

2011



ALLIANCE
RESOURCES
LIMITED

ANNUAL REPORT

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Corporate Directory

Directors

John S F Dunlop
Chairman

Ian J Gandel
Director

Tony D Lethlean
Director

Chief Executive Officer

Steve F Johnston

Company Secretary

Ian C Pamensky
Manager Finance & Company Secretary

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ASX Code

AGS

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.

John Dunlop
Chairman

Alliance is an emerging Australian uranium producer with a portfolio of projects in South Australia and New South Wales.



Figure 1: Project locations

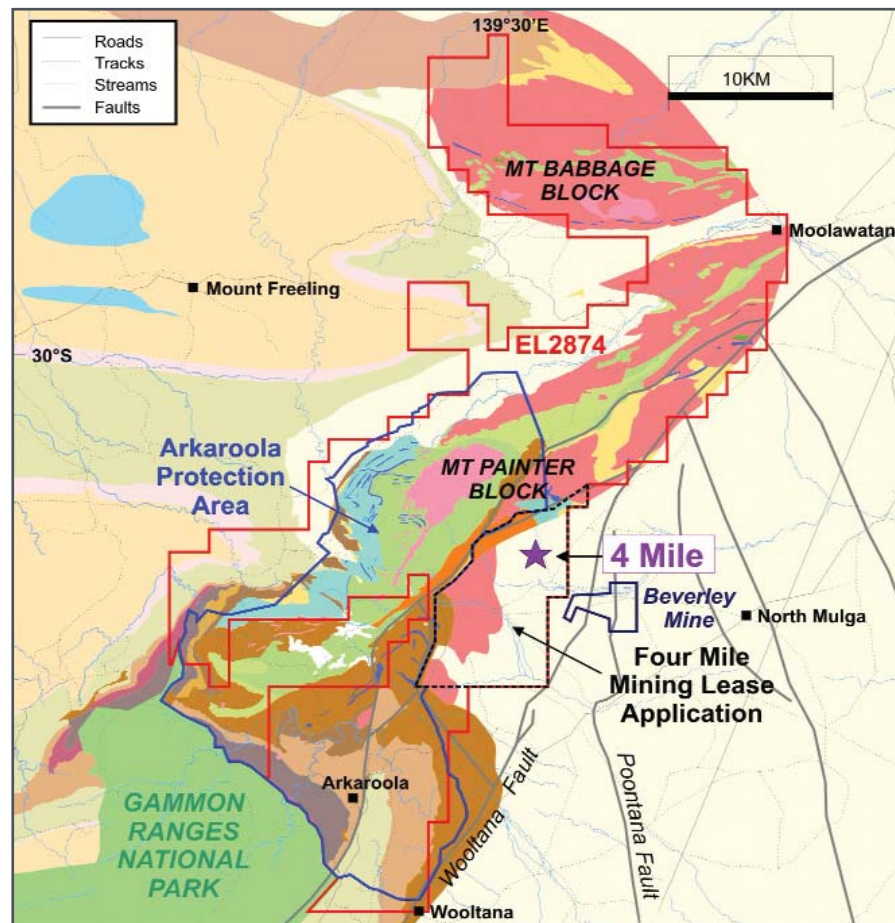


Figure 2: Four Mile Project - Exploration licence 3666 showing Four Mile Mining Lease Application and proposed Arkaroola Protection Area

FOUR MILE URANIUM PROJECT (Alliance 25%)

The Four Mile Uranium Project area is located 550 kilometres north of Adelaide in South Australia. Alliance's 100% owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE) is the registered holder of 25% of EL3666. Quasar Resources Pty Ltd (Quasar) is the registered holder of the remaining 75% and is the manager of the Project.

Mineral Resources

The total Inferred and Indicated mineral resource estimate for the Four Mile Uranium Project is as follows:

Table 1 - Four Mile Uranium Project - Mineral Resource Estimate as at 30 June 2011*

Deposit	GT Cut-off m%	Mass tonnes	U ₃ O ₈ %	U ₃ O ₈ Tonnes	U ₃ O ₈ Mlb	JORC Classification
Four Mile West	0.10	4,100,000	0.34	14,000	32	Indicated
Four Mile West	0.10	1,500,000	0.31	4,700	9	Inferred
Four Mile West¹	0.10	5,700,000	0.34	19,000	42	
Four Mile East ²	0.10	4,100,000	0.31	13,000	29	Inferred
TOTAL	0.10	9,800,000	0.33	32,000	71	

* These estimates are classified in accordance with the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition) (JORC Code). Minor apparent multiplication mismatches are due to post-computational rounding of all entries to 2 significant figures.

1 Announced on 27 January 2010.

2 Announced on 25 June 2009.

Resource estimates were made at a number of grade x thickness (GT) cut-offs, applied to drill intercepts of 0.5 m minimum thickness and 0.05% minimum U₃O₈ grade, with up to 1 m of internal dilution allowed. The intercept parameters are similar to those used at Beverley, but varied slightly to match the individual geometry of these deposits. A dry bulk density of 1.85t/m³ was used for the conversion of volume to tonnes.

All mineral resource estimates to-date at Four Mile have been addressed as amenable to In Situ Recovery (ISR) as the only mining method. However, at FMW, additional mineralization has been identified above or within about 20m of the water table in the western area, which has the potential to add to the FMW mineral resources, if this mineralisation is proved recoverable by ISR or mineable by other means.

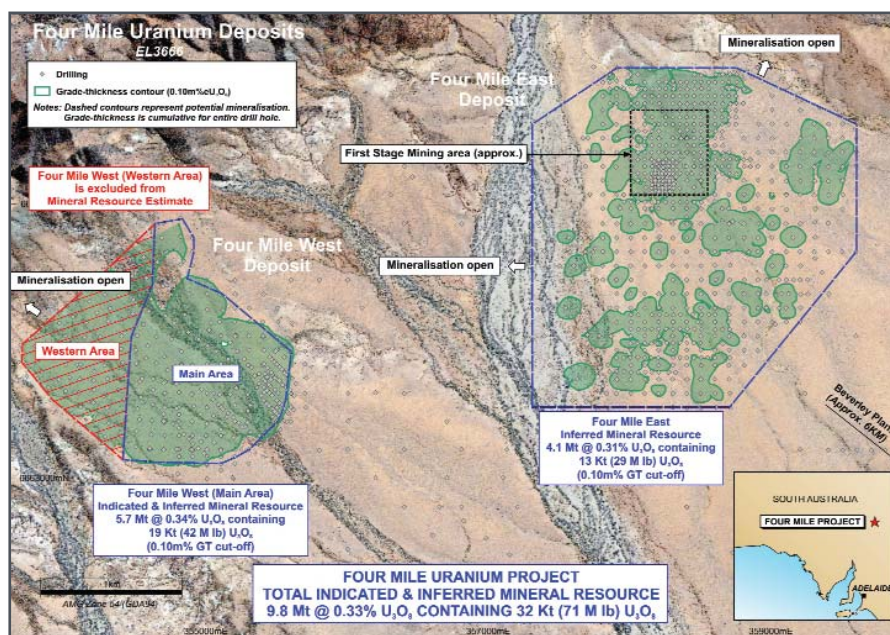


Figure 3: Four Mile East and Four Mile West uranium deposits

Legal Proceedings

Information on the legal proceedings is set out in the Directors' Report on pages 6 - 7 of this annual report and further information is regularly updated on the Company website www.allianceresources.com.au

Exploration & Development

As the issues surrounding the registration of a native title mining agreement are yet to be resolved, a mining lease has not been issued and work on the Project has been scaled down.

There were no well-field or engineering activities reported by Quasar in its Manager's monthly joint venture reports during the year.

During the reporting period, a high resolution seismic survey over the Four Mile Mining Lease application area, including the Four Mile deposits, was initiated to support further resource delineation.

Optimisation Study

During the period Alliance received the final Optimisation Study prepared by Adelaide Control Engineering Pty Ltd (ACEng) for a new 5 million pounds per annum stand alone In-Situ Recovery (ISR) and uranium processing plant for the Four Mile Uranium Project in South Australia.

The study was based on criteria and assumptions supplied by Alliance Resources Ltd and prepared using data sourced from freely available information from the Primary Industries and Resources South Australia web site, standard industry information, data generated by the Four Mile Scoping Study Report and other ISR mine experience.

The key findings of the study were:

- 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 to an accuracy of +/- 25%;

- the operating costs for a 5 million pound per annum In-situ Recovery (ISR) process plant are estimated to be \$21.53 AUD/lb.
- Alliance considers that by utilising existing field well patterns at Four Mile East there is potential for the capital cost to be reduced to \$181 million with an undiscounted payback time of approximately 12 months. ACEng has reviewed Alliance's findings and agrees that a capital cost reduction of \$29 million is reasonable.
- Battery Limits for the Optimisation Study standalone plant capital cost estimate were included in the announcement dated 18 April 2011:

The increase in the estimated capital cost of the Optimisation Study compared with the previous Scoping Study estimate for the 5 million pounds per annum processing plant is \$42 million, due to increases in the estimates for well fields, equipment, EPCM and electrical works.

The undiscounted payback time for the additional capital required for the 5 million pound per annum standalone plant (\$210 million) compared with Quasar's estimate for the 3 million pound per annum satellite plant (\$98 million) based on the difference in operating costs (\$17.27 per pound) is approximately 16 months.

A comparison of the Scoping Study and Optimisation Study capital and operating⁽¹⁾ costs as estimated by Como-ACEng and those estimated by Quasar⁽²⁾ is shown in the following table:

Alliance, in considering the study's findings, estimates there is potential for the capital cost to be reduced by approximately \$29 million to \$181 million by making use of existing well field patterns at Four Mile East and deducting this cost from the ACEng well fields. Under this scenario, the undiscounted payback time for the additional capital required for the 5 million pound per annum standalone plant and utilizing existing well field patterns at Four Mile East (\$181 million) compared with Quasar's estimate for the 3 million pound per annum satellite plant (\$98 million) based on the difference in operating costs (\$17.27 per pound) is approximately 12 months. ACEng has reviewed Alliance's findings and agrees that a capital cost reduction of \$29 million is reasonable.

The Board will consider the findings of the Optimisation Study as part of the Company's longer term strategy to maximise the potential of Four Mile.

Arkaroola Protection Area

On 22 July 2011 (post-reporting), the Premier of South Australia, the Hon Mike Rann MP announced the establishment of the Arkaroola Protection Area (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 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, the Four Mile South prospect and the area of the mining lease application (MLA) are outside the Area and are not affected by this announcement. Figure 1 is Alliance's understanding of the impact of this announcement.

ISR Case	Study Type	ACEng Estimate		Quasar Estimate	
		Capital (A\$M)	Operating (A\$/lb U ₃ O ₈)	Capital (A\$M)	Operating (A\$/lb U ₃ O ₈)
Satellite Plant ⁽³⁾ @ 3Mlbpa	Scoping	96	31.33 ⁽⁴⁾	98 ⁽⁵⁾	38.80 ⁽⁶⁾
Standalone Plant @ 5Mlbpa	Scoping	168	21.73		
Standalone Plant @ 5Mlbpa	Optimisation	210	21.53		

- Operating costs include royalties (State, Native Title and third party).
- Feasibility Study for Four Mile Mine Development Area In-Situ Recovery Project Report dated 22 September 2008, commissioned by Quasar Resources Pty Ltd (Quasar) and prepared by Heathgate Resources Pty Ltd (Heathgate) and compiled by URS Australia Pty Ltd.
- Quasar's feasibility study proposed construction of a satellite pre-processing plant close to the Four Mile deposits, to capture uranium onto resin beads, with the loaded resin being trucked to Heathgate's Beverley plant for elution, filtration, drying and packaging.
- The ACE operating cost includes an estimate of an appropriate fee to Heathgate for use of the Beverley plant & infrastructure and an estimate of Heathgate's corporate expenses in Adelaide.
- Quasar's feasibility study estimated a \$90 million capital cost, however Quasar advised Alliance of a proposed change in scope of the budget in May 2009 to \$98 million with input from GRD Minproc (\$112 million less \$14 million for capital at Four Mile West).
- A component of Quasar's estimated operating cost is a fee for use of the Beverley plant and infrastructure, and a management fee, both paid to Heathgate. The feasibility study stated that the (joint venture) use of the Beverley plant is subject to an appropriate agreement on commercial terms with the owner/operator of that plant, Heathgate, an affiliate company of Quasar. To date, Quasar has not provided Alliance with any proposed terms and conditions for use of the Beverley plant. Alliance does not therefore know if the terms and conditions are commercial and at arm's length.

However the Area does cover approximately 38% of exploration licence (EL) 3666 in which Alliance has a 25% interest. Based on the announcement, that area will not be available when application for a subsequent licence³ is lodged later 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.

³ Incorrectly referred to as a renewal in Alliance's ASX announcement dated 25 July 2011.

EAST FROME COPPER-BASE METALS PROJECT (Alliance Resources 100%)

The East Frome Project is located approximately 30 km to the northwest of Broken Hill, New South Wales. The project is prospective for copper-gold mineralisation and Broken Hill style lead-zinc-silver mineralisation.

Detailed gravity surveys were completed during the quarter over five gravity and/or magnetic anomalies within the project area.

MIMDAS (electrical geophysical) surveys are planned over the gravity anomalies and will commence as soon as a revised schedule is confirmed with the contractor. The aim of this work is to identify potential conductors to assist with targeting of drill holes.

WARRINA COPPER-GOLD PROJECT (Alliance Resources 100%)

The Warrina Project is located 60 km northeast of Coober Pedy in the Gawler province of South Australia. The project is prospective for Olympic Dam style breccia-hosted iron-oxide copper-gold mineralisation.

No fieldwork was undertaken during the year. The forward program of proposed exploration includes modelling of the existing gravity data, a magneto-tellurics geophysical survey and diamond drilling.

MALDON GOLD PROJECT (Alliance Resources 100%)

During the December 2010 quarter, the sale of Alliance's subsidiary, Maldon Resources Pty Ltd, to Octagonal Resources Limited (Octagonal) was completed.

Alliance now holds 22,000,000 ordinary shares in Octagonal which equates to approximately 22% of Octagonal's issued share capital.

BUSINESS DEVELOPMENT

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.

