

17 July 2012

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NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

The General Meeting will be held:

- at, Level 26, 530 Collins Street, Melbourne;
- on 15 August 2012 at 11.00am (AEST).


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.



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

LETTER FROM THE CHAIRMAN

Dear Shareholder,

On 15 August 2012, you will be asked to vote on a Resolution at the Company's General Meeting.

The Board is delighted to be calling this General Meeting as it represents a significant milestone in the proposed development of the Four Mile Project. The Resolution is detailed in this Notice and in the attached Explanatory Memorandum and is of importance to you as a Shareholder.

On the 23 May 2012, the Company announced that it had agreed to form a strategic alliance with ITOCHU Corporation (**ITOCHU**), a *Fortune Global 500* company based in Japan which has extensive global interests in the uranium sector with a market capitalisation of approximately A\$16 billion.

The strategic alliance has been formalised in a Deferred Share Rights Deed. The strategic alliance involves ITOCHU, through its wholly owned subsidiary, NURA 3 Pty Ltd, subscribing for Deferred Share Rights and an option. A summary of the material terms of the Deferred Share Rights is included in the Explanatory Memorandum.

The Company anticipates that, if ITOCHU exercises its rights under the Deferred Share Rights Deed to take shares in the Company and/or ACE, the Company will receive funds sufficient to fully fund the construction of a standalone in-situ recovery and uranium processing plant at the Four Mile Project (if that were the best option).

The Board is of the view that the Shareholders will benefit from the proposed strategic alliance due to:

- clear growth potential of the uranium business through the strategic alliance with ITOCHU;
- synergies and management expertise that will assist the growth of the Company;
- the commitment to cooperation and to the development of the Four Mile Project from ITOCHU; and
- the benefits of future profits and earning per share anticipated to flow from the above mentioned points.

We invite you to consider the resolution and encourage you to read the Explanatory Memorandum thoroughly as it will help you to make an informed decision about how to vote at the Meeting. Each of the Directors recommends that you vote in favour of the Resolution.

The Board and the executives of the Company appreciate your continued support and look forward to seeing you at the Meeting.

Yours sincerely,



John Dunlop
Chairman



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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

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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 (AEST) Monday, 13 August 2012

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
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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 General Meeting of Alliance Resources Limited to be held at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne on Wednesday, 15 August 2012 at 11.00am (AEST) and at any adjournment of that meeting.

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.

1. Approval of proposed issue of the Deferred Share Rights to NURA

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / /



ALLIANCE RESOURCES LIMITED

ABN 38 063 293 336

NOTICE OF 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 General Meeting will be held:

- at HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne
- on Wednesday, 15 August 2012 commencing at 11.00am (AEST).

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 13 August 2012. Any proxy form received after that time will not be valid for the meeting.

ALLIANCE RESOURCES LIMITED

ABN 38 063 293 336

NOTICE OF GENERAL MEETING

The general meeting (**Meeting**) of Alliance Resources Limited will be held:

- on **Wednesday, 15 August 2012**
- at **11.00am (AEST)**
- at **HWL Ebsworth Lawyers, Level 26, 530 Collins Street, Melbourne**

1. RESOLUTION

To consider and, if thought fit, to pass the following resolution (**Resolution**) as an ordinary resolution:

Resolution : Approval of proposed issue of the Deferred Share Rights to NURA

"THAT, for the purposes of Listing Rule 7.1 of the Listing Rules and all other purposes, the Company is authorised to:

1. *issue and allot the Deferred Share Rights to NURA 3 Pty Ltd, ACN 155 449 862, under the Deferred Share Rights Deed at an issue price calculated in the manner described in the Explanatory Memorandum; and*
2. *issue the maximum number of Shares that may be required to be issued on conversion of those Deferred Share Rights as set out in the Explanatory Memorandum."*

Notes:

- The Directors unanimously support the passing of the Resolution.
- The Chairman intends to vote undirected proxies in favour of the Resolution.

Please refer to the attached Explanatory Memorandum for further information on the Resolution.

2. VOTING RESTRICTIONS

The Company will disregard any votes cast on the Resolution by any person who may participate in the proposed issue of Deferred Share Rights referred to in the Resolution, or who may obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and by an associate of those persons.

However, the Company need not disregard a vote in respect of the Resolution 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 at 7.00pm (AEST) on 13 August 2012 will be taken for the purpose of the 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 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 11.00 am (AEST) on 13 August 2012 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. 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 Meeting, the Chairman 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 CHAIRMAN WILL VOTE UNDIRECTED PROXIES

The Chairman will vote undirected proxies on, and in favour of, the proposed resolution.

8. VOTING BY CORPORATE REPRESENTATIVE

Corporate Shareholders wishing to vote by corporate representative should:

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

DATED 17 July 2012

By order of the Board.



