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CHAIRMAN'S ADDRESS – AGM – 10 NOVEMBER 2011

On behalf of the Board of Directors, I am pleased to report the progress of the Company's projects over the past 12 months.

The magnitude 9.0 earthquake and tsunami in March that affected four of the six reactors at the Fukushima Daiichi Nuclear Power Plant in Japan has had a significant impact on the international nuclear power industry and global energy markets. The number of reactors planned globally in the short term has fallen by 12 and the spot price of U3O8 has shown considerable volatility resulting from the low level of inventory held by buyers and sellers and the general uncertainty post-Fukushima.

In the longer term however the number of planned reactors is robust, albeit with a review of reactor design and engineering. It is encouraging to note that the UxC Uranium Market Outlook report indicates that production is far below demand.

During the year, Alliance has:

- Received the final Optimisation Study prepared by Adelaide Control Engineering Pty Ltd for a new 5 million pounds per annum stand alone In-Situ Recovery and uranium processing plant for the Four Mile Uranium Project in South Australia, indicating the capital cost for a complete standalone 5 million pound per annum In-situ Recovery (ISR) processing plant, including all direct and indirect costs, is estimated to be \$210.1 million (+/- 25%) with operating costs estimated to be \$21.53 AUD/lb.
- Completed detailed gravity surveys over five gravity and/or magnetic anomalies within the East Frome project in New South Wales, which is prospective for copper-gold mineralisation and Broken Hill style lead-zinc-silver mineralisation.
- Completed the sale of Alliance's subsidiary, Maldon Resources Pty Ltd, to Octagonal Resources Limited (Octagonal). Alliance now holds 22,000,000 ordinary shares in Octagonal.
- As part of its ongoing review of strategic opportunities, entered into and later withdrew from discussions with the Jordanian Government about exploration opportunities in Jordan.

With regard to our flagship Four Mile Uranium Project in South Australia (in which Alliance has a 25% interest), the total Indicated and Inferred mineral resource estimate is 9.8 million tonnes @ 0.33% uranium oxide (U3O8) containing 32,000 tonnes (71 million lb) contained U3O8, classified in accordance with the JORC Code, underpins Four Mile as both a high-grade mineralized system with a long-term production potential. Alliance's 100% owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE) instituted a further legal proceedings against Quasar Resources Pty Ltd (Quasar) and its affiliate, Heathgate Resources Pty Ltd (Heathgate), in the Federal Court of Australia. Details of these proceedings are set out in the Directors' Report.

These matters were initiated to protect both Alliance's and ACE's commercial interests. In taking these actions the Board was aware that litigation is complex and pre-trial procedural matters time consuming. The Board has instructed its legal counsel to do all in their power to ensure these actions proceed in a timely manner. Nevertheless, it will inevitably take some time before all preliminary matters are resolved and the Court sets a trial date.

During the course of the year the company has kept the South Australian Government informed of progress of litigation in the South Australian Supreme Court regarding the Native Title Mining Agreement. In meetings with the South Australian Minister for Mineral Resources, we have reiterated our commitment to the Four Mile Project and we look forward to a satisfactory resolution of the native title matter. However, until a native title mining agreement is registered, a mining lease cannot be issued and work on the project has had to be scaled down.

On 22 July 2011 the Premier of South Australia, the Hon Mike Rann MP, announced the establishment of the Arkaroola Protection Area that will, as a first step, be reserved from operation under the South Australian Mining Act by proclamation. In due course it is proposed to enact legislation protecting the designated area and an application for World Heritage Listing will follow. As a consequence, future exploration and mining titles will not be granted in the designated area.

The Four Mile (both East and West) deposits are outside the designated area and are not affected by this announcement and do not form part of the pending mining licence application. However the Area does cover approximately 38% of exploration licence (EL) 3666 (refer diagram). Based on the announcement, that area will not be available when a subsequent license over the area of EL 3666 is sought late this year. While Alliance is pleased that the Four Mile Project is unaffected, it is disappointed that it will be denied the opportunity to more fully explore a significant part of EL 3666 which is highly prospective for primary uranium, copper, gold, tin and base metals.

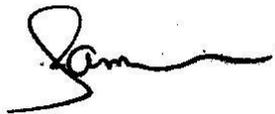
Subsequent to the announcement regarding the establishment of the Arkaroola Protection Area, the company met with the Minister for Mineral Resources to convey our views on potential prospectivity issues impacted by the announcement made by the Government. The Minister advised that Alliance would have an opportunity to make a submission to the South Australian Environment Agency regarding forthcoming special purpose legislation relating to the Arkaroola Protection Area. The Company will respond to the special purpose legislation when a draft is made available.

On behalf of the Board of Directors, we thank our shareholders and stakeholders for their continued support and patience during this time and look forward to both a positive and timely resolution to our issues and to rapid production thereafter from our uranium project in South Australia.

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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.



Ian Pamensky
Company Secretary