Competent Person's Statement

The information in this report that relates to Mineral Resources for the Four Mile Uranium Project is based on information compiled by Mr Ken Bampton who is a corporate member of both the Australian Institute of Geoscientists and The Australasian Institute of Mining and Metallurgy. Mr Bampton trades as Ore Reserve Evaluation Services. Mr Bampton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bampton has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

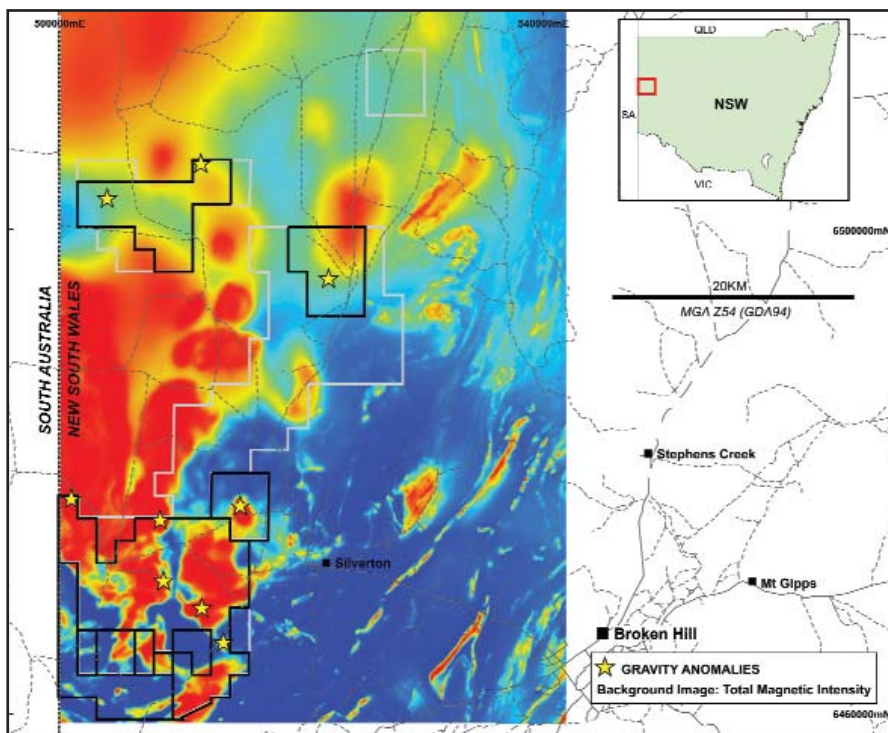


Figure 4: East Frome Project

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Alliance Resources Limited (referred to hereafter as 'Alliance', the 'Company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors

The following persons were directors of Alliance Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

JSF Dunlop (Chairman)

IJ Gandel (Non-Executive Director)

AD Lethlean (Non-Executive Director)

P Mutz (Resigned as a Non-Executive Director on 31 August 2010)

Principal activities

The principal activities of the consolidated entity during the financial year were in uranium, copper, gold and base metals exploration in South Australia, Victoria and New South Wales.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Review and Results of Operations

The loss for the consolidated entity after providing for income tax amounted to \$8,644,090 (30 June 2010: \$4,842,790).

A review of the Company's operations and financial position for the financial year and up to the date of this report is included in the annual report and should be read as part of the Directors' Report.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS OF THE COMPANY DURING THE YEAR

Four Mile Uranium Project, South Australia (Alliance Craton Explorer Pty Ltd 25%)

- As the issues surrounding the registration of a native title mining agreement are yet to be resolved, a mining lease has not been issued and work on the Project has been scaled down.
 - ◆ On 12 November 2009 ACE issued proceedings against Quasar and Heathgate seeking:
 - A declaration that Quasar exceeded and breached its authority, acted in breach of its fiduciary obligations and acted in breach of its contractual obligation of good faith in signing a native title mining agreement (First NTMA) for the Four Mile Project in the form negotiated by Quasar;
 - A declaration that Heathgate knowingly participated in the breaches referred to above;
 - An order requiring Quasar and Heathgate to execute a deed, in a form previously submitted to Quasar, which places Alliance in substantially the position it would have been in had the First NTMA related only to the Four Mile Project or, in the alternative a mandatory injunction requiring Quasar to commence negotiating a new native title agreement which relates only to Four Mile; and
 - Damages and costs.

- ◆ ACE expects the trial of this matter to commence in late November 2011.
- In addition to the proceedings initiated by ACE, on 30 November 2010 Quasar issued proceedings seeking an order that the Mining Registrar (SA) register the native title mining agreement for Four Mile which was lodged with the Registrar, but rejected by her, on 12 May 2010. ACE is named as a defendant in those proceedings although no orders are sought against it. On ACE's application the Court has determined that this case will be Judge managed in common with ACE's action concerning the native title mining agreement and the two cases will be heard together.
- During the year ended 30 June 2011, the following legal action was continued by Alliance's wholly owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE) against Quasar Resources Pty Ltd (Quasar) and its affiliate, Heathgate Resources Pty Ltd (Heathgate):
 - **Misleading and deceptive conduct (Jurisdiction: Federal Court of Australia (Adelaide))**
 - ◆ This application was filed on 12 July 2010 in the Federal Court of Australia (Melbourne). On 16 December 2010 an order was made transferring the proceedings to the South Australian District Registry.

- ACE is seeking damages from Heathgate and damages and restitution of the 75% interest in the exploration licence over the Four Mile from Quasar arising from Quasar's and Heathgate's failure to disclose to ACE information concerning the prospectivity of part of that tenement. ACE contends that Quasar engaged in misleading or deceptive conduct in contravention of section 52 of the Trade Practices Act 1974 (Cth) and section 9 of the Fair Trading Act 1999 (Vic) and that Heathgate assisted or participated in the contraventions committed by Quasar.
- ACE also contends that Quasar, with the assistance or participation of Heathgate, breached its obligations under the joint venture agreement, its fiduciary obligations owed to ACE and misused confidential information when Quasar sought, and obtained, a one-year extension of the earn-in period and, subsequently, the transfer of a 75% interest in the exploration licence.
- As the statement of claim contains confidential information which, under the joint venture agreement with Quasar ACE is obliged not to disclose, by consent, the Court has ordered that the statement of claim and the defences and reply be treated as confidential until further order.
- ACE has applied to the Court for:
 - (i) leave to interrogate (that is, have questions answered on oath) Heathgate and Quasar,
 - (ii) an order that Heathgate and Quasar provide complete copies of documents that have been provided to ACE wholly or with certain passages concealed (or redacted),
 - (iii) an order that Heathgate and Quasar provide ACE with further documents which ACE considers to be relevant to the proceedings.
- ◆ The application for leave to interrogate was heard by the Court on 4 March and judgment has been reserved. Agreement was reached on the provision of redacted documents and the application for further discovery was part heard on 12 May 2011 but adjourned to allow written submissions to be made. That directions hearing resumed on 31 August 2011. Judgement reserved in procedural matter.

East Frome Copper-Gold-Base Metals Project, New South Wales (Alliance (NSW) Pty Ltd 100%)

- Detailed gravity surveys were completed during the year over five gravity and/or magnetic anomalies within the project area.

Warrina Copper-Gold Project, South Australia (Alliance (SA) Pty Ltd 100%)

- No field work to report.

Maldon Resources Pty Limited

- On 22 December 2010, Alliance Resources Limited finalised the sale of Maldon Resources Pty Ltd to Octagonal Resources Limited ("Octagonal"). In consideration Alliance was paid \$5.5 million in Octagonal Shares (22 million shares at 25 cents per ordinary share, which equates to approximately 22% of Octagonal's issued share capital). Octagonal was listed on the ASX on 5 January 2011 (ASX Code: ORS).

Corporate

- ◆ Mr Patrick Mutz resigned as non-executive Director, effective 31 August 2010;
- ◆ As at 30 June 2011 Alliance had made payments for the year totalling \$659,119 towards the cost of development of uranium mining at Four Mile bringing total payments to that date to \$14,852,169 ;
- ◆ Alliance cancelled 2,000,000 unlisted Managing Director options on 30 September 2010 and a further 6,200,000 unlisted Director and Employee options expired on 31 October 2010. The Company now has 341,172,309 ordinary shares and no options on issue; and

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years. Events subsequent to the financial year are:

Four Mile Uranium Project, South Australia (Alliance Craton Explorer Pty Ltd 25%)

■ Arkaroola Protection Area

- ◆ The Four Mile (both East and West) deposits, the Four Mile South prospect and the area of the mining lease application are outside, and not affected by, the Arkaroola Protection Area announced by the South Australian government on 22 July 2011; and
- ◆ The Arkaroola Protection Area does cover approximately 38% of exploration licence (EL) 3666 in which Alliance has a 25% interest and will not be available for exploration or mining after the expiry of EL3666 later this year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Four Mile Uranium Joint Venture, South Australia (Alliance 25%)

- Due to the current legal proceedings and the delay in the issue of the mining lease, the Company is not in a position to make forecasts about the Four Mile Uranium Project.

East Frome Copper-Gold-Base Metals Project, New South Wales (Alliance 100%)

- Exploration comprising MIMDAS (electrical geophysical) surveys are planned over the gravity anomalies and, if warranted, drill testing of favourable targets.

Warrina Copper-Gold Project, South Australia (Alliance 100%)

- Modelling of the existing gravity data, a magneto-tellurics (geophysical) survey and, if warranted, drill testing of favourable targets

ENVIRONMENTAL REGULATION

The only foreseeable environmental issues affecting the company relate to its exploration, mining and treatment operations.

- In New South Wales, the NSW Department of Primary Industry (NSWDPI) has caused rehabilitation bonds to be lodged against the company's exploration tenements to a total of \$50,000 (2010: \$30,000).

The Company has in place policies to cover Safety, Environmental, Return to Work, Harassment, Fitness for Work and Privacy, and to ensure Quality Assurance and Control of its operations and these policies are communicated to employees and reviewed on a regular basis.

Alliance is committed to protecting the environment in which we operate and the health and safety of our employees and contractors, and others who may be affected directly or indirectly by what we do. Management considers the most important factor in the undertaking of anyone's job is the prevention of injury. The complete elimination of injuries is our ultimate goal. We strongly believe that all accidents are preventable and that a "Zero Accident" target is achievable.

Alliance is committed to the principle that sound environmental management is integral to every aspect and stage of its operations and exploration activities. As a responsible organisation, Alliance is committed to minimising any adverse impact on the environment resulting from our exploration and mining activities.

The Company supports many initiatives in this area.

The Company is fully committed to the following principles:

- Occupational Health and Safety comes first;
- Prevention of any injuries on and off the job;
- Everyone is responsible for Occupational Health and Safety for themselves and for others;
- Every individual must identify, assess and manage potential hazards; and
- Individuals will be trained and equipped to ensure an accident and incident free workplace.

The Occupational Health and Safety of all Alliance employees, contractors and suppliers remains a key priority

INFORMATION ON DIRECTORS

Name:	John Stuart Ferguson Dunlop (Appointed a Director on 30 November 1994 and Chairman on 9 September 1998)
Title:	Independent Non-executive Chairman
Age:	61
Qualifications:	BE(Min), MEng Sc(Min), P Cert Arb., FAusIMM(CP), FIMMM, MAIME, MCIMM
Experience and expertise:	<p>John Dunlop is a consultant mining engineer with approximately 40 years surface and underground mining experience both in Australia and overseas spanning more than 25 countries.</p> <p>John is also a former director of the Australasian Institute of Mining & Metallurgy (AusIMM) (2001-2006) but continues as Chairman of its affiliate, the Mineral Industry Consultants Society (MICA).</p>
Other current directorships:	John is also chairman of Alkane Resources Ltd (appointed 4 July 2006), executive director of Gippsland Ltd (appointed 1 July 2005 as non-executive but currently in a temporary executive capacity) and non-executive director of Copper Strike Limited (appointed 9 November 2009).
Former directorships: <i>(in the last 3 years)</i>	Drummond Gold Ltd (former Chairman and non-executive Director from 1 August 2007 to 9 July 2010) and Encore Metals NL (Non-executive Director from November 1999 to November 2006)
Special responsibilities:	John is a member of the Nominations, Remuneration and Audit & Risk (appointed 5 August 2010) Committees.
Interests in shares:	6,715,983 (2010: 6,715,983)
Interests in options:	Nil (2010: 1,000,000)

Name: **Ian Jeffrey Gandel**
(Appointed on 15 October 2003)

Title: Non-Independent Non-executive Director

Age: 54

Qualifications: LLB, BEc, FCPA, FAICD

Experience and expertise: Ian Gandel is a Melbourne businessman with extensive experience in retail management and retail property. He has had an involvement in the construction and leasing of Gandel shopping centres and has been a director of Gandel Retail Trust. He has previously been involved in the Priceline retail chain and the CEO chain of serviced offices.

Ian has been an investor in the mining industry since 1994, and is currently a substantial shareholder of a number of publicly listed Australian companies and is involved in exploration in his own right in Victoria, New South Wales and Western Australia.

Other current directorships: Ian is also a non-executive director of Alkane Resources Ltd (appointed on 25 July 2006) and the non-executive Chairman of Gippsland Ltd (appointed on 24 June 2009) and Octagonal Resources Ltd (Appointed on 10 November 2010).

Former directorships: N/A
(in the last 3 years)

Special responsibilities: Ian is a member of the Nomination, Remuneration and Audit & Risk Committees (appointed 5 August 2010).

Interests in shares: 87,875,150 (2010: 87,875,150)

Interests in options: Nil (2010: 1,000,000)

Name: **Anthony (Tony) Dean Lethlean**
(Appointed on 15 October 2003)

Title: Independent Non-executive Director

Age: 48

Qualifications: BAppSc(Geology)

Experience and expertise: Anthony (Tony) Lethlean is a geologist with over 10 years mining experience specializing in underground operations, including Kalgoorlie's Golden Mile (WMC & KCGM) and Bellevue (Plutonic, now Barrick Gold Corporation). For over ten years he has been in banking and stock broking, including the global mining group at CIBC World Markets.

Anthony is currently a Director of boutique investment banking firm Helmsec Global Capital Limited focusing on the resources sector.

Other current directorships: Tony is also a non-executive director of Alkane Resources Ltd (appointed 30 May 2002).

Former directorships: N/A
(in the last 3 years)

Special responsibilities: Tony is the chairman of the Nomination, Remuneration and Audit & Risk Committees.

