

Manager Announcements
Company Announcements Office
ASX Limited
4th Floor, 20 Bridge Street
Sydney NSW 2000

By E-Lodgement

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28 October 2008

EXERCISE OF UNLISTED OPTIONS

Alliance Resources Limited (AGS) advises that:

- 1,000,000 Director Unlisted Options (20 cent Ex Price - Expiry 31 October 2008) have been exercised.

The following form is lodged:

- Appendix 3B - New issue announcement - application for quotation of additional securities;
- Appendix 3Y- Change of Directors Interest – Ian Gandel; and
- ASIC Form 604 – Notice of change of interest of substantial holder.

For and on behalf of the Board.



Ian Pamensky
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public. Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ALLIANCE RESOURCES LIMITED

ABN

38 063 293 336

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | <ul style="list-style-type: none">▪ Fully paid ordinary shares (ASX Code: AGS)▪ Unlisted Options Exercised (ASX Code: AGSAK) – Employee options exercisable at 20 cents - Expiry: 31 October 2008 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ul style="list-style-type: none">▪ Ordinary Shares Issued – 1,000,000▪ Unlisted Options Exercised – 1,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none">▪ Ordinary fully paid shares - same as quoted shares (ASX Code: AGS)▪ Unlisted Options Exercised (ASX Code: AGSAK) - Employee options exercisable at 20 cents - Expiry: 31 October 2008 |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<ul style="list-style-type: none"> ▪ Ordinary fully paid shares – Yes 				
<p>5 Issue price or consideration</p>	<p>Exercise of 1,000,000 Unlisted 20 cent Options - \$200,000</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<ul style="list-style-type: none"> ▪ Unlisted Options Exercised <ul style="list-style-type: none"> ○ Director <ul style="list-style-type: none"> - 1,000,000 @ \$0.20 Expiry: 31 October 2008 				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<ul style="list-style-type: none"> ▪ Date for entering to share register – 28 October 2008. 				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="766 1456 1069 1523">Number</th> <th data-bbox="1069 1456 1359 1523">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1523 1069 1704">273,851,285</td> <td data-bbox="1069 1523 1359 1704">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	273,851,285	Ordinary shares
Number	+Class				
273,851,285	Ordinary shares				

+ See chapter 19 for defined terms.

	Number	+Class
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<ul style="list-style-type: none"> • Nil⁽¹⁾ • 325,000 • 3,300,000 • 3,000,000 <p>Note: (1) – Adjusted for Options exercised</p>	<p>Director's options exercisable at 20 cents Expiry: 31 October 2008</p> <p>Employee options exercisable at 80 cents Expiry: 31 October 2009</p> <p>Employee options exercisable at \$1.60 Expiry: 31 October 2010</p> <p>Director's options exercisable at \$1.60 Expiry: 31 October 2010</p>
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	N/A	

Part 2 - Bonus issue or pro rata issue

<p>11 Is security holder approval required?</p>	
<p>12 Is the issue renounceable or non-renounceable?</p>	
<p>13 Ratio in which the +securities will be offered</p>	
<p>14 +Class of +securities to which the offer relates</p>	
<p>15 +Record date to determine entitlements</p>	
<p>16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?</p>	

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents	
	Note: Security holders must be told how their entitlements are to be dealt with.	
	Cross-reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	

+ See chapter 19 for defined terms.

- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

+ See chapter 19 for defined terms.

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	
Number	+Class
<input type="text"/>	<input type="text"/>

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 28 October 2008

Print name: **Ian Pamensky**
Company Secretary

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+ See chapter 19 for defined terms.

