

16 December 2014

ASX Code: AGS

LODGEMENT OF SUPPLEMENTARY PROSPECTUS

Alliance Resources Limited (ASX:AGS) (“**Alliance**” or “**Company**”) has today lodged the **attached** supplementary prospectus (4 pages) in relation to the Entitlement Offer announced on 2 December 2014 (“**Supplementary Prospectus**”).

Other than the matters set out in the Supplementary Prospectus, the key terms of the Entitlement Offer have not changed such as the Record Date, the 2 New Shares for 11 Shares held Entitlement, the issue price of \$0.08 per New Share and the one free attaching New Option for every New Share subscribed for.

Rights Issue Key Dates

The revised timetable for the Entitlement Offer is as follows:

<i>Event</i>	<i>Date</i>
Announcement of Issue	2 December 2014
Lodgment Date (Appendix 3B and Prospectus with ASX)	2 December 2014
Notice of Issue sent to Shareholders	3 December 2014
“Ex” Date	4 December 2014
Record Date	8 December 2014
Supplementary Prospectus lodged with ASIC	16 December 2014
Closing Date	19 January 2015
Deferred settlement trading commences	20 January 2015
Announcement of shortfall	22 January 2015
New Shares and New Options issued under the Offer. Deferred settlement trading ends and despatch of holding statements	27 January 2015
Expected commencement of trading of New Shares on ASX on a normal basis	28 January 2015

Right to Withdraw

In accordance with the Corporations Act, the Company must give Shareholders who have previously submitted an Entitlement and Acceptance Form under the Prospectus a copy of the Supplementary Prospectus and one month to withdraw their Application and be repaid. Please see Section 7 of the Supplementary Prospectus in relation to Shareholders' right to withdraw.

Additional information relating to Alliance and its various mining and exploration projects can be found on the Company's website: www.allianceresources.com.au

Suite 3, 51-55 City Road
Southbank, VIC, 3006
P +61 3 9697 9090 F +61 3 9697 9091
info@allianceresources.com.au
www.allianceresources.com.au
ABN 38 063 293 336

ASX ANNOUNCEMENT

For further enquiries, please contact:

Bob Tolliday (Company Secretary)

T: +61 3 9697 9090

E: info@allianceresources.com.au

This is a Supplementary Prospectus dated 16 December 2014 intended to be read with the Prospectus dated 2 December 2014 in relation to the Entitlement Offer for New Shares and free attaching New Options.



ALLIANCE RESOURCES LIMITED

ACN 063 293 336

Supplementary Prospectus

This is a supplementary prospectus (**Supplementary Prospectus**) to the Prospectus dated 2 December 2014 (**Prospectus**) issued by Alliance Resources Limited ACN 063 293 336 (**Alliance**) and should be read in conjunction with the Prospectus.

This Supplementary Prospectus is dated 16 December 2014 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. ASIC, ASX Limited (**ASX**) and their respective officers do not take any responsibility for the contents of this Supplementary Prospectus. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus and the Prospectus can be accessed online at www.allianceresources.com.au.

In accordance with the Corporations Act, the Company must give Shareholders who, as at the date of this Supplementary Prospectus, have submitted an Application under the Prospectus a copy of this Supplementary Prospectus and one month to withdraw their Application and be repaid. Please see Section 7 of this Supplementary Prospectus in relation to Shareholders' right to withdraw.

1. Key dates

As a result of this Supplementary Prospectus, the Closing Date of the Offer has been extended from 22 December 2014 to 19 January 2015. The revised Offer timetable is now as follows:

Supplementary Prospectus lodged with ASIC	16 December 2014
Closing Date	19 January 2015
Deferred settlement trading commences	20 January 2015
Announcement of shortfall	22 January 2015
New Shares and New Options issued under the Offer. Deferred settlement trading ends and despatch of holding statements	27 January 2015
Expected commencement of trading of New Shares on ASX on a normal basis	28 January 2015

All references to any of the key dates listed in the Prospectus shall be replaced with the key dates set out above. The above dates are indicative only and may change without notice subject to receipt of approval from ASX. The Company reserves the right to extend the Closing Date of the Offer without notice. The commencement of trading of the New Shares is subject to confirmation from ASX.

2. Loan Agreement

On 8 December 2014, Alliance announced that it had entered into an agreement with Gandel Metals Pty Ltd (**Gandel Metals**), a company related to a director of Alliance, Mr Ian Gandel, to secure immediate access to a loan facility of \$1,274,184 (**Loan**). The Loan is unsecured, interest free and no fees are payable in connection with it.

Gandel Metals has now agreed that the Loan will be repaid by off-setting the amount payable by Gandel Metals' related entity, Abbotsleigh Proprietary Limited (**Abbotsleigh**), subscribing for its full Entitlement under the Entitlement Offer. That is, conversion of the Loan is no longer conditional upon a 50% take up under the Entitlement Offer.