Ian Pamensky
Company Secretary

EXPLANATORY MEMORANDUM

1. INTRODUCTION

a. Contents of the Explanatory Memorandum

The purpose of this Explanatory Memorandum is to provide Shareholders with an explanation of the business of the Meeting and the Resolution proposed to be considered at the Meeting on Wednesday, 15 August 2012 and to assist Shareholders in determining how they wish to vote on the Resolution. This Explanatory Memorandum should be read in conjunction with the Notice and forms part of the Notice of Meeting. If you are in doubt about what to do in relation to the Resolution, you should consult your financial or other professional advisor.

b. Definitions

In this Explanatory Memorandum and the accompanying Notice the following terms have the following meanings:

ACE means Alliance Craton Explorer Pty Ltd ABN 37 095 337 385.

ASX means ASX Limited ACN 008 624 691.

Board means the Directors acting as a board.

Chairman means the chairman of the Meeting.

Conversion Shares means the number of Shares which will be issued upon conversion of the Deferred Share Rights to Shares.

Company or Alliance means Alliance Resources Limited ABN 38 063 293 336.

Deferred Share Rights means the right to be issued 59,735,223 shares in the Company or 14.9% of the issued shares in ACE (on a fully diluted basis) under the Deferred Share Rights Deed.

Deferred Share Rights Deed means the deferred share rights deed executed by the Company, ACE, ITOCHU and NURA on 23 May 2012 and as amended by a deed of variation dated 6 July 2012 between the Company, ACE, ITOCHU and NURA.

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum to the Notice.

Four Mile Uranium Project means the proposed uranium mining project to be undertaken within the boundaries of mining tenement ML 6402 and any tenement that is a successor, replacement, substitute, modification, extension or renewal of that mining tenement.

Four Mile Uranium Project Litigation means litigation concerning the Four Mile Uranium Project.

ITOCHU means ITOCHU Corporation, a Japanese incorporated company.

Listing Rules refers to the Listing Rules of the ASX.

Meeting means the general meeting of the Shareholders of the Company, scheduled to be convened on Wednesday, 15 August 2012.

Notice means the notice of the Meeting to the Shareholders to which this Explanatory Memorandum is attached.

NURA means NURA 3 Pty Ltd ACN 155 449 862.

Resolution means a resolution proposed to be considered and, if thought fit, passed at the Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a person registered as the holder of Shares in the capital of the Company.

Share Registry means Computershare Investor Services Pty Limited of 452 Johnston Street, Abbotsford, VIC 3067.

c. Forward Looking Statement

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect views only as at the date of this Explanatory Memorandum. Whilst Alliance believes that the expectations reflected in the forward looking statements are reasonable, neither Alliance nor any other person gives any representation, warranty, assurance or guarantee that an event expressed or implied in any forward looking statement in this Explanatory Memorandum will actually occur.

2. WHY THE MEETING IS BEING HELD

a. Background

On 23 May 2012, Alliance announced that it had agreed to terms with ITOCHU to enter into a strategic alliance. The Deferred Share Rights Deed formalised and established the basis of the strategic alliance between ITOCHU and the Company.

ITOCHU is a Fortune Global 500 company based in Japan with a net income exceeding AUD3.7 billion and a market capitalisation of AUD16 billion. ITOCHU has extensive global interests in the uranium sector and is one of the major uranium traders in the world.

Under the terms of the Deferred Share Rights Deed and subject to the satisfaction of certain conditions (Shareholders' approval under Listing Rule 7.1 being the only outstanding condition):

- (i) upon conversion of the Deferred Share Rights, ITOCHU, NURA, ACE and the Company must act cooperatively and negotiate in good faith an operating agreement for the purposes of collaborating in the development and implementation of the Four Mile Uranium Project;
- (ii) upon payment of \$10 and \$20,000,000 (to be held in trust until the Four Mile Uranium Project Litigation is finally determined, and applied towards the price of conversion of the Deferred Share Rights) to the Company, ITOCHU, through its wholly owned subsidiary NURA, will be issued with:
 - (A) Deferred Share Rights which are convertible, at NURA's option once the Four Mile Uranium Project Litigation has been finally determined, to 59,735,223 Shares or 14.9% of the issued share capital in ACE (on a fully diluted basis); and
 - (B) an Option which, subject to the conversion of the Deferred Share Rights, entitles NURA to acquire 25.1% of the total issued shares of ACE, on a fully diluted basis by way of:
 - ACE issuing fully paid ordinary shares; plus, in certain circumstances,
 - the Company transferring fully paid ordinary shares held by it in ACE;
- (iii) neither the Deferred Share Rights nor the Option may be transferred without the prior consent of the Company other than to a related body corporate of NURA if certain conditions are met;
- (iv) NURA will be entitled to nominate one director to stand for election to the Board and one director of ACE. Any directors nominated by NURA must resign upon the Deferred Share Rights being redeemed in accordance with the Deferred Share Rights Deed or NURA ceasing to hold at least 14.9% of the issued shares in ACE or the Company; and
- (v) if NURA converts the Deferred Share Rights into Shares and exercises the Option, the Company may, in its sole discretion, require NURA to exchange those Shares in the Company for shares in ACE through either a selective buy back or selective capital reduction.

The Company has applied to ASX for confirmation that Listing Rule 10.1 does not apply to the Option and is confident that ASX will provide this confirmation. The Company will inform the market as soon as ASX issues its determination.

b. Listing Rule Requirements

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. 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.