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity ALLIANCE RESOURCES LIMITED
ABN 38 063 293 336

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Ian J Gandel
Date of last notice	29 November 2007

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Indirect interests
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Abbotsleigh Pty Ltd
Date of change	28 October 2008
No. of securities held prior to change	a) Shares – 86,875,150 b) Unlisted Options – 1,000,000 (Ex Price 20 Cents) a) Unlisted Options – 1,000,000 (Ex Price \$1.60 – Expire 31 October 2010)
Class	a) Shares - Ordinary Shares (AGS) b) Options – Unlisted (Ex Price 20 Cents) c) Options – Unlisted (Ex Price \$1.60)
Number acquired	a) Shares – 1,000,000 b) Options – Nil (Ex Price 20 Cents) c) Options – Nil Unlisted Options Issued (Ex Price \$1.60 – Expire 31 October 2010) (Approved at AGM – 29 Nov 2007)
Number disposed	a) Shares – Nil b) Options – 1,000,000 Exercised - (Ex Price 20 Cents) c) Options – Nil (Ex Price \$1.60)

+ See chapter 19 for defined terms.

Appendix 3Y
Change of Director's Interest Notice

Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	a) Shares – \$200,000 b) Options – N/A (Ex Price 20 Cents) c) Options – N/A(Ex Price \$1.60)
No. of securities held after change	c) Shares – 87,875,150 d) Unlisted Options – Nil (Ex Price 20 Cents) e) Unlisted Options – 1,000,000 (Ex Price \$1.60 – Expire 31 October 2010)
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Exercise of Unlisted Options at \$0.20 per share.

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Nil
Nature of interest	
Name of registered holder (if issued securities)	
Date of change	
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	
Interest acquired	
Interest disposed	
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	
Interest after change	

+ See chapter 19 for defined terms.

Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme **Alliance Resources Limited**
ACN/ARSN **063 293 336**

1. Details of substantial holder⁽¹⁾

Name **Abbotsleigh Pty Ltd**
ACN/ARSN **005 612 377**

There was a change in the interests of the substantial holder on **28/10/2008**
The previous notice was given to the company on **27/10/2006**
The previous notice was dated **27/10/2006**

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate⁽²⁾ had a relevant interest⁽³⁾ in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities ⁽⁴⁾	Previous notice		Present notice	
	Person's votes	Voting power ⁽⁵⁾	Person's votes	Voting power ⁽⁵⁾
Ordinary Shares	86,875,150	35.70%	87,875,150	32.09%^(A)
U/L Op Ex 20cents	1,000,000	N/A	-	N/A
U/L Op Ex \$1.60	-	N/A	1,000,000	N/A

(A) – Movement due to Share placements by Company on 22 October 2007 and exercise of options at various times

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of Change	Person whose relevant interest changed	Nature of Change ⁽⁶⁾	Consideration given in relation to change ⁽⁷⁾	Class and number of securities affected	Person's votes affected
28/10/2008	Abbotsleigh P/L	Exercise of unlisted options	\$200,000.00	1,000,000 Ordinary Shares	32.09%

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holders relevant interest	Registered holder of securities	Person entitled to be registered as holder ⁽⁸⁾	Nature of relevant interest ⁽⁶⁾	Class and number of securities	Person's votes
Abbotsleigh Pty Ltd	Abbotsleigh Pty Ltd	Abbotsleigh Pty Ltd	S/Holder	87,875,150 Ord Shares	32.09%
Abbotsleigh Pty Ltd	Abbotsleigh Pty Ltd	Abbotsleigh Pty Ltd	U/L Ops – Ex 20 cents	Nil U/L Options	N/A
Abbotsleigh Pty Ltd	Abbotsleigh Pty Ltd	Abbotsleigh Pty Ltd	U/L Ops – Ex \$1.60	1,000,000 U/L Options	N/A

5. Changes in association

The persons who have become associates ⁽²⁾ of, ceased to be associates of, or have changed the nature of their association ⁽⁹⁾ with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Abbotsleigh Pty Ltd	Suite 3, 51-55 City Rd, Southbank, VIC, 3006

Signature

Print Name	Ian Pamensky	Capacity	Manager Finance & Business Development
Sign Here	_____	Date	28/10/2008

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(6) Include details of:

(a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies). See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.