



ALLIANCE RESOURCES LIMITED

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2009

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ABN 38 063 293 336

DIRECTORS

John S F Dunlop
Chairman

Patrick Mutz
Director

Ian J Gandel
Director

Tony D Lethlean
Director

MANAGEMENT

Steve F Johnston
Interim Chief Executive Officer

Ian C Pamensky
Manager Finance & Company Secretary

Jason Fothergill
Maldon Site Manager

PRINCIPAL & REGISTERED OFFICE

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AUDITORS

PKF
Chartered Accountants
Level 14
140 William Street
Melbourne, Vic 3000

SHARE REGISTRY

Computershare Investor Services
GPO Box 2975
Melbourne, Vic 3001
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ASX CODE

AGS

INVESTOR INFORMATION

Alliance Resources is a publicly listed Australian resource company focused on the development and, ultimately, production from its joint venture interest in the Four Mile Uranium Project in South Australia, and in realising value from its extensive exploration interests.

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2009 and the review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Non-executive John Stuart Ferguson Dunlop <i>Chairman</i>	Appointed 30 November 1994
Ian Jeffery Gandel <i>Non Executive Director</i>	Appointed 15 October 2003
Anthony Dean Lethlean <i>Non Executive Director</i>	Appointed 15 October 2003
Patrick Mutz Non Executive Director	Appointed 1 March 2010 ⁽¹⁾

Executive

Patrick Mutz <i>Managing Director</i>	Resigned 28 February 2010 ⁽¹⁾
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Note:

(1) Mr Patrick Mutz resigned as Managing Director, effective 28 February 2010, he will continue on as a Non-executive director

RESULTS

The loss for the half-year after income tax was \$2,807,763 (2008: Loss - \$19,569,123).

REVIEW OF OPERATIONS

During the period, Alliance Resources Limited released its Annual Report for the year to 30 June 2009, with a Review of Operations to 30 September 2009. It also released Quarterly Activities Reports to 30 September 2009 and 31 December 2009, with significant events as follows:

Corporate

- Mr Patrick Mutz resigned as Managing Director, effective 28 February 2010. He will continue as a Non Executive Director. Mr Steve Johnston has been appointed as interim CEO pending an executive search and permanent appointment;
- In January and March 2010 Alliance has made payments totaling \$1,120,908 towards the cost of development of uranium mining at Four Mile. (Total payments made to date are \$13,542,111)¹;
- Alliance finalises \$44.7M capital raising programme with collection during the period of the final \$8.5 million (before costs) from placement of previously reported Rights Issue Shortfall. 12,576,580 shares were issued during the half year. The Company now has 341,172,309 ordinary shares and 8,300,000 unlisted options on issue; and
- Cash reserves at 31 December 2009 were \$42.4 million

¹ Alliance disputes the validity of the cash calls made by Quasar and, in making these payments, has reserved all of its rights. The payments are made to preserve Alliance's participatory rights in the Four Mile project.

URANIUM (FOUR MILE JOINT VENTURE, Alliance 25% and free carried during exploration)

The Four Mile Joint Venture Area is located 550 kilometres north of Adelaide in South Australia. As of 22 October 2008, Alliance contributes 25% towards the cost of development within the Mine Development Area (MDA) and is free carried for exploration outside the MDA.

Quasar Resources Pty Ltd (Quasar) holds a 75% interest in the joint venture and is the manager of the project. Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine located 8 kilometres southeast of the Four Mile uranium deposits.

The Four Mile uranium deposits consist of two mineralised zones: Four Mile East and Four Mile West which has an Inferred Mineral Resource of 71 Mlb U₃O₈ in accordance with the JORC Code.

