

7 October 2011

ASX Code: AGS

No. of pages: 11

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

The annual general meeting will be held:

- at, Level 26, 530 Collins Street, Melbourne;
- on 10 November 2011 at 11.00am (AEDT).

Yours faithfully

Ian Pamensky
Company Secretary
ALLIANCE RESOURCES LIMITED

Email: info@allianceresources.com.au

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.



ALLIANCE RESOURCES LIMITED

ABN 38 063 293 336

("Alliance" or "Company")

NOTICE OF ANNUAL GENERAL MEETING

**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR ATTENTION**

If you are in any doubt as to how to deal with it,
please consult your financial or other professional adviser.

The annual general meeting will be held:

- at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne
- on Thursday, 10 November 2011 commencing at 11.00am (AEDT).

You can vote by:

- attending and voting at the meeting; or
- appointing someone as your proxy to attend and vote at the meeting on your behalf, by completing and returning the proxy form to Alliance in the manner set out in section 6(a) of this notice of meeting. The proxy form (and any power of attorney under which it is signed) must be received by Alliance no later than 11.00am on 8 November 2011. Any proxy form received after that time will not be valid for the meeting.

ALLIANCE RESOURCES LIMITED

ABN 38 063 293 336

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of Alliance Resources Limited will be held:

- on **Thursday, 10 November 2011**
- at **11.00am (AEDT)**
- at **HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne**

1. RESOLUTIONS

A. Financial statements and reports

To table the following statements and reports and provide shareholders with the opportunity to raise any issues or ask questions generally of the Directors concerning those financial statements or the business operations of the Company:

- (a) the financial report of the Company and of the controlled entities for the year ended 30 July 2011;
- (b) the Directors' report; and
- (c) the independent auditor's report thereon.

B. Ordinary resolutions

To consider and, if thought fit, to pass the following Resolutions each as ordinary resolutions:

Resolution 1: Adoption of Remuneration Report

"THAT the Remuneration Report for the year ended 30 July 2011 be adopted by the Company."

Notes:

- This resolution is advisory only and does not bind the Company or the directors.
- The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than a managing director) must go up for re-election.
- The Chairman of the meeting will call a poll for this resolution.

Resolution 2: Re-election of Director

"THAT Mr Ian Gandel, a Director retiring by rotation in accordance with rule 58.1 of the Company's Constitution, being eligible for re-election and having signified his candidature for the office, be re-elected as a Director of the Company."

Notes:

- The non-candidate directors unanimously support the re-election of Mr Gandel.
- The Chairman of the meeting intends to vote undirected proxies in favour of Mr Gandel's re-election.

Resolution 3: Approval of the Performance Rights Plan

"THAT the following be approved by shareholders for the purposes of Exception 9 of Listing Rule 7.2, section 195(4) of the Corporations Act and for all other purposes:

- (a) *the establishment and operation of a long term incentive plan to be called the Performance Rights Plan (PRP) for the provision of incentives to employees, directors and other persons who the Board declares are eligible to receive rights (Participants);*
- (b) *the grant of performance rights, and the subsequent issue or transfer of Company shares to Participants under the PRP; and*
- (c) *the giving of benefits to those Participants under the PRP."*

Please refer to the attached Explanatory Statement for further information on the proposed resolutions.

2. VOTING RESTRICTIONS

A person appointed as a proxy must not vote, on the basis of that appointment, on either Resolution 1 or Resolution 3 if:

- the proxy is either:
 - a member of the key management personnel for the Company; or
 - a closely related party of a member of the key management personnel for the Company; and
- the appointment does not specify the way the proxy is to vote on Resolution 1 or Resolution 3.

However, the above prohibition does not apply to:

- Resolution 1 if:
 - the proxy is the chairperson of the meeting; and
 - the appointment expressly authorises the chairperson to exercise the proxy and directs him on how to vote even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company; or
- Resolution 3 if:
 - the proxy is the chairperson of the meeting; and
 - the appointment expressly authorises the chairperson to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company.

The Company will disregard any votes cast on Resolution 3 by any of the directors of the Company and an associate of those persons.

