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MALDON GOLD PROJECT SUSPENSION OF UNDERGROUND OPERATIONS

The Directors of Alliance Resources Limited ("Alliance") announce that they are suspending underground operations at the Maldon Gold Project in Victoria, in order to focus its resources on the development of the Four Mile Uranium Project.

This decision has been made in light of the deteriorating global capital markets. The Board considers it prudent to preserve the Company's cash reserves in preparation for the upcoming development of the Four Mile Uranium Project.

With this priority in mind, the development of the Maldon Gold Project will be suspended and, by agreement with the mining contractor Avko, the project will commence a period of care and maintenance, following a carefully managed and monitored process. The underground workings and the treatment plant will be fully maintained during this period of care and maintenance, with the underground workings remaining to be dewatered and monitored, with the potential for further exploration to be undertaken from the decline workings.

The Maldon Gold Project was being developed via an exploration decline to access the Alliance South gold lode for trial mining and processing through the Company's fully owned treatment plant. The decline is 1772 metres from the portal and 218 metres vertically below surface with 169 metres of sill development on the 1120N drive.

Sill drive development had just encountered encouraging reef structure of up to 4.5 metres wide when this decision was made. No material obtained from the sill development has yet been processed, however this is expected to occur during November and December, once the current plant repair and maintenance issues are completed.

During the period of care and maintenance Alliance will attend to some mine maintenance tasks and undertake a thorough review of the valuable data gained during all aspects of the trial mining phase, and utilise this data to further enhance, and understand the requirements for the future development of the Maldon Gold Project. To do this, it will retain the core of its current workforce.

In relation to the Maldon Gold Project, the Board of Alliance will consider the following options:

1. Limited exploration and/or definition drilling in order to explore parallel, known mineralised systems which may compliment the current Alliance South lode;
2. Utilising the treatment plant to process purchased ore, and/or custom milling for third parties; and
3. An asset sale or corporate deal to build a dedicated gold company when market conditions improve.

The Board has not lost confidence in the gold industry, but believes it more prudent to focus its resources into its best asset during a perceived period of difficult capital market conditions ahead over the coming months.

The suspension will be for an initial but extendable term of 3 months, during which time the company will consolidate its understanding of the large amount of data gathered, and be in a position to re-commence operations if the gold price firms along with a strengthened market climate.

Alliance has \$20.1 million in cash at the 30th September 2008. This cash reserve is anticipated to be sufficient to fund the majority of its share of the development cost of the Four Mile Uranium Project, scheduled to commence ISR production in early 2010 at a uranium concentrate production of 2.6 Mlb per annum and increasing to 3 Mlb per annum within three months.

About Alliance Resources

Alliance Resources is an emerging *in situ* recovery (ISR) uranium producer through its joint venture with Quasar Resources in the advanced Four Mile Uranium Project, 8 km from the operating Beverley Uranium Mine in South Australia. The Four Mile Uranium Deposit consists of two mineralised zones. Four Mile West has an Inferred Mineral Resource of 32 Mlb U₃O₈ in accordance with the JORC Code. Estimation of the mineral resource at Four Mile East is in progress.

Further information relating to the Company and its various exploration projects can be found on the Company's website at www.allianceresources.com.au

Steve Johnston
Chief Executive Officer

All information in this report relating to Exploration Results, Mineral Resources or Ore Reserves for gold is based on information compiled by Mr Stephen Johnston who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Johnston is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Johnston consents to the inclusion in the report of the matters based on his information in the form and context in which it appears