Interests in shares: 1,650,000 (2010: 1,650,000)

Interests in options: Nil (2010: 1,000,000)

Name: **Patrick Mutz**
 Independent Non-executive Director (appointed a Non-executive Director on 11 August 2008, and Managing Director from 1 December 2008 to 28 February 2010, and continued as a Non-executive Director from 1 March 2010 to 31 August 2010)

Title: Independent Non-executive Director - Resigned 31 August 2010

Age: 53

Qualifications: BS/BM (Hons), MBA/GM, FAusIMM, MSME, REM/NREP(USA), MAICD

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretaries

Ian Pamensky (43) is a Chartered Accountant with over 18 years of experience in accounting, audit, corporate finance, treasury & company secretarial roles. For the last 11 years Ian has worked within the resources sector for various ASX listed companies. Prior to this Ian spent over 4 years in audit in both South Africa and Australia and worked for a medium sized manufacturing & wholesale company.

Mr Pamensky is an Affiliate member of Chartered Secretaries Australia.

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committees**		Audit and Risk Committee***	
	Attended	Held	Attended	Held	Attended	Held
Mr J Dunlop	7	7	1	1	3	3
Mr I Gandel	6	7	1	1	1	3
Mr T Lethlean	7	7	1	1	3	3
Mr P Mutz*	-	1	N/A	N/A	N/A	N/A

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Mr Mutz resigned on 31 August 2010 as a non-executive director.

** The Remuneration and Nominations committees held separate meetings.

*** Effective 1 July 2010 the Board restructured the Audit Committee to comply with ASX Corporate Governance Recommendation 4.2. The Committee now comprises 3 non-executive members, two of whom are independent directors. Mr Tony Lethlean is the independent Chairman of the Committee and Mr John Dunlop and Mr Ian Gandel have joined the committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and senior management/executives (Key Management Personnel) remuneration arrangements for the consolidated entity and the company for the financial year ended 30 June 2011, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

A. Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration are separate.

Non-executive director remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has also agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require that the aggregate non-executive director remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 16 November 2009, where the shareholders approved an aggregate remuneration of \$400,000.

Executive remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional cost to the consolidated entity and adds additional value to the executive.

The short-term incentive ('STI') program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include an increase in shareholders' value relative to the entire market and an increase when compared to the consolidated entity's

direct competitors. The Remuneration Committee intends to revisit the long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2012.

Consolidated entity performance and link to remuneration

The company's remuneration policy seeks to reward staff members for their contribution to achieving significant milestones but there is no direct link between remuneration paid and growth in the company's share price or financial performance.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Alliance Resources Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Alliance Resources Limited and the following executives:

- Mr S Johnston (Chief Executive Officer)
- Mr I Pamensky (Manager Finance & Company Secretary)
- Mr A Bowden (Exploration Manager) - Appointed 1 June 2011

Name	Short-term benefits			Post employment	Long-term benefits	Share-based Payments	Total \$
	Cash salary & fees \$	Consulting Fees**** \$	Non-monetary \$	benefits Super-annuation \$	Long service leave \$	Equity-Settled \$	
30 June 2011							
<i>Non-Executive Directors:</i>							
Mr J Dunlop	93,999	19,813	-	-	-	-	113,812
Mr I Gandel	62,000	68,725	-	-	-	-	130,725
Mr T Lethlean	62,000	15,000	-	-	-	-	77,000
Mr P Mutz*	7,645	-	-	688	-	-	8,333
	225,644	103,538	-	688	-	-	329,870
<i>Other Key Management Personnel:</i>							
Mr S Johnston	250,000	-	-	22,500	-	-	272,500
Mr I Pamensky***	-	-	-	-	-	-	-
Mr A Bowden**	12,500	-	-	3,813	-	-	16,313
	262,500	-	-	26,313	-	-	288,813
	488,144	103,538	-	27,001	-	-	618,683

* Mr Mutz resigned as a non-executive Director on 31 August 2010

** Mr Bowden joined the Company as an employee on 1 June 2011, prior to this Mr Bowden provided consulting services to the Company.

*** The Gandel Metals Trust employs Mr Pamensky. The Gandel Metals Trust is an entity associated with Mr I Gandel. Included in the fees paid in terms of the Gandel Metals management service agreement to the Gandel Metal Trust are professional fees paid of \$161,226 (2010: \$207,045) for accounting and company secretarial services provided by Mr Pamensky. All charges were on normal commercial terms. Refer Note 33 – Related Party Information in the Financial Report.

**** Includes informal and formal Committee Fees and increased responsibility since the resignation of Mr. Mutz as Managing Director on 28 February 2010.

Name	Short-term benefits			Post employment	Long-term benefits	Share-based Payments	Total \$
	Cash salary & fees \$	Consulting Fees**** \$	Non-monetary \$	benefits Super-annuation \$	Long service leave \$	Equity-Settled \$	
30 June 2010							
<i>Non-Executive Directors:</i>							
Mr J Dunlop	74,760	28,875	-	-	-	-	103,635
Mr I Gandel	50,000	109,325	-	-	-	-	159,325
Mr T Lethlean	50,000	24,600	-	-	-	-	74,600
Mr P Mutz*	15,291	-	-	1,376	-	-	16,667
	190,051	162,800	-	1,376	-	-	354,227
<i>Executive Directors:</i>							
Mr P Mutz*	260,256	-	-	14,000	-	39,692	313,948
	260,256	-	-	14,000	-	39,692	313,948
<i>Other Key Management Personnel:</i>							
Mr S Johnston	235,742	-	-	21,217	-	-	256,959
Mr I Pamensky***	-	-	-	-	-	-	-
Mr J Fothergill*****	145,000	-	-	13,050	-	-	158,050
	380,742	-	-	34,267	-	-	415,009
	831,049	162,800	-	49,643	-	39,692	1,083,184

* Mr P Mutz resigned as Managing Director on 28 February 2010 and became a non-executive Director.

** Unlisted options valued using a Binomial Valuation Model. Further details of the model inputs are included below and in Note 41 to the financial statements.

*** The Gandel Metals Trust employs Mr Pamensky. The Gandel Metals Trust is an entity associated with Mr I Gandel. Included in the fees paid in terms of the Gandel Metals management service agreement to the Gandel Metal Trust are professional fees paid of \$161,226 (2010: \$207,045) for accounting and company secretarial services provided by Mr Pamensky. All charges were on normal commercial terms. Refer Note 33 – Related Party Information in the Financial Report.

**** Includes informal and formal Committee Fees and increased responsibility since the resignation of Mr. Mutz as Managing Director on 28 February 2010.

***** At 30 June 2010, it was determined that Mr Fothergill was no longer a key management personnel with the impending sale of Maldon Resources Pty Ltd.

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
<i>Executive Directors:</i>						
Mr P Mutz	100 %	88%	- %	- %	- %	12 %

C. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: **Mr Steve Johnston**
 Title: Chief Executive Officer (Effective 1 March 2010)
 Agreement commenced: 1 March 2010
 Term of agreement: Open ended
 Details:

- Remuneration – Employment Cost is \$272,500 gross per annum (including superannuation), to be reviewed. This excludes cash bonus provision, options granted and reimbursements for various expenses including parking, subscriptions and mobile phone costs.
- Termination – The contract is capable of termination on standard employment terms, which include 3 months notice' if terminated by the Company (without cause) or by Mr Johnston. The Board retains a discretion to make a payment in lieu of notice based on base salary.

Name: Mr A Bowden
 Title: Exploration Manager
 Agreement commenced: 1 June 2011
 Details:

- Remuneration – Employment Cost is \$150,000 gross per annum (excluding superannuation), based on a 24 hour week. Any additional work completed will be charged at \$1,000 per day (Note - effective 1 July 2011, Andrew's salary was changed to a daily rate of \$1,200 per day). The maximum annual salary is \$300,000 per annum (excluding superannuation). This excludes options that may be granted and reimbursements for various expenses including parking, subscriptions and mobile phone costs.
- Termination – The contract is capable of termination on standard employment terms, which include 3 months' notice if terminated by the Company (without cause) or by Mr Bowden. The Board retains a discretion to make a payment in lieu of notice based on base salary.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D. Share-based compensation

Issue of shares

There were no shares issued to directors or other key management personnel as part of compensation during the year ended 30 June 2011.

Options

There were no options issued to directors or other key management personnel as part of compensation that were outstanding as at 30 June 2011.

Details of options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011 are set out below:

Name	Number of options granted during the year		Number of options vested during the year	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Mr J Dunlop	-	-	-	-
Mr I Gandel	-	-	-	-
Mr T Lethlean	-	-	-	-
Mr P Mutz*	-	-	-	1,000,000
Mr S Johnston	-	-	-	-
Mr I Pamensky	-	-	-	-

* 2,000,000 Unlisted Options were granted to Mr Mutz on 1 December 2008. 1,000,000 vested on 31 December 2008 and a further 1,000,000 vested on 31 December 2009. These options were cancelled on 30 September 2010 after Mr Mutz resigned as a non-executive director.

Executives, staff and approved specialist advisors/ contractors who are involved with the business are all entitled to participate in the Employee Share Options Plan (ESOP).

As at 30 June 2011 there were Nil (2010: 5,000,000) unlisted options issued over ordinary shares of Alliance Resources Limited granted to Directors (including the Managing Director) and nil (2010: 3,200,000) unlisted options granted to Executives, Staff and contractors.

During December 2008, 2,000,000 unlisted options were issued to the Managing Director in terms of his contract of employment. The Issue was approved at the Company's AGM on 19 November 2008. These were cancelled on 30 September 2010 when Mr Mutz resigned as a non-executive director.

During November 2007, 3,000,000 unlisted options were issued to Directors. The issue was approved at the Company's AGM on 29 November 2007. These were cancelled on expiry on 31 October 2010.

During October 2007, 3,400,000 unlisted options were issued to Executives, Staff and contractors under the Employee Share Option Plan (ESOP). At 30 June 2010, 3,200,000 unlisted options remained on issue. These were cancelled on expiry on 31 October 2010.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel during the year ended 30 June 2011 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$***	Remuneration consisting of options during the year \$
Mr J Dunlop	-	-	490,300	-
Mr I Gandel	-	-	490,300	-
Mr T Lethlean	-	-	490,300	-
Mr P Mutz*	-	-	116,600	-
Mr S Johnston	-	-	646,500	-
Mr I Pamensky	-	-	646,500	-

* Mr Mutz resigned as a non-executive director on 31 August 2010.

** The Terms of the options were as follows:

- The Options were granted for no consideration.
- Options granted carry no dividend or voting rights.
- The exercise price of the Options was determined by the directors.
- Each Option converts to one ordinary share.
- The vesting date was the date that the options are able to be exercised.

*** The value of the options lapsed during the year is based on the option values at the grant date. Option values were calculated using the binomial method.

E. Additional information

The earnings of the consolidated entity for the five years to 30 June 2011 are summarised below:

	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$
Revenue	1,930,920	1,497,197	1,074,973	2,037,807	1,954,560
Net loss before tax	(584,715)	(5,397,012)	(22,895,501)	(4,950,419)	(8,724,356)
Net loss after tax	(462,707)	(5,519,020)	(22,895,501)	(4,842,790)	(8,644,090)

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$
Share price at financial year end (cents)	174.00	135.00	68.50	28.50	19.00
Basic earnings per share (cents per share)	(1.42)	(8.30)	(2.08)	(0.19)	(1.66)

This concludes the remuneration report, which has been audited.

Shares under option

There were no options outstanding as at 30 June 2011.

Shares issued on the exercise of options

There were no shares of Alliance Resources Limited issued on the exercise of options during the year ended 30 June 2011.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Risk Management

The Company takes a proactive approach to risk management including monitoring actual performance against budgets and forecast and monitoring investment performance. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board.

Corporate Governance

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Alliance support the principle of good corporate governance. The company's corporate governance statement is on page 18.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services

during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former audit partners of PKF Chartered Accountants

There are no officers of the company who are former audit partners of PKF Chartered Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 30.

Auditor

PKF Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



John Dunlop
Chairman

27 September 2011
Melbourne

The directors of Alliance Resources Limited (Alliance or Company) believe firmly that benefits will flow from the maintenance of the highest possible standards of corporate governance. A description of the Company's main corporate governance practices is set out below. The Company has elected to adopt the "Corporate Governance Principles and Recommendations" (2nd Edition, 2010) issued by the ASX Corporate Governance Council (ASX Principles and Recommendations). Where the Company believes a particular corporate governance practice Recommendation is not suitable or relevant for adoption by the Company, an explanation is provided.