However, the Company need not disregard a vote in respect of Resolution 3 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. VOTING ENTITLEMENT

The Company has determined, in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, that the Company's shares quoted on ASX Limited at 7.00pm (AEDT) on 8 November 2011 will be taken for the purpose of the annual general meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote (if not excluded) at the meeting.

4. HOW TO VOTE

Shareholders entitled to vote at the Annual General Meeting may vote by attending the Meeting in person, by attorney or proxy or, in the case of corporate shareholders, by a corporate representative.

5. VOTING IN PERSON OR BY ATTORNEY

Shareholders or their attorneys wishing to vote in person should attend the Meeting. Persons are asked to arrive at least 30 minutes prior to the time the Meeting is to commence, so that their shareholding may be checked against the register and their attendance recorded. Shareholders intending to attend the Meeting by attorney must ensure that they have, not later than 48 hours prior to the time the Meeting is to commence, provided the original or a certified copy of the power of attorney to the Company, in the same manner prescribed below for the giving of proxy forms to the Company.

6. VOTING BY PROXY

- (a) Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 11.00am (AEDT) on **8 November 2011** by:
 - Post to: GPO Box 242, Melbourne, Victoria 3001 in the reply paid envelope provided;
 - Hand delivery to: Alliance Resources Limited c/- Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, Victoria 3067;
 - Fax to: Alliance Resources Limited C/- Computershare Investor Services Pty Limited on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
 - Online: www.investorvote.com.au; or
 - Custodians: For Intermediary Online subscribers only, please visit www.intermediaryonline.com.
- (b) A shareholder who is entitled to vote at the meeting may appoint:

- (1) one proxy if the shareholder is only entitled to one vote; or
- (2) one or two proxies if the shareholder is entitled to more than one vote.
- (c) If a shareholder appoints one proxy, that proxy may vote on a show of hands. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- (d) Where the shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.
- (e) A proxy need not be a shareholder of the Company. In the case of joint holders, all should sign the proxy form. In the case of corporations, proxies must be executed in accordance with the *Corporations Act 2001* (Cth).
- (f) To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
- (g) If the abstention box on the proxy form for the item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not be directed as to how to vote and may vote as he or she thinks fit.
- (h) If the proxy form is signed by the shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the Annual General Meeting, the chairperson of the meeting will act as proxy.
- (i) If you require an additional proxy form, the Company will supply it on request to the undersigned.

7. HOW THE CHAIR OF THE MEETING WILL VOTE UNDIRECTED PROXIES

The chairperson of the meeting will vote undirected proxies on, and in favour of, all the proposed resolutions, except for Resolution 1 (Remuneration Report). Any undirected proxies held by the chairperson of the meeting will not be voted on Resolution 1.

Accordingly, if you appoint the chairperson of the meeting as your proxy, you should direct him how to vote on Resolution 1 if you want your shares to be voted on that item of business.

8. VOTING BY CORPORATE REPRESENTATIVE

Corporate shareholders wishing to vote by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Registry;
- (b) complete and sign the form in accordance with the instructions on it; and
- (c) bring the completed and signed form with them to the Annual General Meeting.

DATED 5 October 2011

By order of the Board.



Ian Pamensky
Company Secretary

EXPLANATORY STATEMENT

1. INTRODUCTION

The purpose of this Explanatory Statement is to provide shareholders with an explanation of the business of the meeting and the Resolutions proposed to be considered at the Annual General Meeting of Alliance Resources Limited on **10 November 2011** and to assist shareholders in determining how they wish to vote on those Resolutions. This Explanatory Statement should be read in conjunction with the Notice of Meeting and forms part of the Notice of Meeting.

2. BUSINESS OF THE MEETING - SUMMARY

a. To table the financial statements of the Company for the period ended 30 June 2011 and to give the shareholders the opportunity to raise issues and ask questions generally concerning the financial statements or business operations of the Company.

b. To consider and vote on the following ordinary resolutions:

Resolution 1 - to adopt the Remuneration Report;

Resolution 2 - to re-elect Mr Ian Gandel as a Director; and

Resolution 3 - to approve the Performance Rights Plan.

3. WHY THE MEETING IS BEING HELD

a. Financial Statements and Reports

The Board is required to lay before the meeting the financial statements, Directors' report and independent auditor's report for the year ended 30 June 2011.