During the period, Alliance announced the following significant matters:

- Four Mile Uranium Project receives Australian Government Environmental Approval – July 2009. As noted below this decision being challenged by a third party.
- Summary of Legal Proceedings
 - Recording JV Meetings.
 - On 13 October 2009, Alliance Craton Explorer Pty Ltd (ACE), a subsidiary of Alliance Resources Limited (Alliance), issued proceedings in the Supreme Court of South Australia against Quasar Resources Pty Ltd (Quasar) in order to test its right to record proceedings of JV management committee meetings. A directions hearing will be held on or after 22 March 2010..
 - Native Title Registration.
 - On 12 November 2009, ACE issued proceedings in the Supreme Court of South Australia against Quasar and Heathgate Resources Pty Ltd (Heathgate) seeking:
 - a declaration that Quasar exceeded and breached its authority, acted in breach of its fiduciary obligations and acted in breach of its contractual obligation of good faith in signing a native title mining agreement (NTMA) for the Four Mile Project in the form negotiated by Quasar;
 - a declaration that Heathgate knowingly participated in the breaches referred to above;
 - an order requiring Quasar and Heathgate to execute a deed, in a form previously submitted to Quasar, which places Alliance in substantially the position it would have been in had the NTMA related only to the Four Mile Project or, in the alternative a mandatory injunction requiring Quasar to commence negotiating a new native title agreement which relates only to Four Mile; and
 - damages and costs.

At a directions hearing on 27 January 2010 a timetable was set for additional pleadings and discovery and a further directions hearing is scheduled for 8 April 2010.

 - Pre-action Discovery.
 - On 16 November 2009, ACE issued proceedings in the Federal Court of Australia against Quasar and Heathgate for an order, by way of pre-action discovery, giving ACE access to books, records and agreements pertaining to the Four Mile Joint Venture. The matter was heard on 22 and 23 February 2010. The Court has reserved its decision.
 - Alan Oshlack v Minister for Environment Heritage and the Arts.
 - On 11 December 2009, Alliance announced that it had been advised by Quasar that proceedings had been commenced in the Federal Court of Australia by Alan Oshlack of the Indigenous Justice Advocacy Network seeking a review of Federal Minister Peter Garrett's decision in July 2009 to grant environmental approval for the Four Mile Project. Neither Alliance nor Quasar were parties to those proceedings. On 23 December 2009 Quasar was, by consent, joined as a respondent to those proceedings. The matter has been set down for hearing on 17 March 2010.

- Mineral Resources
 - Mineral resource estimate for Four Mile Uranium Project in South Australia increases by 16% to 32,000 tonnes (71 Mlb) uranium oxide (U₃O₈) at average grade of 0.33%
 - Increase due to updated mineral resource estimate at Four Mile West (FMW) deposit, to 19,000 tonnes (42 Mlb) U₃O₈ at average grade of 0.33%. Increase excludes additional U₃O₈ mineralisation above or within about 20m of the water table over 0.73 km² in the western area at FMW. This could potentially add up to 30% to FMW resources on a contained U₃O₈ basis if this mineralisation is proved recoverable; and
 - Includes upgrade of 14,000 tonnes (32 Mlb) U₃O₈ at average grade of 0.34% from “inferred” to “indicated” classification in accordance with the JORC Code, with balance classified as “inferred”.
 - Significant potential for expansion of the mineral resource base with further evaluation and estimation of a mineral resource for the western area mineralisation at FMW and with additional drilling, at:
 - FMW where mineralization remains open to west with several hundred metres of untested ground to a sub vertical faulted contact with outcropping crystalline basement;
 - FME where mineralisation remains open to the west and northeast; and
 - Approximately 30 kilometres of largely untested range front where the younger cover sequences contact the crystalline basement.
- Four Mile Development and Exploration
 - Four Mile East (First Stage Mining Area):
 - 45 delineation holes were drilled for 9,994 metres, giving a total of 146 delineation holes for the project-to-date;
 - 31 wells were drilled and installed to first stage completion for 6,865 metres, giving a total of 134 first stage completions for the project-to-date; and
 - 72 wells were screened during the reporting period for a total of 129 second stage completions on a project-to-date basis.
 - Four Mile West²
 - 5 wells were drilled and installed to first stage completion at Four Mile West for 886 metres; and
 - Seven wells were screened during the reporting period for a total of seven second stage completions to-date, for use in a possible Field leach Trial as proposed by Quasar.
- Engineering

Engineering for Four Mile project was completed during the period. Equipment and materials continued to be delivered to Beverley for on-site storage.
- Impact of Delay in Registering the NTMA

As a result of the delay in registering the NTMA, the Mining Lease cannot be issued to the joint venture by the SA Government and on-site construction at Four Mile East cannot begin. Consequently, Quasar has directed that work on the project be scaled down during the period of regulatory delay, and has informed Alliance the project has been delayed significantly beyond April 2010.
- Independent Scoping Study

An independent scoping study for the Four Mile Uranium Project commissioned by Alliance has been completed and the draft report is being reviewed by the Board. Highlights of the results of the study will be announced shortly.

