

ASX ANNOUNCEMENT**2 July 2009****ASX Code: AGS****PLACEMENT OF SHORTFALL FROM RIGHTS ISSUE**

The Directors of Alliance Resources Limited ("Alliance") (ASX Code: AGS) are pleased to announce it completed the placement ("Shortfall Placement") of a further 12,576,580 ordinary shares, pursuant to its 1:12 non-renounceable Rights Issue ("Rights Issue") prospectus dated 27 May 2009. The shares placed represent the total shortfall from the Rights Issue not taken up by shareholders and includes the A\$5 million Shortfall Placement announced on 28 May 2009.

The Shortfall Placement has been completed at 68 cents and has raised over A\$8.5 million before costs. The total funds raised from the Placement completed on 26 May 2009, the Rights Issue and placement of shortfall totals A\$44.7 million (before costs).

The Shortfall Placement was managed by Bell Potter Securities Limited and Helmsec Global Capital Limited. The majority of the Shortfall Placement went to existing institutional shareholders. Abbotsleigh Pty Limited, Alliance's major shareholder, was also a substantial participant in the Shortfall Placement. The issue of shares to Abbotsleigh will be subject to waivers and/or approval from the ASX and ASIC. If these waivers and/or approvals are not obtained then Alliance will seek the necessary shareholder approval for Abbotsleigh's participation in the Shortfall Placement.

Proceeds from Alliance's capital raisings will be primarily directed toward Alliance's equity share of development and operating costs at the Four Mile Uranium Joint Venture Project in South Australia, scheduled to commence production in early 2010. Alliance believes it is now fully funded to receipt of first revenue from the sale of uranium from Four Mile.

These shortfall shares will be allotted (excluding Abbotsleigh's) on ~6 July 2009.

Following the allotment of the Shortfall Placement, the Company will have a total of 341,172,309 ordinary shares and 8,625,000 unlisted options on issue.

For further information regarding this announcement contact:

Patrick Mutz
Managing Director
ALLIANCE RESOURCES LIMITED

Phone: 03 9697 9090

Email: info@allianceresources.com.au

Suite 3, 51-55 City Road
Southbank, VIC, 3006
P +61 3 9697 9090 F +61 3 9697 9091
info@allianceresources.com.au
www.allianceresources.com.au
ABN 38 063 293 336