

10 July 2009

ASX Code: AGS

PLACEMENT OF RIGHTS ISSUE SHORTFALL NOTICE GIVEN UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

On 6 and 7 July 2009, Alliance Resources Limited ("Company") (ASX Code: AGS) issued 8,885,000 fully paid ordinary shares at a price of A\$0.68 per share. The shares issued represent the shortfall ("Shortfall Placement") from the 1:12 non-renounceable rights issue ("Rights Issue") prospectus dated 27 May 2009. The Shortfall Placement was made to institutional and sophisticated investors as announced on 2 July 2009.

A further 3,691,580 fully paid ordinary shares representing the balance of the Rights Issue shortfall are to be issued to Abbotsleigh Pty Ltd at a price of A\$0.68 per share. The issue of shares to Abbotsleigh will be subject to waivers and/or approval from the ASX and ASIC. If these waivers and/or approval are not obtained from the ASX and ASIC, Alliance will seek the necessary shareholder approval for Abbotsleigh's participation in the Shortfall Placement.

This notice is given under section 708A(5)(e) of the Corporations Act 2001 (Cth) ("Corporations Act").

The following securities of the Company were issued under a placement without disclosure to investors under Part 6D.2 of the Corporations Act:

Type:	Shares
Class/Description:	Ordinary (fully paid)
ASX Code:	AGS
Date of :	6 & 7 July 2009
Number Issued:	8,885,000
Issue Price per Security	A\$0.68

As at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

The Company confirms that, as at the date of this notice, there is no excluded information within the meaning of sections 708A(7) and 708A(8) of the Corporations Act which is required to be disclosed under section 708A(6)(e) of the Corporations Act.

For further information regarding this announcement, contact:

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ALLIANCE RESOURCES LIMITED

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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.