² Alliance has objected to the change of scope in the budget and has disputed various other proposed changes to the budget. Alliance has not been provided with a copy of the engineering study and estimated project development and operating costs prepared by GRD Minproc and presumably used as the basis for the revised budget and the revised budget (which has not yet been presented to the joint venture Management Committee for its consideration or approval).

Maldon Gold Project, Victoria (Alliance 100%)

The Maldon Project is located 30 km south west of Bendigo in central Victoria. During the period, the Union Hill decline and the processing plant have remained on care and maintenance. The following significant matters were announced:

- Alliance and Drummond Gold Limited (Drummond) signed a share sale agreement under which Drummond may acquire Maldon Resources Pty Ltd from Alliance (previously reported)
 - On 18 January 2010, Drummond and Alliance announced they had agreed to further extend the date by which the conditions precedent must be fulfilled from 15 January to 19 March 2010.

Warrina Copper-Gold Project, South Australia (Alliance 100%)

The Warrina Project is located 60 km north east of Coober Pedy in South Australia.

No fieldwork was undertaken during the half year.

East Frome Base Metal Project, New South Wales (Alliance 100%)

The East Frome Project is located approximately 30 km to the northwest of Broken Hill, New South Wales. The project is prospective for copper-gold mineralisation and Broken Hill style lead-zinc-silver mineralisation.

No fieldwork was undertaken during the half year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Signed in accordance with a resolution of Directors.



Tony Lethlean
Director

Dated at Melbourne, Victoria this 5th day of March 2010



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the review of the financial report of Alliance Resources Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alliance Resources Limited and the entities it controlled during the half year ended 31 December 2009.

A handwritten signature in blue ink that reads 'David Garvey'.

D J Garvey
Partner
PKF

5 March 2010
Melbourne

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Liability limited by a scheme approved under Professional Standards Legislation.

The Directors of Alliance Resources Limited declare that:

- 1 the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001.
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Tony Lethlean
Director

Dated at Melbourne, Victoria this 5th day of March 2010



Chartered Accountants
& Business Advisers

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALLIANCE RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Alliance Resources Limited ("company"), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alliance Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alliance Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PKF

PKF

5 March 2010
Melbourne

D J Garvey
Partner

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STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2009

Alliance Resources Limited

	CONSOLIDATED HALF YEAR	
	31 December 2009	31 December 2008
	\$	\$
Continuing Operations		
Revenue from continuing operations:		
Interest Income	881,481	759,815
Expenses from continuing operations:		
Administrative expenses	(1,924,658)	(858,429)
Depreciation	(8,656)	(75,338)
Directors' fees	(104,730)	(117,776)
Impairment in value of investments	-	(287,075)
Occupancy expenses	(31,368)	(13,667)
Expense of share options granted	(39,692)	(489,553)
Share of net loss of joint venture accounted for using the equity method	(1,077,454)	-
Loss from continuing operations before income tax	<u>(2,305,077)</u>	<u>(1,082,023)</u>
Income tax (expense)/ benefit	-	-
Loss from continuing operations after tax	<u>(2,305,077)</u>	<u>(1,082,023)</u>
Loss from discontinuing operations after income tax	(502,686)	(18,487,100)
Net Loss for the period	<u><u>(2,807,763)</u></u>	<u><u>(19,569,123)</u></u>
Other comprehensive income for the period, net of tax	-	-
Total comprehensive loss for the period	<u><u>(2,807,763)</u></u>	<u><u>(19,569,123)</u></u>
Basic loss per share (cents) from Continuing Operations	(0.68)	(0.40)
Basic loss per share (cents) from Discontinuing operations	(0.15)	(6.77)
Diluted loss per share (cents) from Continuing Operations	(0.68)	(0.40)
Diluted loss per share (cents) from Discontinuing operations	<u>(0.15)</u>	<u>(6.77)</u>