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 1: lay solid foundation for management and oversight			
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<p>There is clear segregation of duties between the Board and management.</p> <p>Board of Directors</p> <p>The role of the Board of Directors is set out in its Board Charter and includes the setting of goals, strategies and policies for the operation of the Company, to oversee the Company's management, to regularly review performance and to generally monitor the Company's affairs in the best interests of shareholders. The key responsibilities of the Board include:</p> <ul style="list-style-type: none"> ■ providing input into, and adopting the strategic plan and budget of the Company, as prepared by management; ■ oversight of financial and operational performance against the strategic plan and budget; ■ approving and monitoring the progress of all material acquisitions, divestments, contracts, operational programs and major capital expenditure; ■ approving capital raisings (debt or equity) by the Company; ■ oversight of the audit, compliance, internal control and financial and operational risk management functions of the Company to ensure that they operate effectively; ■ oversight of financial reporting and communication to the Company's shareholders and the investment community and shareholder relations generally; ■ oversight of the Company's employee-relations and ethical, social and environmental behaviour; ■ reviewing the performance of the Board as a whole, Board Committees and individual directors. <p>The Board has delegated to the Chief Executive Officer authority over the day to day management of the Company and its operations. This delegation of authority includes responsibility to undertake the actions set out in the Board Charter, with the primary objective of maximising sustainable shareholder wealth, having regard to the Company's values and impacts for employees, communities and other stakeholders. These duties include:</p> <ul style="list-style-type: none"> ■ day to day running of the business; ■ appropriate and cost effective exploration and development of all Alliance projects; ■ identification of exploration and business development opportunities; ■ managing the operating and financial performance of the Company; ■ implementation of effective occupational health and safety policies; and ■ stakeholder communications program (including broker tours, attendance at trade shows, shareholder correspondence and advertising). 	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
		<p>Director Induction and Education</p> <p>All new Directors participate in a director induction program that includes one-on-one discussions with key executives, provision to directors of important company documents and visits to operation sites. Continuing education requirements for directors are assessed on an as needs basis generally in conjunction with the Board performance assessment process.</p> <p>Company Secretary</p> <p>All Directors have access to the Company Secretary, Mr Ian Pamensky. The Company Secretary is accountable, through the Chairman, for all governance matters.</p> <p>Management</p> <p>The CEO is responsible and accountable to the Board. Specific responsibilities of the role include:</p> <ul style="list-style-type: none"> ■ management of all Alliance exploration activity outside of the Joint Venture with Quasar; ■ generation of exploration opportunities and review of acquisition opportunities as required; ■ responsibility for geological modeling and preparation of mineral resource estimates ■ assisting with drafting of ASX releases and briefings, as assigned, including Compliance sign-off for copper, gold & base metals; ■ tenement management; and ■ assisting with all other reasonable tasks as assigned. <p>Mr. Stephen Johnston has been acting in position of Chief Executive Officer since 1 March 2010 and was previously the general manager of the Company.</p> <p>The other senior executive of the Company is the Manager Finance and Company Secretary. His specific responsibilities include the following:</p> <ul style="list-style-type: none"> ■ maintaining financial control across the Alliance group; ■ ensuring that the Board receives regular financial and other pertinent information and reports (notably on auditing, taxation and insurance); ■ statutory financial statements; ■ Compliance with the regulatory requirements set out in the Corporations Act and ASX Listing Rules; and ■ Management of the Company's banking arrangements and funds on hand. 	
1.2	Disclose the process for evaluating the performance of senior executives.	The Board reviews the performance of executives. The senior executives' performance is assessed against short and long term criteria relating to the performance of the executive and the Company as a whole. Further information on performance assessment is contained in the Remuneration Report which forms part of the Directors' Report. A performance evaluation of senior executives has been completed during the reporting period.	Not applicable
1.3	Provide the information indicated in the Guide to reporting on Principle 1.	The information has been disclosed above	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 2: Structure the board to add value			
2.1	A majority of the Board should be independent directors.	<p>The Board's size and composition is subject to limits imposed by the Company's constitution, which provides for a minimum of 3 directors and a maximum of 9. The Board currently comprises 3 non-executive directors. The CEO did not hold a position on the Board during the previous financial year.</p> <p>Details of the current Directors of the Company, their skills, experience, qualifications and record of attendance at meetings are included in the Directors' Report.</p> <p>Director Independence</p> <p>At the date of this Report the company has three Directors, all of whom are non-executive directors.</p> <p>The Company has adopted an Independence Policy which is published on the Company's website at: www.allianceresources.com.au. In determining a Director's independence the following definition is applied "An independent director is independent of management and has no material business or other relationship with Alliance that could materially impede the objectivity of, or the exercise of independent judgment by, the Director or materially influence their ability to act in the best interests of the Company."</p> <p>In reaching their decision regarding individual director independence, the Board reserves the right to consider a Director to be independent even though they may not meet one or more of the specific thresholds or tests specified in the Policy, having regard to the underlying key definition of independence and the nature of the Director's circumstances.</p> <p>The Board has determined that two of the three Directors are independent non-executive directors applying the Company's Independence Policy. Issues considered in making this determination included:</p> <p>Mr. Dunlop and Mr. Lethlean have acted as consultants to the Company during the financial year. However, the value of the services provided, excluding formal and informal Board committees \$- (2010: \$9,600) for Mr. Lethlean and \$9,813 (2010: \$14,950) for Mr. Dunlop, is not considered material enough to impact on their independence.</p> <p>Mr Gandel was, and continues to be, a substantial shareholder in the Company and in accordance with the Company's Independence Policy is not considered to be an independent.</p> <p>During the course of the year, Mr Gandel excused himself from deliberations by the Board in respect of the sale of the Company's Maldon gold operations to Octagonal Limited. Both Mr Gandel and Mr Dunlop excused themselves from deliberations regarding the potential joint venture by Alliance with Gippsland Limited in respect of activities in Jordan.</p> <p>The Board has indicated that it will consider the appointment of further directors from time to time, if an outstanding candidate is identified or if it is felt that additional expertise is required in specific areas as projects underway evolve.</p> <p>Independent professional advice</p> <p>Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairperson is required, but this will not be unreasonably withheld.</p>	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
2.2	The chair should be an independent director.	<p>The Company has adopted this recommendation. The Board has determined that Mr Dunlop is an independent non-executive director notwithstanding that he has provided consulting services to the Company during the financial period. The Board does not consider the value of the services provided to the Company by Mr Dunlop to be material and does not believe they are likely to materially interfere with the independent exercise of his judgment.</p> <p>Mr. J. Dunlop has been a director of the Company since it originally listed in 1994 and has an intimate knowledge of its affairs. He is an experienced company director and is committed to providing the time necessary to effectively discharge his role as chairperson, taking into account the time commitments associated with the provision of additional services and his other roles.</p>	Not applicable
2.3	The roles of chair and chief executive officer (or equivalent) should not be exercised by the same individual.	<p>The Company's Chairperson, Mr. J. Dunlop, and Acting Chief Executive Officer, Mr. S Johnston, have separate roles. The chairperson is primarily responsible for:</p> <ul style="list-style-type: none"> ■ leadership of the Board; ■ efficient organisation and conduct of the Board's function; ■ ensuring that all relevant issues are on the agenda for directors' meetings; ■ briefing of all directors on key issues; ■ facilitating the effective contribution of all directors; ■ guiding Board deliberations, free of undue bias; and ■ promoting constructive and respectful relations between directors and between Board and management. <p>Mr Stephen Johnston was appointed Chief Executive Officer (CEO) on 1 March 2010. Prior to his appointment as CEO Mr Johnston was General Manager of the Company. He will continue to perform the role of General Manager until a decision is made on whether to fill this position.</p>	Not applicable
2.4	The board should establish a Nomination Committee.	<p>Alliance has a Nominations Committee comprising 3 non-executive Directors the majority of whom are considered independent directors. Mr Lethlean is an independent Chairman.</p> <p>Committee members</p> <p>The members of the Nominations Committee as at the date of this Report are:</p> <p>Mr Tony Lethlean (Chairman)</p> <p>Mr John Dunlop</p> <p>Mr Ian Gandel</p> <p>Committee Role & Responsibilities:</p> <p>The role and responsibilities, structure and procedures of the Nominations Committee are set out in the Committee's charter which has been published on the Company's website at: www.allianceresources.com.au. The process for nomination and appointment of Directors is set down in the Nominations Committee Charter and on the Company's website. In summary, the purpose of the Committee is to provide recommendations to and assist the Directors with respect to:</p>	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
		<ul style="list-style-type: none"> ■ identifying nominees for directorships and other key executive appointments having regard to any skill, experience, competency or diversity gaps that may be identified from time to time; ■ the composition of the Board; ■ ensuring that effective induction and education procedures exist for new Board appointees and key executives; and ■ ensuring that appropriate procedures exist to assess and review the performance of the Chair, non-executive directors, senior management, Board committees and the Board as a whole. 	
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>Evaluation</p> <p>The performance evaluation of the Board, its Committees and Board members occurs by way of a structured review comprising the distribution of detailed questionnaires to directors which are completed with findings being summarised and discussed at a subsequent meeting. At that Board meeting Directors identify potential performance strengths and development opportunities and formulate an action plan to address areas for further development. A performance evaluation was completed during the reporting period in accordance with the above process facilitated by external governance consultants.</p>	Not applicable
2.6	Provide the information indicated in the Guide to reporting on Principle 2.	All information required to be provided has been disclosed above.	Not applicable
Principle 3: Promote ethical and responsible decision-making			
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>The Company, including its Directors and key executives, is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect the shareholders' interests.</p> <p>The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity and expects all directors, executives, contractors and employees to act in accordance with the law and with the highest standards of propriety and in accordance with the terms of the Company's Code of Ethics which can be accessed from the website at www.allianceresources.com.au</p>	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress of achieving them.	<p>On 21 September 2011, the Company adopted a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving diversity (including gender diversity) in its personnel, senior executives and directors. and for the Board to assess annually both the objectives and progress in achieving them.</p> <p>The Diversity Policy provides a framework for Alliance to achieve:</p> <ul style="list-style-type: none"> ■ a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals; ■ a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff; ■ improved employment and career development opportunities for women; ■ a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and ■ awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity. <p>A copy of the Diversity Policy can be accessed from the Company's website at www.allianceresources.com.au.</p>	Not applicable
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them.	<p>The Board has not yet set measurable objectives for achieving gender diversity. The Directors are in the process of collecting information to enable them to set meaningful, measurable objectives which are appropriate to the size of the Company and the operational and labour market it faces.</p> <p>The Company has not had a requirement to employ any full time staff for the last 1.5 years but will abide by its Diversity Policy for future employment. The Company is also committed to ensuring that all employees have an equal opportunity to participate in professional development programs and to developing its human resources.</p>	<p>While Alliance has reported against other 2010 amendments to the ASX Principles and Recommendations in this Corporate Governance Statement, having regard to the recent adoption of the Diversity Policy, the Company is not in a position to report on measurable objectives or progress towards achieving them in this annual report.</p> <p>The ASX Principles and Recommendations specify that listed companies must report against this new Recommendation 3.3 in the annual report that relates to the financial year of that company commencing on or after 1 January 2011. As such, Alliance will report against this Recommendation in the annual report for FY11/12.</p>

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance								
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<p>The proportion of women in the Alliance group of companies is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th>Proportion of women</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>Nil out of 3 (0%)</td> </tr> <tr> <td>Senior executive positions</td> <td>Nil out of 2 (0%)</td> </tr> <tr> <td>Whole organisation</td> <td>Nil out of 5 (0%)</td> </tr> </tbody> </table>		Proportion of women	Board	Nil out of 3 (0%)	Senior executive positions	Nil out of 2 (0%)	Whole organisation	Nil out of 5 (0%)	Not applicable
	Proportion of women										
Board	Nil out of 3 (0%)										
Senior executive positions	Nil out of 2 (0%)										
Whole organisation	Nil out of 5 (0%)										
3.5	Provide the information indicated in the Guide to reporting on Principle 3.	All information required to be provided has been disclosed above.	Not applicable								

Principle 4: Safeguard integrity in financial reporting

4.1	The board should establish an Audit Committee.	<p>The Company has an Audit & Risk Committee.</p> <p>Committee members:</p> <p>Members of the Committee at the date of this Report are:</p> <p>Mr Tony Lethlean (Chairman)</p> <p>Mr John Dunlop (appointed 5 August 2010)</p> <p>Mr Ian Gandel (appointed 5 August 2010)</p> <p>Committee Role & Responsibilities:</p> <p>The role and responsibilities, structure and procedures of the Audit & Risk Committee are set out in the Committee's charter which has been published on the Company's website at: www.allianceresources.com.au.</p> <p>In summary the function of the Committee is to assist the Board in fulfilling its corporate governance responsibilities with regard to:</p> <ul style="list-style-type: none"> ■ business risk management; ■ compliance with legal and regulatory obligations; ■ the establishment and maintenance of the internal control framework; ■ the reliability and integrity of financial information for inclusion in the Company's financial statements; ■ safeguarding the independence of the external auditor; and ■ audit, accounting and financial reporting obligations. <p>The Audit & Risk Committee met three times during the reporting period, before signing off on the annual and half year financial statements. All members of the Audit & Risk Committee attended each meeting.</p>	Not applicable
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members. 	<p>In July 2010 the Board restructured the Audit & Risk Committee to comply with ASXCG Recommendation 4.2. The Committee now comprises three non-executive Director members, two of whom are independent directors. Mr. Tony Lethlean, is the independent Chairman of the Committee. Standing invitations to attend Audit & Risk Committee meetings have been issued to Mr Ian Pamensky (Manager Finance & Company Secretary) and the Company's External Auditors.</p> <p>Ms Melanie Leydin, a Chartered Accountant and principal in a chartered accounting firm specializing in audit and company secretarial services, was a member of the Committee until 2 August 2010.</p>	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
4.3	The audit committee should have a formal charter.	The formal charter of the Audit and Risk Committee was adopted on 29 November 2007. The Audit committee charter can be accessed at www.allianceresources.com.au	Not applicable
4.4	Provide the information indicated in the Guide to reporting on Principle 4.	The external auditor, PKF, has a rotation policy such that lead partners are rotated every 5 years and review partners are rotated every 5 years. Information on the policy and procedures for the selection, appointment and independence of the external auditor, and for the rotation of external audit engagement partners can be accessed from the Company's website at www.allianceresources.com.au All information required to be provided has been disclosed above.	Not applicable

