



18 May 2011

Mr Dave Filov
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

RE: PRICE QUERY

Dear Dave,

I refer to the price query from ASX Limited "**ASX**" of 17 May 2011 to Alliance Resources Limited "**the Company**". Accordingly we provide the following responses:

1. On 2 and 16 May the Company published a legal status updates on its website, the updates did not include any material information. The updates related to directions hearings concerning discovery and no judgment has been delivered. The Company has also attended and presented at a Resource Conference last week in Sydney. The presentation contained no new information and was not released to the ASX.

As part of its ongoing review of strategic opportunities, the Company is in discussions with various parties in respect of future opportunities. These discussions are incomplete and no agreement has been reached. Further, notwithstanding the incomplete nature of these discussions, the Company is bound by strict confidentiality undertakings. The Company is not aware, and has no reason to believe, that any information regarding these discussions has ceased to be confidential.

2. An announcement cannot be made immediately due to confidentiality undertakings. Further, the Company believes that an announcement at this time would create a false market given the incomplete nature of the discussions. An announcement will be made upon successful completion of any discussions referred to above.
3. Since the Japanese Earthquake & Tsunami on 11 March 2011 and the situation at the Fukushima Nuclear plant that followed, the price of listed uranium companies shares have dropped more than the uranium price. Investors in uranium listed entities may have noted this and have taken an interest in uranium listed entities.
4. The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

Should you have any further queries, call me, 03 9697 9090.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian", is written over a light blue horizontal line.

Ian Pamensky
Company Secretary



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17 May 2011

Ian Pamensky
Company Secretary
Alliance Resources Limited

By email: ianp@allianceresources.com.au

Dear Ian

Alliance Resources Limited (the "Company")

PRICE QUERY

We have noted a change in the price of the Company's securities from a closing price of \$0.215 on Wednesday 4 May 2011 to an intra-day high of \$0.275 today, Tuesday 17 May 2011.

In light of the price change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by email to Dave.Filov@asx.com.au or on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 7am (W.S.T.) tomorrow Wednesday 18 May 2011.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

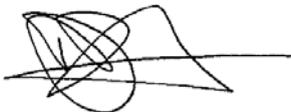
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please do not hesitate to contact me.

Yours sincerely



Dave Filov
Adviser, Listings (Perth)