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The past year has been a challenging one for the company.

The Board's principal task has been to pursue a carefully considered strategy to maximize and sustain shareholder value throughout the coming decade and beyond.

This has involved the vigorous pursuit of a number of initiatives to secure the company's rights in relation to the Four Mile Project.

I will address these matters in more detail shortly.

Before doing so, I first want to place our strategy to maximize and sustain shareholder value into a longer-term context and draw your attention to significant company developments and highlights over the past twelve months.

As the 21st century moves into its second decade, developing and developed countries are seeking to invest in electricity capacity while working to reduce carbon emissions.

We are seeing staggering growth in electricity demand, especially in high-growth emerging economies such as China and India.

Energy security is also becoming a hot-button issue and there is renewed attention on clean, safe nuclear power.

The International Energy Agency predicts that low carbon technologies - including nuclear - will play a key role in the carbon constrained global economy of 2030.

Uranium exports from Australia are forecast to grow with rising international demand for nuclear power as nations seek to cut carbon emissions.

Only a couple of weeks ago Prime Minister Gillard and the President of the Russian Federation signed a nuclear co-operation agreement that will see Australia sell uranium to Russia.

According to the International Atomic Energy Agency there are 441 nuclear reactors currently in operation worldwide.

An additional 60 nuclear reactors are under construction, 23 of them are in China alone!

The International Atomic Energy Agency is currently involved in projects dealing with the introduction of nuclear power in 58 of the Agency's 151 Member States.

Within the next twenty years, it estimates that as many as 25 countries will be operating their first nuclear power plants.

Given these trends in nuclear plant construction and the consequent increase in demand for uranium over the decades ahead, it is important to again note that on current estimates, when it comes on stream, Four Mile will rank among the top 10 producing uranium mines in the western world.

This is why our company is in the uranium business for the long term.

This is why we remain totally committed to seeing Four Mile developed.

And this is why the company is pursuing rights to which it believes it is entitled.

I now turn to some of the key highlights and developments associated with the company's activities during the past year.

Institutional Placement

During the reporting period the company completed the allotment of the non-renounceable rights Issue shares and placement of the entire rights issue shortfall.

The Shortfall Placement raised an additional \$8.5 million before costs.

Total funds raised from the institutional placement were \$44.7 million.

As at the last quarter, the company had unaudited cash reserves of \$37.2 million.

Maldon

The company announced earlier this month the sale of the share it held in Maldon Resources to Octagonal Resources Limited.

Octagonal has finalised a Prospectus. The Prospectus was lodged with on 24 November 2010..

The sale is conditional on Octagonal completing its fundraising and obtaining conditional approval to list its shares on the official list of the ASX.

Post - IPO, Alliance will hold approximately 22% of Octagonal's shares on issue.

Alliance shareholders will also be offered a preferential opportunity to subscribe for shares in the IPO.

The payment of \$5.5 million in shares in Octagonal is comparable to the payment of \$5.39 million in shares under the previous agreement with Drummond Gold.

This transaction will allow Alliance to focus on the Four Mile Project while providing the company and our shareholders with exposure to the gold sector.

Updated Mineral Resource Estimate

Alliance completed an updated mineral resource estimate for the Four Mile West uranium deposit project.

This showed a 16% increase in the total resource base at Four Mile West to 5.7 million tonnes @ 0.34% uranium oxide (U₃O₈) containing 42 million lbs. of U₃O₈.

The total Indicated and Inferred mineral resource estimate for the Four Mile Uranium Project has increased to 9.8 million tonnes @ 0.33% uranium oxide (U₃O₈) containing 71 million lbs. of U₃O₈, classified in accordance with the JORC Code.

This expanded resource underpins Four Mile as both a high-grade mineralized system with a long-term production potential.

Four Mile Scoping Study Report

In late 2009 the company commissioned an independent Scoping Study across a range of capital and operating cost estimates for a matching range of production scenarios at Four Mile.

This Scoping Study undertaken because no such information was included in the feasibility study provided to the company by Quasar.

The study indicates to Alliance that Four Mile offers a significantly greater economic return if developed as a stand-alone project with a production rate of approximately five million pounds per annum.

Summaries of the results of both the draft and final report were lodged with the ASX in July this year.

Four Mile Optimization Study

In August 2010 the company commissioned an optimization study for the design, capital and operating cost estimates for a 5 million pound per annum stand-alone plant at the Four Mile project to an order of accuracy of +/-25%.

This study is being prepared by Perth-based Como Engineers Pty Ltd and Adelaide Control Engineering Pty Ltd and is scheduled for completion in mid-December this year.

When the optimization study is completed, we will review the findings and any issues requiring clarification will be directed to the authors for comment.

Taking account of the December and January holiday season, it may be February or March next year before the company is in a position to summarise the report for lodgement with the ASX.

Patrick Mutz

Mr Patrick Mutz resigned as Managing Director effective on 28 February 2010 and subsequently resigned as a non-executive director effective as of 31 August 2010.

On behalf of the Board I thank Patrick for his contribution to the company.

Mr Steve Johnston has been appointed acting Chief Executive Officer.

An executive search process is currently underway to fill the Managing Director position.

When an appointment is finalised we anticipate the new Managing Director will join the Board.

In addition, consideration will be given during the coming year to the appointment of at least one other person to the Board.

Share Price

The fall in the company's share price through the middle part of this year broadly reflected price falls in other Australian uranium exploration companies and coincided with a period of static uranium spot prices of around US\$40 per pound.