Principle 5: Make timely and balanced disclosure

5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company fully supports the continuous disclosure regime in Australia. In accordance with the continuous disclosure requirements of the ASX Listing Rules, the Company has policies and procedures in place to ensure that price sensitive information is identified, reviewed by management and a Disclosure Committee and disclosed to the ASX in a timely manner and that all information provided to the ASX is posted on the Company's website as soon as possible after its disclosure to the ASX. The Company Secretary manages the Company's compliance with its continuous disclosure obligations and is responsible for communications with the ASX.</p> <p>Presentations that are made to analysts or investors are posted on the Company's website. If the presentations contain information that has not previously been announced to ASX, and that would or could have a material effect on the share price, the presentation is sent to the ASX prior to the presentation being made.</p> <p>All managers in the Company receive advice on continuous disclosure and are aware of and accountable for the Company's compliance with regard to continuous disclosure.</p> <p>The Company has recently updated its Disclosure Policy in line with current best practice standards, and can be accessed at www.allianceresources.com.au.</p> <p>The Board will evaluate this Disclosure Policy on an annual basis to determine whether it remains effective in ensuring accurate and timely disclosure in accordance with the Company's disclosure obligations.</p>	Not applicable
5.2	Provide the information indicated in the Guide to reporting on Principle 5.	All information required to be provided has been disclosed above.	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 6: Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	<p>Our shareholders own the Company and the Board acknowledges its responsibility to act in their best interests with the objective of increasing the Company's value for all shareholders. The Board maintains active communication with shareholders as owners of the Company.</p> <p>Communication with shareholders is of critical importance to the Company. The Board of Directors aims to ensure that the shareholders on behalf of whom they act have access to all information necessary to assess the performance and prospects of the Company. Mechanisms used to communicate with shareholders include:</p> <ul style="list-style-type: none"> ■ the Company's annual report which is distributed, or otherwise made available, to all shareholders; ■ the Company's quarterly production reports; ■ the Company's half-year financial report; ■ the Company's annual general meeting and other general meetings called to obtain shareholder approval for significant corporate actions, as appropriate; ■ Company announcements; and ■ the Company's website - www.allianceresources.com.au <p>In addition the Company seeks to provide opportunities for shareholders to participate through electronic means. The website includes a feedback mechanism and an option for shareholders to register their e-mail address for direct e-mail updates of company matters.</p> <p>When brokers, analysts, the press or other parties are briefed on the Company's activities, the material used in the presentations is usually released to the ASX and posted on the Company's website.</p> <p>The Board has procedures in place to ensure that all price sensitive information is disclosed to the ASX on a timely basis, subject to the permitted exceptions to such disclosure set down in the ASX listing rules.</p> <p>The Company welcomes questions from shareholders at any time and these are answered promptly unless the information requested is market sensitive and not in the public domain. Also, all announcements made by the Company to the ASX (except disclosures of a routine compliance nature) are posted on the Company's website.</p> <p>The lead external auditor is required by law to attend or be represented at the annual general meeting to answer any questions with regard to, inter alia, the conduct of the audit and the preparation and content of the auditor's report. The lead external auditor did attend the 2010 annual general meeting. Shareholders have a choice with regards to the method in which they receive annual reports and notices of meeting, and may elect (by written notice to the Company) to receive such reports and/or notices of meeting by either post, or electronically.</p> <p>Shareholders who are unable to attend meetings of the Company are encouraged to participate in meetings by way of appointment of a proxy. Proxy forms may be lodged by shareholders by way of post, facsimile or transmission to the electronic address specified in the relevant notice of meeting.</p>	Not applicable
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	The information has been disclosed in the Annual Report.	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
Principle 7: Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Alliance has systems in place to enable the identification, assessment and management of its material business risks. Management is responsible for the design and implementation of risk management and internal control systems in relation to material business risks. Management ensure that procedures exist to monitor and review risks and, through observation and audit, gain assurance on at least an annual basis that effective controls are implemented and consistently being applied. The Board reviews the Company's risk profile and risk management and internal control policies and practices on a regular basis and receives reports from management on significant changes to the profile and the progress with risk mitigation at each of its Board meetings. The Audit & Risk Committee assists the Board in monitoring the Company's financial and operating risks. The company's risk management policy statement can be accessed at www.allianceresources.com.au	Not applicable
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	<p>Alliance has adopted systematic processes for the identification, analysis, evaluation, treatment, monitoring and review of the material business risks it faces which are outlined in the Company's Risk Management Policy, which is aligned to the Australian Standard for risk management. The Company is exposed to numerous risks across its business, most of which are common to the mining industry. Generally risk-specific systems are used, in keeping with best practices in the Mining and Resources sector. These approaches to risk management are generally embedded into strategic and operational management and business processes.</p> <p>The Board considers the material business risks the company faces and the means by which these are managed at each of its meetings. Financial and reporting risks are considered at first instance by the Audit & Risk Committee with findings then being reported to the Board.</p> <p>At each of the Board meetings, the Managing Director/Chief Executive Officer and Manager Finance and Company Secretary are required to provide assurance to the Board as to the effectiveness of the systems in place for the management of the material risks. Periodically, the Board and senior managers undertake a strategic risk assessment workshop to reassess the Company's material risks and determine whether the current controls are adequate and effective.</p> <p>The Audit & Risk Committee reviews and assesses the adequacy of the Company's internal control and financial management systems and accounting and business policies. The Audit & Risk Committee is given further assurance on the Company's financial management systems through the internal control reviews conducted by External Auditor PKF. Reviews of internal control are conducted in accordance with an audit plan approved by the Audit & Risk Committee. The audit plan is formulated following identification of key risks in the areas of financial and information technology controls, compliance with statutory regulations and policy, fraud prevention and detection plus specific services as directed by the Company to ensure an effective control environment.</p> <p>Management is responsible for implementing corrective actions recommended as a result of the audit reviews. Key findings from audit reviews are reported to the Audit & Risk Committee. The External Auditors, and the Audit & Risk Committee have direct access to each other and have the necessary access to management and the right to seek information and explanations.</p>	Not applicable

Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board has received assurance from the Acting Chief Executive Officer and Manager Finance that the section 295A declaration signed prior to approving financial statements was founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Board has indicated that it is satisfied that management has developed and implemented a sound system of risk management and internal control.	Not applicable
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	All information required to be provided has been disclosed above.	Not applicable

Principle 8: Remunerate fairly and responsibly

8.1	The board should establish a Remuneration Committee.	<p>The Company has a Remuneration Committee and its charter sets out the role, responsibilities, structure and procedure of this committee. Details of the Remuneration Committee and its charter are published on the Company's website at www.allianceresources.com.au.</p> <p>Committee Role & Responsibilities:</p> <p>The role and responsibilities, structure and procedures of the Remuneration Committee are set out in the Committee's charter which has been published on the Company's website at: www.allianceresources.com.au. In summary the purpose of the Committee is to provide the board of directors with advice and recommendations which enable the Board to:</p> <ul style="list-style-type: none"> ■ set in place remuneration policies which are designed to attract and retain senior managers and directors with the expertise to enhance the performance and growth of the Company; and ■ ensure that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company. 	Not applicable
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Principle No.	Best Practice Recommendation	Compliance	Reason for Non-Compliance
8.2	<p>The Remuneration Committee should be structured so that it:</p> <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent director; and • has at least three members. 	<p>Alliance has complied with this Recommendation and has a Remuneration Committee comprising 3 non-executive Directors the majority of whom are considered independent directors. Mr Lethlean is an independent Chairman.</p> <p>Committee members</p> <p>Members of the Committee as at the date of this Report are:</p> <p>Mr Tony Lethlean (Chairman)</p> <p>Mr John Dunlop</p> <p>Mr Ian Gandel</p>	
8.3	<p>Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The structure of non-executive directors' remuneration is clearly distinguished from that of executive directors and senior executives. The Company's remuneration policy and structure is described in detail in the Remuneration Report which forms part of the Directors' Report in this Annual Report.</p> <p>The directors of the Company are remunerated by way of fixed annual fees (within the aggregate fee limit approved by shareholders) but also receive fees for additional services provided to the Company and have, with the prior approval of the shareholders, received options to subscribe for unissued shares of the Company. The directors are not provided with retirement benefits. The senior executives of the Company are remunerated by way of a total salary package (inclusive of statutory superannuation) and also receive equity-based remuneration in the form of options to subscribe for unissued shares. The Board has taken advice from independent remuneration consultants in setting its remuneration policy and structure and considers the nature and quantum of the remuneration of its directors and executives to be appropriate and reasonable given the circumstances of the Company and individuals concerned (including the responsibilities involved in their respective offices or employment).</p> <p>As part of their remuneration packages, non-executive directors of the Company have been granted options to acquire shares in the Company. For a company of the size and limited cash resources of Alliance this is a useful tool for attracting and retaining quality directors without diminishing the company's cash resources. The Board is aware that the ASXCGC guidelines do not support the issue of options to nonexecutive directors as part of their remuneration and the merits of issuing options are reviewed on an annual basis.</p> <p>Equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. The Company ensures that the payment of equity-based executive remuneration is made in accordance with statutory requirements and thresholds set out in plans approved by shareholders.</p>	Not applicable
8.4	<p>Companies should provide the information indicated in the guide to reporting on Principle 8.</p>	<p>All information required to be provided has been disclosed above.</p>	Not applicable



Chartered Accountants
& Business Advisers

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**To: The Directors
Alliance Resources Limited and the entities it controlled during the year**

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

**D J Garvey
Partner
PKF**

27 September 2011
Melbourne

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Financial report

Statement of comprehensive income

For the year ended 30 June 2011

	Notes	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Revenue from continuing operations	4	1,954,560	2,037,806
Other income	6	95,188	-
Expenses			
Depreciation and amortisation expense	7	(23,643)	(18,810)
Share of loss of associate and joint venture accounted for using the equity method	5	(587,241)	(1,330,605)
Impairment in value of available for sale investments	16	(21,948)	(104,969)
Impairment of investment in associate	15	(2,209,586)	-
Expense of share options granted	7	-	(39,692)
Occupancy expenses		(63,837)	(63,752)
Administration expenses		(2,015,913)	(2,268,721)
Legal costs		(2,531,513)	(1,662,190)
Directors' fees		(329,870)	(484,586)
Loss before income tax benefit from continuing operations		(5,733,803)	(3,935,519)
Income tax benefit	8	80,266	107,629
Loss after income tax benefit from continuing operations		(5,653,537)	(3,827,890)
Loss after income tax benefit from discontinued operations	9	(2,990,553)	(1,014,900)
Loss after income tax benefit for the year attributable to the owners of Alliance Resources Limited	26	(8,644,090)	(4,842,790)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Alliance Resources Limited		(8,644,090)	(4,842,790)
		Cents	Cents
Earnings per share from continuing operations attributable to the owners of Alliance Resources Limited			
Basic earnings per share	40	(1.66)	(1.12)
Diluted earnings per share	40	(1.66)	(1.12)
Earnings per share from discontinued operations attributable to the owners of Alliance Resources Limited			
Basic earnings per share	40	(0.88)	(0.30)
Diluted earnings per share	40	(0.88)	(0.30)
Earnings per share for loss attributable to the owners of Alliance Resources Limited			
Basic earnings per share	40	(2.53)	(1.42)
Diluted earnings per share	40	(2.53)	(1.42)

Statement of financial position

As at 30 June 2011

	Notes	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Assets			
Current assets			
Cash and cash equivalents	10	34,913,550	38,429,066
Trade and other receivables	11	466,019	478,722
Other	12	91,980	46,233
		35,471,549	38,954,021
Assets classified as held for sale	13	-	9,502,461
Total current assets		35,471,549	48,456,482
Non-current assets			
Receivables	14	50,000	40,000
Investments accounted for using the equity method	15	14,778,041	11,553,753
Available-for-sale financial assets	16	16,223	38,171
Property, plant and equipment	17	35,912	51,636
Exploration and evaluation	18	2,099,179	2,008,560
Total non-current assets		16,979,355	13,692,120
Total assets		52,450,904	62,148,602
Liabilities			
Current liabilities			
Trade and other payables	19	413,274	673,060
Employee benefits	20	46,388	38,458
Provisions	21	60,000	-
		519,662	711,518
Liabilities directly associated with assets classified as held for sale	22	-	898,085
Total current liabilities		519,662	1,609,603
Non-current liabilities			
Employee benefits	23	36,333	-
Total non-current liabilities		36,333	-
Total liabilities		555,995	1,609,603
Net assets		51,894,909	60,538,999
Equity			
Contributed equity	24	98,918,022	98,918,022
Reserves	25	-	3,852,436
Accumulated losses	26	(47,023,113)	(42,231,459)
Total equity		51,894,909	60,538,999

Statement of changes in equity

For the year ended 30 June 2011

	Consolidated Equity \$	Reserves \$	Accumulated Losses \$	Total equity \$
Consolidated Balance at 1 July 2009	90,665,388	3,812,744	(37,388,669)	57,089,463
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax benefit for the year	-	-	(4,842,790)	(4,842,790)
Total comprehensive income for the year	-	-	(4,842,790)	(4,842,790)
<i>Transactions with owners in their capacity as owners:</i>				
Cost of share options issued	-	39,692	-	39,692
Shares issued during the year	8,552,074	-	-	8,552,074
Share issue costs	(299,440)	-	-	(299,440)
Balance at 30 June 2010	98,918,022	3,852,436	(42,231,459)	60,538,999
Consolidated Balance at 1 July 2010	98,918,022	3,852,436	(42,231,459)	60,538,999
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax benefit for the year	-	-	(8,644,090)	(8,644,090)
Total comprehensive income for the year	-	-	(8,644,090)	(8,644,090)
<i>Transactions with owners in their capacity as owners:</i>				
Transfer of share based payment reserve to accumulated losses	-	(3,852,436)	3,852,436	-
Balance at 30 June 2011	98,918,022	-	(47,023,113)	51,894,909

Statement of cash flows

For the year ended 30 June 2011

	Notes	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	234,395
Payments to suppliers and employees (inclusive of GST)		(5,594,069)	(5,088,428)
		(5,594,069)	(4,854,033)
Interest received		1,833,284	1,601,800
Net cash used in operating activities	39	(3,760,785)	(3,252,233)
Cash flows from investing activities			
Proceeds from sale of shares in Drummond Gold Limited		275,431	-
Payments for property, plant and equipment	17	(7,919)	(85,678)
Transfer to term & rental deposits		(10,000)	(253,396)
Payments for exploration and evaluation		(90,619)	(595,469)
Contributions to Joint Venture Development		(659,120)	(8,887,200)
Performance bonds received on disposal of Maldon Resources Pty Ltd		737,496	-
Net cash from/(used in) investing activities		245,269	(9,821,743)
Cash flows from financing activities			
Proceeds from issue of shares	24	-	8,552,074
Share issue transaction costs		-	(299,440)
Net cash from financing activities		-	8,252,634
Net decrease in cash and cash equivalents		(3,515,516)	(4,821,342)
Cash and cash equivalents at the beginning of the financial year		38,429,066	43,250,408
Cash and cash equivalents at the end of the financial year	10	34,913,550	38,429,066

30 June 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alliance Resources Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Alliance Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting

policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or



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- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax Consolidation

Alliance Resources Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of receivables are reviewed on an on-going basis.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The consolidated entity's share of jointly controlled assets, liabilities, income and expenses from joint venture operations are recognised in the financial statements.

Where part of a joint venture interest is farmed out in consideration of the farminee undertaking to incur further expenditure on behalf of both the farminee and the consolidated entity in the joint venture area of interest, exploration expenditure incurred and carried forward prior to farmout continues to be carried forward without adjustment, unless the terms of the farmout indicate that the value of the exploration expenditure carried forward is excessive based on the diluted interest retained or it is not thought appropriate to do so.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

Property, plant and equipment

All classes of property, plant and equipment are stated at cost less accumulated depreciation and any impairment writedowns. Depreciation is calculated on a reducing balance basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

Major depreciation rates are:

Plant and Equipment 13% - 40%

Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Exploration and evaluation assets

Exploration and evaluation expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest. Exploration expenditure is carried forward where right of tenure of the area of interest is current and:

- (i) - exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing; or
- (ii) - such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale.

Ultimate recoupment of costs is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration expenditure, which no longer satisfies the above policy, is written off.



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Restoration costs expected to be incurred are provided for as part of exploration, evaluation, development or production phases that give rise to the need for restoration. Full provision is made based on the present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance date.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Reversal of impairments

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognised.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are unsecured and are normally settled within 60 days.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and sick leave are recognised, and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Alliance Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.



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Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that

the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to exploration, or the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions

The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The adoption of AASB 2009-5 can result in some accounting

changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes have no or minimal effect on accounting. The adoption of these amendments has not resulted in any changes to the consolidated entity's accounting policies and have no effect on the amounts reported for the current or prior periods.