In calculating the 15% limit, the listed company is entitled to deduct any ordinary securities issued in the 12 month period that were issued with the approval of shareholders for the purposes of Listing Rule 7.1.

Under the Deferred Share Rights Deed, NURA will be granted Deferred Share Rights which may be converted into 59,735,223 Shares (which would equate to approximately 14.9% of the issued share capital in the Company once issued, on the basis of the number of Shares on issue on the date of the Notice). It is a requirement under the Deferred Share Rights Deed that Shareholder approval is obtained for the issue of the Deferred Share Rights because the issue of the Deferred Share Rights will exceed the number of equity securities Alliance is currently permitted to issue under Listing Rule 7.1. Accordingly, it is required that the Resolution is passed for the issue of the Deferred Share Rights.

Below is the information that, under Listing Rule 7.3, must be included in a notice of meeting for approval sought for the purposes of Listing Rule 7.1.

(i) Number of securities the Company is to issue:

The number of Shares which will be issued on conversion of the Deferred Share Rights (**Conversion Shares**) to Shares is 59,735,223 Shares.

(ii) The date by which the Company will issue the securities:

The Deferred Share Rights will be issued within 10 business days after the date upon which all conditions precedent are satisfied (that is, Foreign Investment Review Board and Shareholder approval is obtained) or any other date agreed by the parties to the Deferred Share Rights Deed. As at the date of the Notice, the condition precedent with respect to the Foreign Investment Review Board has been satisfied and Shareholder approval is the only condition outstanding.

The conversion of the Deferred Share Rights to Shares will occur 40 business days after NURA provides the Company with a notice of conversion. The notice may only be provided to the Company during the 6 months after the Four Mile Uranium Project Litigation is "finally determined". "Finally determined" means that the claims the subject of the current Federal Court litigation have been admitted or satisfied by the defendant, withdrawn by ACE and not reinstated, settled or a judgement has been delivered which is not appealable or reviewable.

(iii) The issue price of the securities:

The consideration for the Deferred Share Rights is a subscription price of \$10 and the transfer of \$20,000,000 to the Company to be held in trust and applied in accordance with the Deferred Share Rights Deed.

The price for conversion of the Deferred Share Rights into Shares will be at a discount of 10% to the two month volume weighted average price (**VWAP**) of the Shares. For the purposes of calculating the two month VWAP per Share, the two month period will be the 2 months commencing 1 month after the date on which the Four Mile Uranium Project Litigation is finally determined.

(iv) The name of the allottee:

The Deferred Share Rights will be issued to NURA.

(v) Other key terms of the Deferred Share Rights:

- If there is a reorganisation of capital in the Company (such as a consolidation or subdivision of Shares), the Conversion Shares will be consolidated or subdivided (as applicable) in the same ratio and the price adjusted at the time of the reorganisation.
- Except in limited circumstances, the Deferred Share Rights may not be transferred without the prior consent of the Company.
- Except in limited circumstances, NURA may not dispose of any Shares to Quasar Resources Pty Ltd or Heathgate Resources Pty Ltd or a related body corporate of either of them.
- The Deferred Share Rights may only be exercised by NURA giving the Company written notice during the 6 months following the date the Four Mile Uranium Project Litigation is finally determined (**Conversion Period**) or with the consent of the Company if a takeover bid is made for the Company.
- NURA may redeem the Deferred Share Rights if:
 - (A) the Conversion Period has elapsed without NURA exercising the Deferred Share Rights; or
 - (B) the Four Mile Uranium Project Litigation has not been finally determined by 23 December 2015; or
 - (C) an event of default has occurred which entitles NURA to terminate the Deferred Share Rights Deed.
- The Company may redeem the Deferred Share Rights if:
 - (A) NURA increases its relevant interest in the Company to more than 5% of the total issued Shares other than through the conversion of the Deferred Share Rights; or
 - (B) NURA makes a takeover offer for the Company; or

- (C) NURA notifies the Company that it does not require the Deferred Share Rights to be converted into either shares in the Company or ACE; or
- (D) an event of default has occurred which entitles the Company to terminate the Deferred Share Rights Deed.
- The Company must redeem the Deferred Share Rights if 6 months has elapsed after the Four Mile Uranium Project Litigation is finally determined and NURA has:
 - (A) notified the Company that it does not require the Deferred Share Rights to be converted;
 - (B) not exercised its right to convert the Deferred Share Rights in accordance with the Deferred Share Rights Deed; or
 - (C) not elected to redeem the Deferred Share Rights in accordance with the Deferred Share Rights Deed.
- Upon redemption of the Deferred Share Rights, the Company must return the \$20,000,000 payment (and any accrued interest) to NURA.

(vi) The intended use of the funds raised:

To be put towards the capital requirements of ACE and the Company in respect of the Four Mile Uranium Project.

(vii) The date of allotment:

All Deferred Share Rights will be allotted on one date.

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

3. QUERIES

If you have any queries about the meeting, the Resolution 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