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

Alliance Resources Limited

		CONSOLIDATED	
	Note	31 December 2009	30 June 2009
		\$	\$
Current Assets			
Cash and cash equivalents		42,350,743	43,250,408
Receivables		87,920	235,532
Other assets		71,215	25,691
Assets classified as held for sale		9,227,047	9,004,325
Total Current Assets		51,736,925	52,515,956
Non Current Assets			
Receivables		40,000	40,000
Other financial assets		143,140	143,140
Property, plant and equipment		47,927	11,797
Exploration and evaluation costs	3	1,955,119	1,850,725
Investment in Joint Venture, accounted for using the equity method		10,592,301	5,132,482
Total Non Current Assets		12,778,487	7,178,144
Total Assets		64,515,412	59,694,100
Current Liabilities			
Payables		1,001,238	1,645,262
Provisions		62,975	46,409
Liabilities classified as held for sale		877,173	912,966
Total Current Liabilities		1,941,386	2,604,637
Total Liabilities		1,941,386	2,604,637
Net Assets		62,574,026	57,089,463
Equity			
Contributed equity	4	98,918,022	90,665,388
Accumulated losses		(40,196,432)	(37,388,669)
Reserves		3,852,436	3,812,744
Total Equity		62,574,026	57,089,463

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2009

Alliance Resources Limited

CONSOLIDATED	Issued Capital	Accumulated Losses	Share Option Reserve	TOTAL
	\$	\$	\$	\$
At 1 July 2008	55,574,318	(14,493,168)	3,377,530	44,458,680
Total comprehensive loss for the period, net of tax	-	(19,569,123)	-	(19,569,123)
Cost of share options issued	-	-	489,553	489,553
Share issue costs	(1,625)	-	-	(1,625)
Exercise of options	200,000	-	-	200,000
Cost of share options exercised	94,031	-	(94,031)	-
At 31 December 2008	55,866,724	(34,062,291)	3,773,052	25,577,485

CONSOLIDATED	Issued Capital	Accumulated Losses	Share Option Reserve	TOTAL
	\$	\$	\$	\$
At 1 July 2009	90,665,388	(37,388,669)	3,812,744	57,089,463
Total comprehensive loss for the period, net of tax	-	(2,807,763)	-	(2,807,763)
Cost of share options issued	-	-	39,692	39,692
Share issue costs	(299,440)	-	-	(299,440)
Shares issued during the period	8,552,074	-	-	8,552,074
At 31 December 2009	98,918,022	(40,196,432)	3,852,436	62,574,026

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the half year ended 31 December 2009

Alliance Resources Limited

	CONSOLIDATED HALF YEAR	
	2009	2008
	\$	\$
Cash flows from operating activities		
Receipts from operations	1,662	5,300
Payments to suppliers and employees	(3,155,823)	(1,840,575)
Payments for exploration and JV costs	(6,894,392)	(6,536,365)
Interest received	941,697	616,459
Net cash flows used in operating activities	<u>(9,106,856)</u>	<u>(7,755,181)</u>
Cash flows from investing activities		
Transfer to term & rental deposits	1,603	(10,823)
Payments for property, plant and equipment	(47,047)	(631,082)
Net cash flows used in investing activities	<u>(45,444)</u>	<u>(641,905)</u>
Cash flows from financing activities		
Proceeds from issues of shares	8,552,074	200,000
Payments for share issue costs	(299,440)	(1,625)
Net cash flows from financing activities	<u>8,252,635</u>	<u>198,375</u>
Net decrease in cash held	(899,665)	(8,198,711)
Cash at beginning of the half year	<u>43,250,408</u>	<u>23,792,643</u>
Cash at end of the half year	<u><u>42,350,743</u></u>	<u><u>15,593,932</u></u>

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2009

Alliance Resources Limited

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of Alliance Resources Limited as at 30 June 2009.

It is also recommended that the half-year financial report be considered together with any public announcements made by Alliance Resources Limited and its controlled entities during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

(a) Basis of Accounting

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The same accounting policies have been followed as those applied in the financial report for the year ended 30 June 2009.