One amendment has had an impact in changes to the consolidated entity's presentation of, or disclosure in, its financial statements relating to the presentation of exploration costs in the statement of cash flows. AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

Consequently, cash flows in respect of exploration costs that do not meet the criteria for capitalisation and, therefore, are recognised in profit or loss as incurred, have been reclassified from investing to operating activities in the statement of cash flows. Prior year amounts have been restated for consistent presentation.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

These amendments are applicable to annual reporting periods beginning on or after 1 January 2010. The amendments make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The main amendments deal with the transitional requirements arising as a result of revised AASB 127 'Consolidated and Separate Financial Statements' being issue; transitional requirements for contingent consideration from a business combination that occurred before the effective date of revised AASB 3 'Business Combinations' and amendments to the measurement of non-controlling interests; and unreplaced and voluntarily replaced share-based payments awards. The adoption of these amendments from 1 July 2010 will not have a material impact on the consolidated entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This

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standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-5 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 124 Related Party Disclosures (December 2009)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or

significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 10 Consolidation

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. This standard replaces AASB 127 and 3 key elements of control. The consolidated entity will adopt this standard from 1 July 2012 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 11 Joint Arrangements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. This standard replaces AASB 131. The previous standard had 3 types of joint ventures whereas AASB 11 only has two. Joint ventures must be accounted for using the equity method of accounting. The consolidated entity will adopt this standard from 1 July 2012 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. This standard provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards. The consolidated entity will adopt this standard from 1 July 2012 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 13 Fair Value Measurement

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. This standard consolidates the measurement and disclosure requirements in respect of fair values into one standard. The consolidated entity will adopt this standard from 1 July 2012 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes



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to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value and hierarchy of financial instruments

The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting

date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Environmental provision

A provision has been made for the present value of anticipated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is estimated based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

Alliance Resources operates in the mineral exploration and mining industry in Australia.

The group has adopted AASB 8 Operating Segments whereby segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors.

At regular intervals the board is provided with management information at a group level for the group's cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

30 June 2011

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 4. REVENUE		
From continuing operations		
Other revenue		
Interest	1,954,560	1,822,806
Other revenue*	-	215,000
Revenue from continuing operations	1,954,560	2,037,806
* The Other Revenue represents a fee paid to Alliance Resources Limited by Drummond Gold Limited (ASX:DGO) at the time they were negotiating the purchase of Maldon Resources Pty Ltd.		
NOTE 5. SHARE OF LOSS OF ASSOCIATE AND JOINT VENTURE ACCOUNTED FOR USING THE EQUITY METHOD		
Share of loss - associate	(210,414)	-
Share of loss - joint venture	(376,827)	(1,330,605)
Share of loss of associate and joint venture accounted for using the equity method	(587,241)	(1,330,605)
NOTE 6. OTHER INCOME		
Net gain on disposal of investments*	95,188	-
* The net gain on disposal of investments represents the profit on sale of shares in Drummond Gold Limited (ASX: DGO). Alliance were paid in Drummond shares by Drummond at the time they were negotiating the purchase of Maldon Resources Pty Ltd.		
NOTE 7. EXPENSES		
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	23,643	18,810
Superannuation expense		
Defined contribution superannuation expense	23,625	51,402
Share-based payments expense		
Share-based payments expense	-	39,692
Employee benefits expense		
Employee benefits expense	372,260	754,338



30 June 2011

	Consolidated 22 Dec 2010 \$	Consolidated 30 June 2010 \$
NOTE 8. INCOME TAX BENEFIT		
<i>Income tax benefit</i>		
Income tax benefit is attributable to:		
Loss from continuing operations	(80,266)	(107,629)
Aggregate income tax benefit	(80,266)	(107,629)
Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss before income tax benefit from continuing operations	(5,733,803)	(3,935,519)
Profit/(loss) before income tax (expense)/benefit from discontinued operations	(2,990,553)	(1,014,900)
	(8,724,356)	(4,950,419)
Tax at the Australian tax rate of 30%	(2,617,307)	(1,485,126)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	-	11,908
Share of net loss of Joint Venture and Associate accounted for using the equity method	176,172	399,182
Impairment of investment in associate	662,876	-
Impairment of available for sale assets	6,585	31,491
Accounting loss on disposal of shares in subsidiary	751,465	-
Research and development claim	(80,266)	(107,629)
	(1,100,475)	(1,150,174)
Deferred tax assets not brought to account	1,020,209	1,042,545
Income tax benefit	(80,266)	(107,629)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	47,771,522	47,142,326
Potential tax benefit @ 30%	14,331,457	14,142,698
The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.		
Deferred tax assets from temporary differences not recognised	2,596,885	2,113,628
Total deferred tax assets from temporary differences not recognised	2,596,885	2,113,628

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

30 June 2011

Consolidated
22 Dec 2010 \$ Consolidated
30 June 2010 \$

NOTE 9. DISCONTINUED OPERATIONS

Description

On 22 December 2010, the sale of Maldon Resources Pty Ltd to Octagonal Resources Limited ("Octagonal") was completed. Maldon Resources Pty Ltd owned the Maldon Gold Project. Alliance received \$5,500,000 in Octagonal shares (22,000,000 shares at the IPO price of \$0.25 per share). Octagonal (ASX Code: ORS) was listed on the ASX on 5 January 2011. Alliance owns approximately 22% of the issued capital of Octagonal resulting it being an Investment in Associate, which is accounted for using the Equity Method.

Financial information relating to Maldon Resources Pty Ltd for the period to 22 December 2010 is set out below.

Financial performance information

Other income	20,602	25,673
Total revenue	20,602	25,673
Cost of Sales	(5,111)	(16,077)
Expenses	(501,160)	(1,024,496)
Total expenses	(506,271)	(1,040,573)
Loss before income tax	(485,669)	(1,014,900)
Income tax	-	-
Loss after income tax	(485,669)	(1,014,900)
Loss on sale before income tax	(2,504,884)	-
Income tax	-	-
Loss on sale after income tax	(2,504,884)	-
Loss after income tax from discontinued operations	(2,990,553)	(1,014,900)

Cash flow information

Net cash used in operating activities	(717,577)	(1,452,534)
Net cash used in investing activities	(39,861)	(282,030)
Net cash used in financing activities	(10,000)	-
Net decrease in cash and cash equivalents from discontinued operations	(767,438)	(1,734,564)

Carrying amounts of assets and liabilities

Trade and other receivables	26,660	22,479
Inventories	84,350	84,350
Other current assets	153,623	65,984
Property, plant and equipment	1,017,223	1,113,457
Receivables	-	724,000
Exploration and evaluation	7,665,550	7,492,191
Total assets	8,947,406	9,502,461



30 June 2011

	Consolidated 22 Dec 2010 \$	Consolidated 30 June 2010 \$
Trade and other payables	161,035	106,018
Provisions	31,487	42,067
Provisions - non-current	750,000	750,000
Total liabilities	942,522	898,085
Net assets	8,004,884	8,604,376
Details of the sale		
Total sale consideration	5,500,000	
Carrying amount of net assets sold	(8,004,884)	
Loss on sale before income tax	(2,504,884)	
Income tax expense	-	
Loss on sale after income tax	(2,504,884)	

The total sale consideration was satisfied by the receipt of 22,000,000 ordinary shares in Octagonal Resources Limited. Cash and cash equivalent assets of \$847,663 (including performance bonds of \$737,796) held by Maldon Resources Pty Ltd at 22 December 2010, did not form part of the disposal. No tax charge or credit arose on the transaction.

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash on hand	4	3
Cash at bank	6,828,546	10,369,063
Cash on deposit	28,085,000	28,060,000
	34,913,550	38,429,066
NOTE 11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Other receivables	80,266	287,872
Interest receivable	242,354	121,077
GST receivable	143,399	69,773
	466,019	478,722
NOTE 12. CURRENT ASSETS - OTHER		
Prepayments	91,980	46,233
NOTE 13. CURRENT ASSETS - ASSETS CLASSIFIED AS HELD FOR SALE		
Trade and other receivables	-	22,479
Inventories	-	84,350
Other	-	65,984
Receivables	-	724,000
Property, plant and equipment	-	1,113,457
Exploration and evaluation	-	7,492,191
	-	9,502,461

Note: The assets identified above, represent the assets of Maldon Resources Pty Ltd (Maldon) as at 30 June 2010. Maldon was a subsidiary of Alliance Resources Limited until it was sold on 22 December 2010. Refer to note 9 for detailed information.

30 June 2011

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 14. NON-CURRENT ASSETS - RECEIVABLES		
Term Deposits (held as performance bonds)	50,000	40,000
NOTE 15. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
<i>Investment in associate - Octagonal Resources Limited</i>		
Investment in Octagonal Resources Limited at cost*	5,500,000	-
Share of net loss in investment in associate accounted for using the equity method**	(210,414)	-
	5,289,586	-
Impairment of investment in associate	(2,209,586)	-
Net carrying value***	3,080,000	-
<i>Interest in joint venture - Four Mile Joint Venture****</i>		
Four Mile Joint Venture cash calls made	14,852,169	14,331,053
Share of net loss of joint venture accounted for using the equity method	(3,154,128)	(2,777,300)
Net carrying value	11,698,041	11,553,753
	14,778,041	11,553,753

* 22,000,000 ordinary shares at 25 cents per ordinary share

** For the period 22 December 2010 to 30 June 2011

*** Octagonal Resources Limited's recoverable value at 30 June 2011. At 30 June 2011 Octagonal share price on the ASX was 14 cents per ordinary share and used to determine recoverable value.

**** The consolidated entity has a 25% interest in the Four Mile Uranium-Copper-Gold exploration joint venture (FMJV) in South Australia. The joint venture partner is Quasar Resources Pty Ltd, an affiliate of Heathgate Resources Pty Ltd. The consolidated entity had a free carried interest until a decision to mine was called by Quasar in September 2008 and came into effect on 22 October 2008. The Company received its first cash call in respect of the cost of development of uranium mining at Four Mile East in December 2008.

The difference between the carrying amount of the FMJV and the net assets of the FMJV (Refer Note 37) is due to the differences in accounting for cash calls between the Joint Venture and Alliance Resources.

Further information on the Investment in Associate is disclosed at Note 36 and the Investment in the Joint Venture at Note 37.

NOTE 16. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

Ordinary shares	1,033,786	1,033,786
Revaluation of investments to fair value	(1,017,563)	(995,615)
	16,223	38,171

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	38,171	143,140
Impairment of assets	(21,948)	(104,969)
Closing fair value	16,223	38,171

Refer to note 28 for detailed information on financial instruments.

Note: The Ordinary shares are listed equity securities in Intec Limited (ASX Code: INL). The shares were acquired on sale of investment in Encore Pty Ltd on 23 October 2006. Shares in Intec are valued by reference to the quoted market price at the close of business on balance date. The Shares are classified as available for sale financial assets.



30 June 2011

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 17. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	106,765	110,190
Less: Accumulated depreciation	(70,853)	(58,554)
	35,912	51,636

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment \$
Consolidated	
Balance at 1 July 2009	11,797
Additions	85,679
Classified as held for sale	(27,030)
Depreciation expense	(18,810)
Balance at 30 June 2010	51,636
Additions	7,919
Depreciation expense	(23,643)
Balance at 30 June 2011	35,912

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 18. NON-CURRENT ASSETS - EXPLORATION AND EVALUATION		
Exploration/ evaluation costs carried forward - Warrina, SA	1,233,590	1,228,114
Exploration/ evaluation costs carried forward - East Frome, NSW	340,730	294,415
Exploration/ evaluation costs carried forward - Four Mile JV, SA	524,859	486,031
	2,099,179	2,008,560

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration \$	Total \$
Consolidated		
Balance at 1 July 2009	1,850,725	1,850,725
Expenditure during the year	157,835	157,835
Balance at 30 June 2010	2,008,560	2,008,560
Expenditure during the year	90,619	90,619
Balance at 30 June 2011	2,099,179	2,099,179

Notes:

(1) The consolidated entity has a 25% interest in the Four Mile Uranium-Copper-Gold exploration joint venture in South Australia. The joint venture partner is Quasar Resources Pty Ltd, an affiliate of Heathgate Resources Pty Ltd. The consolidated entity had a free carried interest until a decision to mine was called by Quasar in September 2008 and came into effect on 22 October 2008. The Company received its first cash call in respect of the cost of development of uranium mining at Four Mile East in December 2008 - Refer Note 10 (Investment in Joint Venture). The consolidated entity has also incurred costs in relation to the JV totalling \$524,859 (2010: \$486,031) and these costs are included above as at 30 June 2011.

(2) The recoverability of the carry forward amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

30 June 2011

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 19. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	370,973	508,188
Accrued expenses	31,000	156,609
Other	11,301	8,263
	413,274	673,060

Refer to note 28 for detailed information on financial instruments.

NOTE 20. CURRENT LIABILITIES - EMPLOYEE BENEFITS

Annual leave	46,388	38,458
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NOTE 21. CURRENT LIABILITIES - PROVISIONS

Environmental/Rehabilitation	60,000	-
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The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations.

Movements in provision

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Environmental (Rehabilitation) \$
Consolidated - 30 June 2011	
Carrying amount at the start of the year	-
Additional provisions recognised	60,000
Carrying amount at the end of the year	60,000

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 22. CURRENT LIABILITIES - LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		
Trade payables	-	87,848
PAYG	-	12,450
Accrued expenses	-	5,720
Employee Entitlement Provision	-	42,067
Provision for Environmental/Rehabilitation	-	750,000
	-	898,085

Notes: The liabilities identified above, represent the liabilities of Maldon Resources Pty Ltd (Maldon) as at 30 June 2010. Maldon was a subsidiary of Alliance Resources Limited until it was sold on 22 December 2011. Refer to note 9 for detailed information.

NOTE 23. NON-CURRENT LIABILITIES - EMPLOYEE BENEFITS

Long service leave	36,333	-
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30 June 2011

	Consolidated 30 June 2011 Shares	Consolidated 30 June 2010 Shares	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
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NOTE 24. EQUITY - CONTRIBUTED

Ordinary shares - fully paid	341,172,309	341,172,309	98,918,022	98,918,022
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Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2009	314,928,285		90,665,388
Rights Issue Allotment*	2 July 2009	13,667,444	\$0.60	-
Rights Issue Shortfall Allotment		8,885,000	\$0.68	6,041,800
Rights Issue Shortfall Allotment		3,691,580	\$0.68	2,510,274
Less capital raising costs		-	\$0.00	(299,440)
Balance	30 June 2010	341,172,309		98,918,022
Balance	30 June 2011	341,172,309		98,918,022

* On 25 June 2009 the Company completed a 1:12 Non-Renounceable Rights Issue. The Rights Issue shares were allotted by the Company's share registry on 2 July 2009. All funds were received by Alliance Resources Limited prior to 30 June 2009 and no conditions attached to the funds received.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The parent entity has unlimited authorised capital and no par value in respect of issued shares.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is not subject to any financing arrangements covenants.

