price of A\$0.68 per share, A\$0.08 cents higher than the issue price under the Rights Issue ("Shortfall Placement"). The Shortfall Placement has been managed by Bell Potter and Helmsec and is to be made to institutional clients of Bell Potter and Helmsec.

The Shortfall Placement will not affect the right of any eligible shareholder to take up his or her entitlements in full under the Rights Issue.

The Shortfall Placement (if applicable) will be made pursuant to ASX Listing Rule 7.2, following the completion of the Rights Issue.

Alliance's Managing Director, Patrick Mutz said, "The Board of Alliance has great confidence in the success of the Rights Issue. That institutional investors are prepared to subscribe for the shortfall at a price higher than the Rights Issue is evidence of the level of support for the company as it seeks to jointly develop the Four Mile Uranium Project".

Yours sincerely
Alliance Resources Limited



Ian Pamensky
Company Secretary

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.