The half-year financial report has been prepared in accordance with the historical cost convention. For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The consolidated interim financial report was approved by the Board of Directors on 5 March 2010.

(b) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the annual financial report for the financial year ended 30 June 2009 and the corresponding interim financial report for the half year ended 31 December 2009.

(c) Adoption of new standards

From 1 July 2009 the consolidated entity has adopted the following revised Australian Accounting Standards, mandatory for annual periods beginning on or after 1 January 2009.

- AASB 101 Presentation of Financial Statements
Adoption of this standard did not have any effect on the financial position or performance of the consolidated entity.
- AASB 8 Operating Segments
Under the adoption of AASB 8, there has been no change to the reportable segments. The Group has therefore not changed any reporting for the previous corresponding period.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2009

Alliance Resources Limited

NOTE 2. SEGMENT INFORMATION

Alliance Resources Limited operates in the mineral exploration and mining industry in Australia.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the board in order to allocate resources to the segment and to assess its performance.

The board reviews the company as a whole in the business segment of mineral exploration within Australia.

This segment reporting was previously reported under AASB 114 as Primary Reporting - Business Segments and its segment analysis has been continued for the current half-year.

NOTE 3. EXPLORATION AND EVALUATION COSTS

	31 December 2009 \$	30 June 2009 \$
Exploration and evaluation costs carried forward in respect of minerals exploration areas of interest:		
Exploration and evaluation phases	1,955,119	1,850,725
Opening balance	1,850,725	20,154,829
Expenditure incurred	357,120	6,151,607
Contributions to a Joint Venture Development ⁽¹⁾	-	-
Impairment of Exploration Costs ⁽²⁾	-	(17,401,153)
Transferred to assets classified as held for sale	(252,726)	(7,054,558)
Closing balance⁽³⁾	1,955,119	1,850,725

Note:

(1) - The Company received its first cash call in respect of the cost of development of uranium mining at Four Mile East totalling \$1,013,410 in December 2008. The company has received cash calls totalling \$13,116,450 to 31 December 2009. Contributions to the Joint Venture Development has been classified as Investments accounted for using the equity method.

(2) - On 3 November 2008, the Company announced it was suspending underground operations at the Maldon Gold Project in Victoria, in order to focus its resources on the development of the Four Mile Uranium Project. In light of this decision the Company decided to writedown the value of Exploration costs associated with the Maldon Gold Project to more accurately reflect its current value. Maldon exploration costs have been classified as held for sale in the Consolidated Statement of Financial Position.

(3) - Exploration costs can be broken down as follows:

	\$
Maldon, Victoria	-
Warrina, SA	1,221,864
Four Mile JV, SA	450,399
East Frome, NSW	282,856
	<u>1,955,119</u>

The recoverability of the carry forward amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2009

Alliance Resources Limited**NOTE 4. EQUITY SECURITIES ISSUED**

	31 December 2009 \$	30 June 2009 \$
(a) - Issued and paid up capital:		
Issued and fully paid ordinary shares	98,918,022	90,665,388
(b) - Movements in contributed equity during the six month period were as follows:		
	Number	\$
Ordinary Shares		
Opening balance at 1 July 2009	328,595,729	90,665,388
Rights issue of shares	12,576,580	8,552,074
Share issue costs	-	(299,440)
Total ordinary shares on issue at 31 December 2009	341,172,309	98,918,022

NOTE 5. COMMITMENTS**Exploration Tenements - Commitments for Expenditure**

There was no material change in the company's commitments since the end of the last reporting period.

NOTE 6. EVENTS AFTER BALANCE SHEET DATE**Maldon Gold Project**

Alliance Resources Ltd and Drummond Gold Limited (Drummond) have agreed to extend the conditions precedent cut-off date for the Share Sale Agreement by which Drummond will acquire the Maldon Resources Pty Ltd from 15 January 2010 to 19 March 2010.

Change in Management

Mr Patrick Mutz resigned as Managing Director with effect from 28 February 2010 but will continue on the Board of Alliance Resources Limited as a Non-executive Director.

Four Mile Joint Venture

Alliance Resources Limited has continued to make contributions to the Four Mile Joint Venture.