The capital risk management policy remains unchanged from the 30 June 2010 Annual Report.

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
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NOTE 25. EQUITY - RESERVES

Share-based payments reserve	-	3,852,436
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	Share option reserve* \$	Total \$
Consolidated		
Balance at 1 July 2009	3,812,744	3,812,744
Cost of share options issued	39,692	39,692
Balance at 30 June 2010	3,852,436	3,852,436
Transfer to accumulated losses**	(3,852,436)	(3,852,436)
Balance at 30 June 2011	-	-

* Share Option Reserve - The share based payments reserve is used to recognise the fair value of options issued to directors and employees.

** Transfer of Share based Payment reserve to accumulated losses on expiry/cancellation of unlisted options.

30 June 2011

	Notes	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 26. EQUITY - ACCUMULATED LOSSES			
Accumulated losses at the beginning of the financial year		(42,231,459)	(37,388,669)
Loss after income tax benefit for the year		(8,644,090)	(4,842,790)
Transfer from options reserve		3,852,436	-
Accumulated losses at the end of the financial year		(47,023,113)	(42,231,459)

NOTE 27. EQUITY - DIVIDENDS

There were no dividends paid or declared during the current or previous financial year.

NOTE 28. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the consolidated entity's. Finance reports are provided to the Board on a monthly basis.

Market risk

Foreign currency risk

Foreign exchange risk arises from future commitments, assets and liabilities that are denominated in a currency that is not the Company's functional currency.

The Company operates solely in Australia and at present has no foreign exchange exposure. The Company will potentially have exposure in the future as most commodities the Company explores for are traded in US Dollars.

Commodity price risk

The Company's future revenues will be exposed to commodity price fluctuations, in particular uranium and gold prices. If commodity prices fall, the market for companies exploring for these commodities is affected.

Interest rate risk

Interest rate risk is the risk that the Company's financial position will be adversely affected by movements in interest rates. Interest rate risk on short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

At 30 June 2011 Alliance had the following cash instruments exposed to interest rate risk - Cash and cash equivalents totalling \$34,913,550 (2010: \$38,429,066) and receivables \$50,000 (2010: \$40,000).

The sensitivity of the fair value of financial instruments held at balance date, following a movement in interest rates, with all other variables held constant. A 1% interest rate change sensitivity is based on reasonably possible changes over a financial year. The post tax gain or loss assuming a 1% interest rate change is \$349,645 (2010: \$391,931)

Price risk

The Group is exposed to equity securities price risk. This arises from an investment in an associate and available for sale investments held and classified on the balance sheet as available-for-sale. The listed investments are traded on the ASX.

The following table sets out the carrying amount of the consolidated entity's equity securities price risk. Also included is the effect on profit and equity after tax if these prices at that date had been 25% higher or lower with all other variables held constant as a sensitivity analysis.

Given the current volatility in both Australian and international stock markets a sensitivity of 25% has been selected and is considered reasonable.

	Notes	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Financial assets			
Investment accounted for using the equity method	15	3,080,000	-
Available for sale financial assets	16	16,223	38,171
The impact of a 25% increase or decrease in fair values on the results and equity:			
Market price +25%			
Profit		-	-
Equity		770,456	9,543
Market price -25%			
Profit		(770,456)	(9,543)
Equity		(770,456)	(9,543)



30 June 2011

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the Group. The carrying amount of financial assets represents the maximum credit exposure.

At balance date the major concentration of credit risk related to cash and cash equivalents and other receivables. Cash and cash equivalents at balance date amounted to \$34,913,550 (2010: \$38,429,066). The credit risk on cash and cash equivalents and other receivables is limited as the counterparties are banking institutions with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk on financial assets recognised on the statement of financial position is generally the carrying amount, net of any allowance for doubtful debts.

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Current		
Cash and cash equivalents	34,913,550	38,429,066
Other receivables	466,019	478,722
	35,379,569	38,907,788
Non-current		
Term deposits	50,000	40,000

The ageing of receivables at reporting date was as follows:

	Total \$	Receivables ageing analysis between		
		<30 days \$	30-60 days \$	>60 days \$
2011 Consolidated				
Other receivables	466,019	466,019	-	-
2010 Consolidated				
Other receivables	478,722	478,722	-	-

No receivables are impaired or past due at balance date (2010: nil)

Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet financial commitments on a timely and cost-effective manner.

The liquidity position is monitored based on short term forecasts to maintain an appropriate liquidity level.

The ageing of payables at reporting date was as follows:

	Total \$	Payables ageing analysis between		
		<30 days \$	30-60 days \$	>60 days \$
2011 Consolidated				
Trade Creditors	382,274	382,274	-	-
Accrued expenses	31,000	31,000	-	-
Total payables	413,274	413,274	-	-
2010 Consolidated				
Trade Creditors	516,451	516,451	-	-
Accrued expenses	156,609	156,609	-	-
Total payables	673,060	673,060	-	-

30 June 2011

Financing facilities

No financing facilities are currently in place.

Hedging

No hedging is currently transacted.

Capital management

The objective of capital management is to ensure the consolidated entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for all other stakeholders.

Management aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management constantly reviews the capital management to ensure high returns on assets.

The Company currently has no debt.

Maturity profile

The following tables detail the consolidated entity's remaining contractual maturity for its financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the financial assets and liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed. The maturity profile on financial assets and liabilities was as follows:

	Note	Floating interest rate \$	Fixed interest maturing in: 1 year or less \$	Non-interest bearing 1 year or less \$	Total \$
2011 Consolidated Financial assets					
Cash and cash equivalents	10	6,913,550	28,000,000	-	34,913,550
Receivables	11 & 14	-	50,000	466,019	516,019
		6,913,550	28,050,000	466,019	35,429,569
Financial liabilities					
Payables	19	-	-	(413,274)	(413,274)
Net financial assets/ (liabilities)		6,913,550	28,050,000	52,745	35,016,295
2010 Consolidated Financial assets					
Cash and cash equivalents	10	10,429,066	28,000,000	-	38,429,066
Receivables	11 & 14	-	40,000	478,722	518,722
		10,429,066	28,040,000	478,722	38,947,788
Financial liabilities					
Payables	19	-	-	(673,060)	(673,060)
Net financial assets/ (liabilities)		10,429,066	28,040,000	(194,338)	38,274,728

Fair values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

The financial assets recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

All listed investments are recognised at fair value at 30 June 2011 and have been classified within Level 1. The fair value of these listed investments has been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.



30 June 2011

NOTE 29. KEY MANAGEMENT PERSONNEL DISCLOSURES**Directors**

The following persons were directors of Alliance Resources Limited during the financial year:

Chairman - Non-executive

Mr J Dunlop

Non-executive Directors

Mr I Gandel

Mr T Lethlean

Mr P Mutz*

* Mr Mutz resigned as a non-executive director effective 31 August 2010

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Name	Position
Mr S Johnston	Chief Executive Officer
Mr I Pamensky	Manager Finance & Company Secretary
Mr A Bowden**	Exploration Manager

** Mr Bowden commenced employment on 1 June 2011 and has been classified as a key management personnel since that date. Prior to this Mr Bowden provided consulting services to the Company.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Short-term employee benefits	591,682	993,849
Post-employment benefits	27,001	49,643
Share-based payments	-	39,692
	618,683	1,083,184

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
30 June 2011					
Ordinary shares					
Mr J Dunlop	6,715,938	-	-	-	6,715,938
Mr I Gandel	87,875,150	-	-	-	87,875,150
Mr T Lethlean	1,650,000	-	-	-	1,650,000
Mr P Mutz*	96,218	-	-	96,218	-
Mr S Johnston	5,516,823	-	-	-	5,516,823
Mr I Pamensky	1,700,000	-	-	-	1,700,000
Mr A Bowden	-	-	-	-	-
	103,554,129	-	-	(96,218)	103,457,911

* Mr Mutz resigned on 31 August 2010. The Disposal represents his closing balance at 31 August 2010

30 June 2010**Ordinary shares**

Mr J Dunlop	6,662,403	-	558,535	(505,000)	6,715,938
Mr I Gandel	87,875,150	-	-	-	87,875,150
Mr T Lethlean	1,650,000	-	-	-	1,650,000
Mr P Mutz*	88,815	-	7,403	-	96,218
Mr S Johnston	5,246,297	-	270,526	-	5,516,823
Mr I Pamensky	1,600,000	-	100,000	-	1,700,000
	103,122,665	-	936,464	(505,000)	103,554,129

30 June 2011

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30 June 2011					
Options over ordinary shares					
Mr J Dunlop*	1,000,000	-	-	(1,000,000)	-
Mr I Gandel*	1,000,000	-	-	(1,000,000)	-
Mr T Lethlean*	1,000,000	-	-	(1,000,000)	-
Mr P Mutz**	2,000,000	-	-	(2,000,000)	-
Mr S Johnston*	1,000,000	-	-	(1,000,000)	-
Mr I Pamensky*	1,000,000	-	-	(1,000,000)	-
	7,000,000	-	-	(7,000,000)	-

* Unlisted options expired 31 October 2010 and were cancelled.

** Mr Mutz resigned on 31 August 2010 and the unlisted options were cancelled on 30 September 2010.

30 June 2010

Options over ordinary shares

Mr J Dunlop	1,000,000	-	-	-	1,000,000
Mr I Gandel	1,000,000	-	-	-	1,000,000
Mr T Lethlean	1,000,000	-	-	-	1,000,000
Mr P Mutz	2,000,000	-	-	-	2,000,000
Mr S Johnston	1,000,000	-	-	-	1,000,000
Mr I Pamensky	1,000,000	-	-	-	1,000,000
	7,000,000	-	-	-	7,000,000

	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
30 June 2010			
Options over ordinary shares			
Mr J Dunlop	1,000,000	-	1,000,000
Mr I Gandel	1,000,000	-	1,000,000
Mr T Lethlean	1,000,000	-	1,000,000
Mr P Mutz	2,000,000	-	2,000,000
Mr S Johnston	1,000,000	-	1,000,000
Mr I Pamensky	1,000,000	-	1,000,000
	7,000,000	-	7,000,000

* - The terms of the above options were as follows:

- The unlisted options were granted for no consideration.
- The unlisted options granted carry no dividend or voting rights.
- The exercise price of the unlisted options was determined by the directors.
- Each unlisted option converts to one ordinary share.
- The vesting date was the date of the unlisted options able to be exercised.

Related party transactions

Related party transactions are set out in note 33.

30 June 2011

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 30. REMUNERATION OF AUDITORS		
During the financial year the following fees were paid or payable for services provided by PKF Chartered Accountants, the auditor of the company, and its related practices:		
Audit services - PKF Chartered Accountants		
Audit or review of the financial report	58,000	50,167
Other services - PKF Chartered Accountants		
Other services - taxation compliance	25,479	22,970
Under accrual of audit & review fees in prior period	-	20,538
	25,479	43,508
	83,479	93,675

NOTE 31. CONTINGENT LIABILITIES**Rehabilitation bonds**

The consolidated entity has given cash backed bank guarantees as at 30 June 2011 of \$50,000 (2010: \$40,000) to the NSW Department of Primary Industries regarding tenement rehabilitation bonds - refer note 14.

Alliance Resources Limited - Legal Proceedings

Below are details of each the legal proceedings initiated by Alliance's wholly owned subsidiary, Alliance Craton Explorer Pty Ltd (ACE) against Quasar Resources Pty Ltd (Quasar), which is registered as the holder of a 75% interest in EL 3666 (Four Mile) and acts as manager of that project, and its affiliate, Heathgate Resources Pty Ltd (Heathgate).

- Misleading and deceptive conduct - The directions hearing adjourned on 12 May 2011 and resumed on 31 August 2011. Judgement reserved in procedural matter.
- Native Title Mining Agreement - The directions hearing commenced on 23 September 2011 and is still underway.
- Access to books, records and agreements pertaining to the Four Mile Joint Venture - Proceedings were issued on 16 November 2009. The application was heard on 22-23 February 2010. ACE is currently awaiting judgment.

NOTE 32. COMMITMENTS FOR EXPENDITURE**Exploration commitments**

Committed at the reporting date but not recognised as liabilities, payable:

Within one year	457,000	1,224,750
One to five years	-	3,248,900
More than five years	-	1,080,000
	457,000	5,553,650

Development commitments

Committed at the reporting date but not recognised as liabilities, payable: Within one year

13,799,715 14,295,413

Exploration Commitments - The consolidated entity must meet tenement expenditure commitments to maintain them until they expire, are otherwise disposed of, or are renegotiated. Exploration licenses have been granted for between 1 and 2 years for all States that the Company operates in. The 2011 commitments includes exploration commitments in respect of the assets held as available for sale.

Development Commitments - The Consolidated entity must meet development commitments to maintain its interest in the uranium project. The commitment reflects Alliance's 25% share of the remaining Four Mile Joint Venture development costs until first production, adjusted for estimated storage and handling costs while project is delayed and estimated re-start costs. Due to various litigation actions between the joint venture partners, the joint venture has suspended development. Timing regarding the recommencement of development is unknown.

30 June 2011

NOTE 33. RELATED PARTY TRANSACTIONS

Parent entity

Alliance Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Associates

Interest in an associate are set out in note 36.

Joint ventures

Interest in a joint venture are set out in note 37.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Payment for other expenses:		
Fees in terms of a management service agreement*	358,491	402,129
Fees in terms of a share placement engagement letter**	-	132,919
Travel agent fees and airline costs***	-	141

* Mr. I Gandel is a director and shareholder of Abbotsleigh Pty Ltd ("Abbotsleigh"). Alliance entered into a management service agreement with The Gandel Metals Trust. Abbotsleigh is the ultimate parent entity of the Gandel Metals Trust. The contract was based on normal commercial terms. Gandel Metals Trust has the ability to add a mark-up of 15% on all charges. To 30 June 2011 Gandel Metals Trust only charged a mark-up of 15% on the time spent by Gandel Metals employees' costs allocated to Alliance Resources Limited and subsidiaries. Fees include staff & executive costs, office space and amenities.

** Mr Tony Lethlean is a Director of Helmsec Global Capital Limited. Helmsec and Bell Potter Securities Limited were appointed Joint Lead Managers (JLM) for a Share Placement undertaken by Alliance. The fees charged were based on normal commercial terms. The JLM's shared the fees on a 50:50 basis. The amounts disclosed represent Helmsec's share of the fees charged.