3. Payment of November cash call

Further as announced on 8 December 2014, Alliance advised that it had paid the November cash-call for the Four Mile Project. The payment of the cash-call was financed as follows:

Existing cash balance	\$515,775
Loan funds*	\$1,274,184
Total November cash-call	\$1,789,959

* Being the Loan funds set out in paragraph 2 above.

As a result of the payment of the November cash-call, as at the date of this Supplementary Prospectus Alliance has a cash balance of approximately \$180,000.

4. Use of Funds

As Alliance has now paid the cash-call, the Use of Funds set out in Section 6.1 of the Prospectus have now been revised by Alliance.

It is now proposed that the funds raised under the Offer will be used as follows:

Application	Amount (\$)
Conversion of the Loan in relation to the funds already applied to the November 2014 cash-call as set out in paragraphs 2 and 3 above (by Abbotsleigh subscribing for its full Entitlement)	\$1,274,184
Costs awarded to Quasar and Heathgate in 2012 and 2013 in the Court proceedings commenced by Alliance concerning access to books, records and agreements pertaining to the	\$648,782

This supplementary prospectus must be read in conjunction with the Prospectus dated 2 December 2014 relating to shares of Alliance Resources Limited

Application	Amount (\$)
Four Mile Joint Venture which are currently the subject of assessment by the Court*	
Costs of the Offer	\$126,000
General working capital, including legal fees in relation to matters currently before the Court	\$2,913,541
Total Use of Funds from Offer	\$4,962,507

* If the obligation to pay this amount arises prior to completion of the Offer, Gandel Metals has indicated that it may advance loan funds to Alliance for this purpose on terms to be agreed. Should this occur, the funds raised under the Offer may then be applied in repayment of these loan funds to Gandel Metals.

If the Offer is not fully subscribed, Alliance will apply the funds raised in the order set out in the table above. If no Shareholder other than Abbotsleigh subscribes for its Entitlement (which the Directors believe is unlikely), then only the Loan will be repaid (by the conversion of the Loan into Abbotsleigh's full Entitlement).

Gandel Metals has also indicated that it may, subject to the Company's short term funding requirements, advance loan funds to Alliance on commercial terms (to be agreed).

In the event that circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

5. Announcements

Since lodgement of the Prospectus, the following announcements have been made by the Company and are inserted into the table in Section 8.2 of the Prospectus:

No.	Date	Subject
15.	02/12/2014	Non-renounceable Rights Issue to Raise up to \$4.96 Million
16.	02/12/2014	Prospectus
17.	02/12/2014	Appendix 3B - Non-renounceable Rights Issue
18.	03/12/2014	Letter to Shareholders regarding Rights Issue
19.	03/12/2014	Letter to Overseas Shareholders regarding Rights Issue
20.	05/12/2014	Change in Substantial Holding for ORS
21.	08/12/2014	Loan Facility and Cash Call Payment
22.	10/12/2014	Four Mile - Production Status

This supplementary prospectus must be read in conjunction with the Prospectus dated 2 December 2014 relating to shares of Alliance Resources Limited

6. Additional risks

Alliance's capital requirements depend on numerous factors. Depending on Alliance's ability to generate income from its operations, Alliance may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Alliance is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that Alliance will be able to secure any additional funding or be able to secure funding on terms favourable to Alliance.

7. Right to Withdraw

In accordance with the Corporations Act, as the Company has lodged this Supplementary Prospectus the Company must give Shareholders who, at the date of this Supplementary Prospectus, have previously submitted an Application under the Prospectus a copy of this Supplementary Prospectus and one month to withdraw their Application and be repaid.

Any repayments made by the Company pursuant to such a Shareholder exercising their right to withdraw their Application will be made in full without interest.

A Shareholder who wishes to withdraw their Application and obtain a refund must submit a written request to the Company by post or delivery to: **Alliance Resources Limited, c/- Computershare Investor Services Pty Limited, GPO Box 505, Melbourne, VIC, 3001, or by facsimile at: (03) 9473 2529**, so that it is received within one month of the date of this Supplementary Prospectus (i.e. by close of business on 16 January 2015). In your written request, please include the Holder Identification Number (HIN) or Securityholder Reference Number (SRN), and the full registered name and address of the Shareholding for which you wish to withdraw your Application.

Any withdrawal refunds will be paid by cheque as soon as practicable after the close of the Offer. The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Entitlement and Acceptance Form lodged by that Shareholder.

Other than as set out above, all other information set out in the Prospectus remains unchanged.

If you have any questions or queries regarding the details contained in this document, please contact your financial adviser or the Company Secretary, Mr Bob Tolliday on (03) 9697 9090.

Each Director has given and has not withdrawn his written consent to the issue of this Supplementary Prospectus in the form and context in which it is issued.

Dated: 16 December 2014



Stephen Johnston
Managing Director
For and on behalf of Alliance Resources Limited