

2 December 2014

ASX Code: AGS

NON-RENOUCEABLE RIGHTS ISSUE TO RAISE UP TO \$4.96 MILLION

Alliance Resources Limited (ASX:AGS) (“**Alliance**” or “**Company**”) today announced that it will conduct a non-renounceable rights issue to Shareholders on the basis of 2 new Shares for every 11 Shares held at the record date at 8 cents per new Share to raise approximately \$4.96 million (before costs) (“**Rights Issue**”).

Each Shareholder will also be entitled to receive one (1) attaching New Option for every new Share subscribed for, each exercisable into one Share at an exercise price of 15 cents per Share and expiring on 30 September 2015, for no additional cash consideration. The Rights Issue is not underwritten.

The Rights Issue price represents a discount of approximately 23.8% to the closing price of Alliance Shares last traded on ASX on 1 December 2014 (10.5 cents) and a discount of approximately 27.2% to the 15 day volume weighted average of Alliance Shares traded on ASX (10.994 cents).

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their entitlement to New Shares under the Entitlement Offer in full, apply for Additional New Shares, subject to availability and the discretion of the Directors.

The Entitlement Offer is being made pursuant to a Prospectus (“**Prospectus**”). The Prospectus was lodged with the ASX on 2 December 2014 and contains further information about how to take up your entitlement under the Entitlement Offer. The Prospectus will be available on the Company’s website at www.allianceresources.com.au and on the ASX website and will be mailed to Shareholders after the Record Date.

The funds raised under the Rights Issue will primarily be used for:

- Four Mile Uranium Project November 2014 cash call (due in December) to maintain its participating interest in the Project.
- 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 Four Mile Joint Venture which are currently the subject of assessment by the Court
- Costs of the Offer
- General working capital, including legal fees in relation to matters currently before the Court

ASX ANNOUNCEMENT

Managing Director Steve Johnston commented “that the Company is a uranium producer with a significant inventory of uranium concentrates, which when sold, will enable Alliance to declare a dividend, grow its existing 100% projects and fund new projects.”

“We believe that the rights issue is well-priced for our existing shareholders and that the funds raised, if fully subscribed, should see Alliance through to first revenue”.

Rights Issue Key Dates

<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
Opening Date (Dispatch of Offer Document to Shareholders)	11 December 2014
Closing Date	22 December 2014
Securities quoted on a deferred settlement basis	23 December 2014
Notify ASX of under subscriptions	29 December 2014
Issue of New Shares and dispatch of shareholding statements	31 December 2014
Share Trading Date	2 January 2015

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

For further enquiries, please contact:

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