*** Charges by Travel Managers Australia Pty Ltd ("TMA"). Mr Patrick Mutz's spouse is an independent travel consultant for TMA. TMA provided travel agent services on normal commercial terms.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current payables:

Trade payables to other related party - Gandel Metals Trust	32,010	101,600
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Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

	Parent 2011 \$	Parent 2010 \$
NOTE 34. PARENT ENTITY INFORMATION		
Set out below is the supplementary information about the parent entity.		
Statement of comprehensive income		
Loss after income tax	(10,443,551)	(2,982,339)
Total comprehensive income	(10,443,551)	(2,982,339)
Statement of financial position		
Total current assets	33,553,371	48,100,268
Total assets	52,340,914	62,856,456
Total current liabilities	442,745	551,066
Total liabilities	479,078	551,066
Equity		
Contributed equity	98,918,022	98,918,022
Reserves	-	3,852,436
Accumulated losses	(47,056,186)	(40,465,071)
Total equity	51,861,836	62,305,387



30 June 2011

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2011.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2011.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.
- Investment in an associate is accounted for at cost, less any impairment.

NOTE 35. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Alliance (NSW) Pty Ltd	Australia	100.00	100.00
Alliance (SA) Pty Ltd	Australia	100.00	100.00
Alliance Craton Explorer Pty Ltd	Australia	100.00	100.00
Maldon Resources Pty Ltd*	Australia	-	100.00
Alliance (Jordan) Pty Ltd**	Australia	100.00	-

* On 22 December 2010, the sale of Maldon Resources Pty Ltd to Octagonal Resources Limited ("Octagonal") was completed. Maldon Resources Pty Ltd owned the Maldon Gold Project. Alliance received \$5,500,000 in Octagonal shares (22,000,000 shares at the IPO price of \$0.25 per share). Octagonal (ASX Code: ORS) was listed on the ASX on 5 January 2011. Alliance owns approximately 22% of the issued capital of Octagonal resulting in the investment being an Investment in Associate, and to be accounted for using the Equity Method. (2010: Maldon Resources Pty Ltd was classified as available for sale at 30 June 2010).

** Alliance (Jordan) Pty Ltd was incorporated on 24 March 2011.

NOTE 36. INVESTMENT IN AN ASSOCIATE

Interest in an associate is accounted for using the equity method of accounting. Information relating to an associate is set out below:

Associate	Principal activities	Percentage interest 30 June 2011 %	Consolidated 30 June 2010 %
Octagonal Resources Limited (ASX: ORS)	Exploration & Mining	21.99	-

Summarised financial information of investment in associate – Octagonal Resources Limited – 21.99%

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
<i>Share of assets and liabilities</i>		
Assets	5,402,854	-
Total assets	5,402,854	-
Liabilities	(298,354)	-
Total liabilities	(298,354)	-
Net assets	5,104,500	-
<i>Share of revenue, expenses and results</i>		
Loss*	(210,414)	-
Loss before income tax	(210,414)	-

* Alliance's share of the loss for the period 22 December 2010 to 30 June 2011

30 June 2011

NOTE 37. INTEREST IN A JOINT VENTURE

Interest in a joint venture is accounted for using the equity method of accounting. Information relating to the joint venture is set out below:

Joint venture	Principal activities	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Four Mile Project	Development of the Four Mile Uranium Project	25.00	25.00

The consolidated entity has a 25% interest in the Four Mile Uranium-Copper-Gold exploration joint venture (FMJV) in South Australia. The joint venture partner is Quasar Resources Pty Ltd, an affiliate of Heathgate Resources Pty Ltd. The consolidated entity had a free carried interest until a decision to mine was called by Quasar in September 2008 and came into effect on 22 October 2008. The Company received its first cash call in respect of the cost of development of uranium mining at Four Mile East in December 2008.

Summarised financial information of Joint Venture - FMJV Ownership interest - 25%

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
Share of assets and liabilities		
Assets	11,718,015	11,568,122
Total assets	11,718,015	11,568,122
Liabilities	(8,071)	(118,536)
Total liabilities	(8,071)	(118,536)
Net assets	11,726,086	11,686,658
Share of revenue, expenses and results		
Loss	(376,827)	(1,330,605)
Loss before income tax	(376,827)	(1,330,605)

The difference between the carrying amount of the FMJV (Refer Note 15) and the net assets of the FMJV is due to the differences in accounting for cash calls between the Joint Venture and Alliance Resources.

NOTE 38. EVENTS OCCURRING AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 39. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

Loss after income tax benefit for the year	(8,644,090)	(4,842,790)
Adjustments for:		
Depreciation and amortisation	23,643	214,947
Impairment of investments	2,441,949	104,969
Net gain on disposal of non-current assets	(95,188)	-
Share of profit - joint ventures	376,827	1,330,605
Decrease in Rental Deposits	-	(1,603)
Cost of share options granted	-	39,692
Loss on sale of subsidiary	2,504,884	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(167,540)	(212,344)
Increase in prepayments	(45,747)	(25,999)
Increase/(decrease) in trade and other payables	(259,786)	165,197
Increase/(decrease) in other provisions	104,263	(24,908)
Net cash used in operating activities	(3,760,785)	(3,252,234)



30 June 2011

	Consolidated 30 June 2011 \$	Consolidated 30 June 2010 \$
NOTE 40. EARNINGS PER SHARE		
Earnings per share from continuing operations		
Loss after income tax attributable to the owners of Alliance Resources Limited	(5,653,537)	(3,827,890)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,172,309	340,424,179
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,172,309	340,424,179
	Cents	Cents
Basic earnings per share	(1.66)	(1.12)
Diluted earnings per share	(1.66)	(1.12)
Earnings per share from discontinued operations		
Loss after income tax attributable to the owners of Alliance Resources Limited	(2,990,553)	(1,014,900)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,172,309	340,424,179
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,172,309	340,424,179
	Cents	Cents
Basic earnings per share	(0.88)	(0.30)
Diluted earnings per share	(0.88)	(0.30)
Earnings per share for loss		
Loss after income tax attributable to the owners of Alliance Resources Limited	(8,644,090)	(4,842,790)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,172,309	340,424,179
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,172,309	340,424,179
	Cents	Cents
Basic earnings per share	(2.53)	(1.42)
Diluted earnings per share	(2.53)	(1.42)

30 June 2011

NOTE 41. SHARE-BASED PAYMENTS

An Employee Share Option Plan (ESOP) has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the parent entity to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted under the plan:

Grant date Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30 June 2011						
22/10/07						
31/10/10	\$1.60	3,200,000	-	-	(3,200,000)	-
29/11/07						
31/10/10	\$1.60	3,000,000	-	-	(3,000,000)	-
01/12/08						
31/10/11	\$1.00	1,000,000	-	-	(1,000,000)	-
01/12/08						
31/10/11	\$1.20	1,000,000	-	-	(1,000,000)	-
		8,200,000	-	-	(8,200,000)	-
30 June 2010						
02/10/06						
31/10/09	\$0.80	325,000	-	-	(325,000)	-
22/10/07						
31/10/10	\$1.60	3,300,000	-	-	(100,000)	3,200,000
29/11/07						
31/10/10	\$1.60	3,000,000	-	-	-	3,000,000
01/12/08						
31/10/11	\$1.00	1,000,000	-	-	-	1,000,000
01/12/08						
31/10/11	\$1.20	1,000,000	-	-	-	1,000,000
		8,625,000	-	-	(425,000)	8,200,000



30 June 2011

The following share-based payment arrangements were in existence during the current and previous financial year:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
1 Staff, Consultants & Contractors	325,000	2/10/2006	31/10/2009	0.80	0.293
2 Staff, Consultants & Contractors	3,300,000	22/10/2007	31/10/2010	1.60	0.521
3 Director	3,000,000	29/11/2007	31/10/2010	1.60	0.647
4 Managing Director	1,000,000	1/12/2008	31/10/2011	1.00	0.108
5 Managing Director	1,000,000	1/12/2008	31/10/2011	1.00	0.086

The terms of the above Options were as follows:

- The Options were granted for no consideration;
- Options granted carry no dividend or voting rights;
- The exercise price of the Options was determined by the Directors; and
- Each Option converts to one ordinary share.

Share based Compensation - The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the Directors and Executives remuneration tables. Fair values at grant date are determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected annual price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

All option series vested during or prior to 30 June 2010 financial year.

The above options were all valued using the Binomial Model. Detailed below are the valuation inputs:

	Series 1	Series 2	Option series Series 3	Series 4	Series 5
Grant date share price	0.79	1.39	1.56	0.42	0.42
Exercise price	0.80	1.60	1.60	1.00	1.00
Expected volatility	71.82%	72.00%	72.00%	80.00%	80.00%
Risk-free interest rate	5.76%	6.52%	6.46%	3.52%	3.52%

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



John Dunlop
Chairman

27 September 2011
Melbourne



Chartered Accountants
& Business Advisers

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ALLIANCE RESOURCES LIMITED
Report on the Financial Report**

We have audited the accompanying financial report of Alliance Resources Limited (the company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of Alliance Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Alliance Resources Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

PKF

PKF

27 September 2011
Melbourne

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D J Garvey
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

For the year ended 30 June 2011

The shareholder information set out below was applicable as at 19 September 2011

DISTRIBUTION OF EQUITY SECURITIES

Distribution of holdings	Number of holders
1-1,000	1,290
1,001 – 5,000	2,268
5,001 – 10,000	1,132
10,001 – 100,000	1,976
100,001 and over	315
	6,981
Minimum \$500.00 parcel at \$0.16 per unit	2,718

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders as at 19 September 2011

Rank	Name	Units	% of Units
1.	ABBOTSLEIGH PTY LTD	87,875,150	25.76
2.	NATIONAL NOMINEES LIMITED	16,949,724	4.97
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,215,447	3.29
4.	CITICORP NOMINEES PTY LIMITED	9,189,751	2.69
5.	NEFCO NOMINEES PTY LTD	7,752,000	2.27
6.	JOHN S DUNLOP NOMINEES PTY LTD <JOHN S DUNLOP FAM SUPER A/C>	6,070,000	1.78
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,913,982	1.73
8.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	5,458,550	1.60
9.	HOLBROOK CORPORATION PTY LTD	4,747,821	1.39
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	4,078,335	1.20
11.	MINLINK PTY LTD <STEPHEN JOHNSTON S/FUND A/C>	3,487,733	1.02
12.	HOME IDEAS SHOW PTY LTD <UB PROMOTIONS SPF A/C>	3,045,000	0.89
13.	COGENT NOMINEES PTY LIMITED	2,941,395	0.86
14.	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	2,755,691	0.81
15.	AUSTRALIAN REWARD INVESTMENT ALLIANCE	2,491,765	0.73
16.	UBS NOMINEES PTY LTD	2,169,509	0.64
17.	MINLINK PTY LTD <SF JOHNSTON FAMILY A/C>	2,000,000	0.59
18.	HOLBROOK CORPORATION PTY LTD	1,752,179	0.51
19.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,700,000	0.50
20.	MS CATHERINE PATRICIA BURROW + MR KEITH LAWRENCE BURROW <KL&CP BURROW SUPER FUND A/C>	1,600,000	0.47
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		183,194,032	53.70
Total Remaining Holders Balance		157,978,277	46.30

For the year ended 30 June 2011

UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Unlisted options – Exercise price \$1.60, expire 31 Oct 2010	-	-
Unlisted options – Exercise price \$1.60, expire 31 Oct 2010	-	-
Unlisted options – Exercise price \$1.00, expire 31 Oct 2011	-	-
Unlisted options – Exercise price \$1.20, expire 31 Oct 2011	-	-

SUBSTANTIAL SHAREHOLDER

	Shares	%
ABBOTSLEIGH PTY LTD	86,875,150	25.76%

VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the company. At a general meeting, every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Unlisted options

No voting rights

EMPLOYEE SHARE OPTION PLAN

At a General Meeting held in November 2006, shareholders approved the adoption of the Company's Employee Share Option Plan (ESOP). The ESOP was re-approved at the 2010 General Meeting to incorporate certain amendments. Details of shares issued under the plan are detailed in the Directors Report.

AUDIT COMMITTEE

At the date of the Directors Report, the Company has a committee of three Director, the majority of the committee are independent Directors. The committee meets with the Company's external auditors at least once during each half-year. These meeting will normally take place before the completion of the half-year financial statements and the Annual Report and prior to the signing of the Audit Report.

REMUNERATION COMMITTEE

At the date of the Directors Report, the Company has a committee of three Non-Executive Director which will meet at least once during each half-year.

NOMINATION COMMITTEE

At the date of the Directors Report, the Company has a committee of three Non-Executive Director which will meet at least once during each half-year.

For the year ended 30 June 2011

MINING TENEMENTS

Location	Holder	Mineral	Tenement	Expiry Date	Interest (%)	Notes
Warrina, SA	Alliance (SA) Pty Ltd	Copper-gold	EL3533	21/03/2011 ⁽⁵⁾	100	1
Curnamona Craton, SA	Alliance Craton Explorer Pty Ltd	Copper-gold/ Uranium	EL3666	04/12/2010 ⁽⁶⁾	25	1,2,3
Curnamona Craton, SA	Alliance Craton Explorer Pty Ltd	Copper-gold/ Uranium	MCT02734 ⁽⁴⁾		25	1,2,3,4
Broken Hill, NSW	Alliance (NSW) Pty Ltd	Gold/ Base Metals	EL6836	19/07/2011 ⁽⁵⁾	100	1
Broken Hill, NSW	Alliance (NSW) Pty Ltd	Gold/ Base Metals	EL7128	21/04/2012	100	1
Broken Hill, NSW	Alliance (NSW) Pty Ltd	Gold/ Base Metals	EL7210	01/10/2012	100	1
Broken Hill, NSW	Alliance (NSW) Pty Ltd	Gold/ Base Metals	EL7636	25/10/2012	100	1

Notes

1. Tenements as at 16 September 2011
2. Subject to a 1% net smelter return royalty
3. Subject to a joint venture. Alliance holds 25% and Quasar Resources Pty Ltd holds 75%
4. Minerals Claims/ Mining Lease - Applications for 63 mineral claims has been made. The mineral claims lie within tenement EL3666. Mineral Claims are valid for one year once finalised. A Mining Lease application has been made. The Mining Lease will cover the area of the Mineral Claims once granted.
5. Renewal is currently being sought.
6. Application for subsequent ELA lodged on 31 August 2011



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