Copies of the Annual Report for the period ended 30 June 2011 are being despatched to shareholders with this Notice of Meeting on or about 5 October 2011.

Shareholders can also request additional copies of the Annual Report by telephoning the Company Secretary, Mr Ian Pamensky on (+61 3) 9697 9090.

The chairperson of the meeting will take shareholders' questions and comments about the management of the Company. The auditor of the Company will be available to take shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the meeting, written questions to the auditor about the content of the auditor's report or the conduct of the audit of the annual financial report to be considered at the meeting may be submitted not later than five business days before the meeting to:

The Company Secretary
Alliance Resources Limited
Suite 3, 51-55 City Road
Southbank Victoria 3006

Facsimile: +61 3 9697 9091

E-mail: ianp@allianceresources.com.au

Copies of any questions received will be made available at the meeting. The chairperson of the meeting will allow the auditor to answer written questions submitted to the auditor before the meeting. If the auditor has prepared a written answer to a question, the chairperson of the meeting may permit the auditor to table that written answer. A written answer tabled at the meeting will be made reasonably available to shareholders as soon as practicable after the meeting.

Shareholders are not required to pass any resolution in relation to the financial statements and reports (other than Resolution 1 being the adoption of the Remuneration Report for the year ended 30 June 2011).

b. Resolution 1 – Adoption of Remuneration Report for year ended 30 June 2011

The Directors' report in the Annual Report for the year ended 30 June 2011 contains (in a separate and clearly defined section) a Remuneration Report which sets out the remuneration policy of the Company and reports the remuneration arrangements in place for specified executives and the Directors of the Company (all of whom are non-executive Directors).

The Company is required by the *Corporations Act 2001* (Cth) to put to the vote at the annual general meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform shareholders in the notice of the annual general meeting that a resolution to this effect will be put at the meeting.

Before calling for votes in relation to this Resolution 1, the Chairman of the meeting will allow a reasonable opportunity for the shareholders present to ask questions about, or make comments on, the Remuneration Report.

It should be noted that, in accordance with section 250R(3) of the *Corporations Act 2001* (Cth), the vote on this Resolution 1 is advisory only and does not bind the Directors or the Company. However, under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at the meeting and then again at the 2012 Annual General Meeting, the Company will be required to put to shareholders a resolution at the 2012 Annual General Meeting proposing the calling of an extraordinary general meeting to consider the election of the directors of the Company ("spill resolution").

If more than 50% of the shareholders vote in favour of the spill resolution, the Company must convene the extraordinary general meeting ("spill meeting") within 90 days of the 2012 Annual General Meeting. All of the Directors who were in office when the 2012 Director's Report was considered at the 2012 Annual General Meeting, other than the Managing Director, will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Directors unanimously recommend that you vote in favour of this Resolution.

c. Resolution 2 – Re-election of Mr Ian Gandel as a Director

Rule 58.1 of the Company's Constitution provides that at every annual general meeting one third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one third of the Directors, must retire. The Directors retire by rotation, with the Director who has been the longest in office since being elected being the Director who must retire in any year. If two or more Directors were elected on the same day, they are required to agree among themselves or determine by drawing lots which of them must retire. Under Rule 58.4, a retiring Director is eligible for re-election as a Director at the annual general meeting at which he retires.

Mr Ian Gandel has been a Director of the Company since 15 October 2003. He is a non-executive Director. Details of his experience and qualifications are set out on page 10 of the Annual Report.

Mr Gandel will retire in accordance with the requirements of the Company's Constitution at the close of the annual general meeting. As he is entitled to, and is eligible for, re-election, he seeks re-election as a Director of the Company at the meeting.

The Directors (other than Mr Gandel) recommend that you vote in favour of this Resolution. Mr Gandel makes no recommendation to shareholders.

d. Resolution 3 – Approval of Performance Rights Plan

(i) Background

The Company is focused on the delivery of sustainable value to its shareholders. A remuneration structure has been developed which directly links long term incentives for its senior executives and other employees to the successful performance of the Company and achievement of certain goals. Offering such incentives will allow the Company to attract and retain executives and employees of a high calibre who have the knowledge, experience and capability to deliver its business objectives. The Board believes that if the Company can deliver such an achievement then the key employees and others who have performed a crucial role in achieving such an event deserve to share in the benefits via the proposed PRP.