Another external factor that impacted on our share price as well as the share price and other uranium companies was the undercurrent of uncertainty regarding the strength of a post-GFC recovery in Europe and America.

Since July the steady recovery in the company's share price has been broadly in line with the increase in the spot price of uranium.

In addition to these external share price pressures, the company's current litigation against Quasar and Heathgate may also have influenced market sentiment.

Four Mile - Litigation Issues

The Australian Government gave approval for the development of the Four Mile uranium project in July 2009, subject to stringent environmental and other conditions.

No mining can occur at Four Mile until the South Australian Government issues a mining lease.

The issue of a mining lease is itself contingent on the registration of a Native Title Mining Agreement (NTMA).

As the existing NTMA is still subject to litigation, it is unlikely to be registered until that litigation is complete.

The Board carefully considered the advice of its legal counsel and satisfied itself that in pursuing litigation relating to the Four Mile Project it is acting in the best interests of its shareholders to maximise the long-term value of the company.

We understood there might be some short-term costs associated with a delay to the commencement of mining at Four Mile as a consequence of the litigation.

The Board believes, however, that any such short-term costs will be more than offset by the benefits that will flow if the litigation delivers a successful outcome for the company.

As you would be aware litigation can be a lengthy process.

Parties involved in litigation are required to adhere to procedural rules that can take a considerable amount of time and resources.

The company does not wish to publicly disclose any cost estimates of the current actions.

To do so, may flag to the other parties' likely strategic decisions under consideration.

The Board has, however, carefully assessed the likely costs and is satisfied the company has more than sufficient funds to prosecute these actions to conclusion.

I now turn to briefly outline the legal actions initiated by the company to protect its rights.

Alliance's 100%-owned subsidiary, Alliance Craton Explorer Pty Ltd, has initiated four separate legal proceedings against Quasar Resources Pty Ltd and/or Quasar and its affiliate, Heathgate Resources Pty Ltd.

One of the actions has been concluded and judgment is being awaited in another.

Proceedings in the other two actions are continuing.

Details of the litigation are set out in the 2010 Annual Report and on the company's website.

Judgment on the recording of JV meetings

The judgment on the recording of JV meetings was brought down on 27 August 2010 and the outcome was posted on the company's website and is on the public record.

While it was found that the law did not prohibit Alliance taping meetings of the JV partners, the judge ruled that the JV Chairman's determination and a resolution of the management committee that meetings not be recorded were valid.

Following the judgment, the Board considered the advice of counsel and, on balance, resolved not to pursue an appeal.

With this matter now clarified by the court, the company will ensure that records of JV meetings in the future will accurately and factually represent what has transpired at these meetings and the decisions reached.

JV Records Action

We are still waiting for judgement to be delivered on the action initiated in the Federal Court in Adelaide concerning access to books, records and agreements pertaining to the Four Mile Joint venture.

The company has no control over when this judgement will be handed down.

This action arose because of Quasar's unwillingness to provide Alliance with access to joint venture records that it considers itself entitled to as the joint venturer and owner.

The nature of the records denied to Alliance includes agreements with third parties, engineering scoping studies, financial modelling and accounting books and records, including records of expenses claimed by Quasar to have been incurred on behalf of the joint venture.

NTMA Action

The action in relation to the Native Title Mining Agreement – the NTMA – is still in train.

We cannot provide a timeframe for an outcome.

We have maintained the consistent position that agreements relating to the Four Mile Project, including the NTMA must afford the company the appropriate levels of protection, particularly from cross liability relating to the activities of its JV partner and to the Beverley Mine.

Repeated efforts have been made by the company to resolve this issue through negotiation.

Regrettably, it has not been possible to reach agreement on documentation that satisfied both Alliance's concerns and PIRSA's requirements for registration of the NTMA.

Misleading and Deceptive Conduct Action

On 12 July 2010 Alliance announced that ACE had issued further proceedings in the Federal Court against Quasar and Heathgate.

The action is seeking restitution of a 75% interest in EL3666 due to Heathgate's and Quasar's failure to disclose certain information to Alliance at the time an extension to the earn in right was sought in breach of their respective obligations to Alliance.

In taking this action the company is seeking to restore shareholder value.

While it is notoriously difficult to predict the time this action will take, it is certainly our wish to see the matter dealt with and resolved as quickly as possible.

However, the timing of this action will ultimately depend on time taken to follow the procedural rules.

Let me assure you however that legal counsel are under instructions to take all steps necessary to bring the matter to a hearing as early as possible without, of course, prejudicing the company's position.

Because the pleadings and evidence in this action contain commercially sensitive information, the company will not seek to have the current confidentiality order removed without agreement from Heathgate and Quasar to such a course.

Furthermore, if such an agreement were reached between the parties we would ensure no breach of the confidentiality provisions in the joint venture agreement would occur.

Conclusion

Ladies and Gentlemen

On behalf of the Board, the Management and the staff of Alliance I thank you for your continued support and patience throughout this challenging period.

I also want to extend my sincere thanks to my Board colleagues for their support throughout the past year.

I also wish to convey my appreciation to Steve Johnston and all Alliance staff and advisers for their hard work, loyalty and dedication.

The company is determined to continue to work to deliver maximum shareholder value.

We remain firm in the view that the path we have taken to achieve this objective is the correct one.

The company is at Four Mile for the long haul.

We look forward to a successful resolution to the issues I have outlined to you today so that Four Mile can reach its full potential.

- END -

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.



Ian Pamensky
Company Secretary