The Board notes that under the proposed PRP if the various performance hurdles are not met, no Performance Rights will vest and no shares will be issued to participants.

Under the proposed PRP, eligible participants (comprising senior executives and approved Employees, Board members and other approved persons) will be offered Performance Rights as a part of their total remuneration. Performance Rights will convert into shares (that is, they will 'vest') subject to satisfaction of continuity of service and achievement of the vesting conditions.

(ii) Proposed resolution

Shareholder approval of the Performance Rights Plan (**PRP**) is sought for all purposes under the Corporations Act 2001 and the ASX Listing Rules for the issue of Performance Rights, including for the following purposes:

- So that, in accordance with ASX Listing Rule 7.12 Exception 9, any securities issued under the PRP will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 month period for the purposes of Listing Rule 7.1 (currently 15% of securities previously on issue) for a period of three years from the date of this approval; and
- Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

Approval of Resolution 2 in the Notice of Meeting may result in the Directors having a “material personal interest” in the subject of that Resolution on the basis that all Directors are eligible to participate in the PRP. In the absence of approval under section 195 of the Corporations Act, the Directors would not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by Resolution 2. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the matter to Shareholders to resolve upon.

(iii) ASX Listing Rule 7.1 and 7.2 (Exception 9)

ASX Listing Rule 7.1 limits the number of equity securities which a listed Company may issue in any twelve month period without shareholder approval (subject to certain exceptions, for example a pro rata issue to all shareholders). The limit is, generally speaking, no more than 15% of the total number of equity securities on issue at the beginning of the twelve month period, plus the number of equity securities issued with the approval of shareholders or under one of the exceptions during the previous twelve months.

One of the exceptions to Listing Rule 7.1 is Listing Rule 7.2 (Exception 9), which provides that Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within the three years before the date of issue, shareholders have approved the issue as an exception to Listing Rule 7.1.

Accordingly, ASX requires the PRP to be renewed every three years for the purposes of ASX Listing Rule 7.2 (Exception 9). The Rules of the PRP are submitted to shareholders for approval at the meeting for the first time

Following approval at the Meeting scheduled for 11 November 2011, the Company will then be required to seek further renewal of the PRP on or before 11 November 2014 otherwise the PRP will be deemed to have lapsed and no further Performance Rights could be granted until further shareholder approval had been obtained.

In accordance with ASX Listing Rule 10.14, the Company shall not permit any of the following persons to acquire Performance Rights under the PRP without the approval of shareholders of the acquisition:

- (1) a director of the Company;
- (2) an associate of a director; or
- (3) a person whose relationship with the Company or a person referred to in sub-paragraphs (1) and (2) above is, in ASX’s opinion, such that approval should be obtained.

This does not apply to securities purchased on market under the terms of a scheme that provides for the purchase of securities by or on behalf of employees or directors.

(iv) Section 195(4) of the Corporations Act

Approval of Resolution 3 in the Notice of Meeting may result in the Directors having a “material personal interest” in the subject of that Resolution on the basis that all Directors are eligible to participate in the PRP. In the absence of approval under section 195 of the Corporations Act, the Directors would not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by Resolution 3. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the matter to Shareholders to resolve upon.

(v) Summary of the terms of the PRP

The Board is responsible for administering the PRP in accordance with the PRP Rules and the terms and conditions of the specific grants to participants in the PRP. The PRP Rules include the following provisions:

- The Board may, in its absolute discretion, determine which eligible persons will be granted Performance Rights under the PRP (**Participant**) and the terms and performance conditions attaching to those Performance Rights.
- A Performance Right will only vest on the satisfaction of any performance conditions and any other relevant conditions advised to the Participant from time to time by the Board.
- A Performance Right confers on the Participant no right to vote, attend meetings, participate in a distribution of profit or a return of capital or any other participating rights or entitlements unless and until the Performance Right vests.
- The Company will not apply for quotation of the Performance Rights on the ASX.

- A Performance Right which has not vested will lapse on the earlier of:
 1. the date specified by the Board upon grant;
 2. the cessation of employment of a Participant as described below;
 3. a person transferring a Performance Right other than in accordance with the PRP Rules;
 4. failure to meet a performance condition as at the performance testing date relating to that Performance Right.
- Unless the Board determines otherwise, no payment is required to be made by a Participant on the grant or vesting of a Performance Right.
- Any Shares issued under the PRP will rank equally with those traded on the ASX at the time of issue, except as regards any rights attaching to such Shares by reference to a record date prior to the date of their allotment.
- The Company may determine any reasonable escrow conditions in respect of Shares issued or transferred under the PRP, including placing a holding lock on the Shares.
- The Company will apply for quotation of Shares issued under the Plan within the period required by the ASX.
- To the extent prohibited by applicable law or the ASX Listing Rules, the Board may, at its discretion, impose any restriction (relating to dealings) on Shares issued or transferred to the Participant on the exercise of a Performance Right.
- Notwithstanding satisfaction of any performance conditions, in the event of:
 1. a takeover bid being made for Shares;
 2. any person becoming bound or entitled to acquire Shares in the Company under:
 - an approved scheme of arrangement;
 - compulsory acquisition following a takeover bid
 3. the Board recommending that shareholders accept any takeover bid; or
 4. a takeover bid for Shares becoming unconditional,

the Board may, in its absolute discretion, determine that all or a specified number of a Participant's Performance Rights will vest.

- If a Participant's employment or office ceases as a result of:
 1. the death, total and permanent disability, retirement or redundancy of the Participant, as determined by the Board at its absolute discretion;
 2. any other circumstances which are considered by the Board to be extraordinary,

(each a **Qualifying Reason**), and provided the cessation date is in excess of 6 months after the date of grant, that number of Performance Rights which is proportional to the number of days the Participant was employed or in office as compared to the applicable performance period for the Performance Rights will become immediately exercisable (provided the such number of Performance Rights are exercised within 3 months of the cessation date), save that in circumstances where the cessation is due to a Qualifying Reason and such cessation occurs after all performance conditions have been satisfied, other than any condition that is solely attributable to the Participant's tenure with the Company in employment or office), all Performance Rights held by such Participant may become immediately exercisable.

- In the event of any capital reorganisation by the Company (including bonus issues and new issues), the Participant's Performance Rights, and the Shares allocated to the Participant on vesting of the Performance Rights, will be treated or adjusted, as set out in the PRP Rules. In general, it is intended that the Participant will not receive any advantage or disadvantage from such an adjustment.
- The Directors may alter, delete or add to the provisions of the PRP without obtaining the consent of Shareholders provided such alterations or deletions are consistent with the ASX Listing Rules.
- The PRP is to be administered by the Board, which has absolute and unfettered discretion to act or refrain from acting under or in connection with the PRP or any Performance Rights under the PRP and in the exercise of any power or discretion under the PRP.

The Directors unanimously recommend that shareholders vote in favour of Resolution 3.

4. QUERIES


If you have any queries about the meeting, the Resolutions to be put to the meeting or the proposals being considered, please contact:

Company Secretary
Mr Ian Pamensky
(03) 9697 9090
ianp@allianceresources.com.au

000001 000 AGS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11.00am (AEDT) Tuesday, 8 November 2011**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Alliance Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Alliance Resources Limited to be held at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne on Thursday, 10 November 2011 at 11.00am (AEDT) and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Resolution 1, where the company has determined that the Chairman is unable to do so. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Resolution 3 even though the resolution is connected directly or indirectly with the remuneration of a member of key management personnel. For Resolution 3, this authority is also subject to you marking the box in the section below.

Important for Resolution 3: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolution 3 below, please mark the box in this section. If you do not mark this box, the Chairman of the Meeting will not cast your votes on Resolution 3 and your votes will not be counted in computing the required majority if a poll is called on this resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if the Chairman has an interest in the outcome of this resolution and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS	For	Against	Abstain
Resolution 1: Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Re-election of Director - Mr Ian Gandel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Approval of the Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 2 and 3. The Chairman of the Meeting does not intend to vote undirected proxies in relation to Resolution 1.

SIGN Signature of Securityholder(s) *This section must be completed.*

<p>Individual or Securityholder 1</p> <div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p>Sole Director and Sole Company Secretary</p>	<p>Securityholder 2</p> <div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p>Director</p>	<p>Securityholder 3</p> <div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p>Director/Company Secretary</p>
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Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____