

2 December 2008

ASX Code: **AGS**

By E-Lodgement

No. of pages: 10

ISSUE OF UNLISTED DIRECTOR OPTIONS

The Directors of Alliance Resources Limited ("Alliance") (ASX Code: AGS) are pleased to announce that it has received approval to issue a total of 2,000,000 million unlisted options to the Managing Director, Mr Patrick Mutz, to subscribe for shares in the Company.

The issue of the Unlisted Options was approved at the Company's AGM on 19 November 2008 and is pursuant to Alliance's Employee Share Option Plan.

The terms of the options are as follows:

- a) 1,000,000 options at an exercise price of \$1.00 per option exercisable after 1 January 2009; and
- b) 1,000,000 options at an exercise price of \$1.20 per option exercisable after 1 January 2010,

provided that the options will become immediately exercisable where a takeover bid (as defined in the Corporations Act 2001) is made or effective control of the Company changes.

The options are exercisable by notice in writing to the Company, accompanied by payment of the exercise price, on or prior to 31 October 2011.

The grant of options is to encourage Mr. Mutz to have a greater involvement in the achievement of the Company's objective to become a world class gold and uranium producer in the near term and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company.

The following forms are lodged:

- Appendix 3B – Issue of Unlisted Options
- Appendix 3Y – Patrick Mutz

About Alliance Resources

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

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 | ▪ Unlisted Options – Managing Director Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | ▪ Unlisted Options Issued – 2,000,000 |
| 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) | The terms of the unlisted options are as follows:
a) 1,000,000 options at an exercise price of \$1.00 per option exercisable after 1 January 2009; and
b) 1,000,000 options at an exercise price of \$1.20 per option exercisable after 1 January 2010,

Expire - 31 October 2011. |

<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"> ▪ N/A as new class and unlisted 				
<p>5 Issue price or consideration</p>	<p>Nil – Free Unlisted Managing Directors Options. Approved at AGM – 19 Nov 2008</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Unlisted Managing Directors Options issued – Issued as incentive. Approved at AGM – 19 Nov 2008</p>				
<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 – 1 December 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 1433 1069 1467">Number</th> <th data-bbox="1069 1433 1361 1467">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1467 1069 1650">273,851,285</td> <td data-bbox="1069 1467 1361 1650">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	273,851,285	Ordinary shares
Number	+Class				
273,851,285	Ordinary shares				

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<ul style="list-style-type: none"> • 325,000 Employee options exercisable at 80 cents Expiry: 31 October 2009 • 3,300,000 Employee options exercisable at \$1.60 Expiry: 31 October 2010 • 3,000,000 Director's options exercisable at \$1.60 Expiry: 31 October 2010 • 1,000,000⁽¹⁾ Managing Director's options exercisable at \$1.00 Expiry: 31 October 2011 • 1,000,000⁽¹⁾ Managing Director's options exercisable at \$1.20 Expiry: 31 October 2011 <p><i>(1) – New Issue Approved at AGM – 19 Nov 2008</i></p>
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Bonus issue or pro rata issue

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

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)	

- 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)

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)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

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: 02 December 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	Patrick Mutz
Date of last notice	11 August 2008 – Appendix 3X

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>	<ul style="list-style-type: none"> • MR PATRICK ROY MUTZ & MRS CORINNE MUTZ <PINEVIEW INVESTMENTS S/F A/C> • MR PATRICK ROY MUTZ & MRS CORINNE MUTZ <PINEVIEW INVEST FUND A/C> • MRS CORINNE MUTZ
Date of change	01 December 2008
No. of securities held prior to change	a) Shares – 88,815
Class	a) Shares - Ordinary Shares (AGS)
Number acquired	a) Shares – Nil b) Options – 1,000,000 Unlisted (Ex Price \$1.00) – Expire 31 Oct 2011 c) Options – 1,000,000 Unlisted (Ex Price \$1.20) – Expire 31 Oct 2011

+ See chapter 19 for defined terms.

Appendix 3Y
Change of Director's Interest Notice

Number disposed	a) Shares – Nil b) Options – Nil c) Options – Nil
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	a) Shares – N/A b) Options – Nil c) Options – Nil
No. of securities held after change	a) Shares – 88,815 b) Options – 1,000,000 Unlisted (Ex Price \$1,00) – Expire 31 Oct 2011 c) Options – 1,000,000 Unlisted (Ex Price \$1,20) – Expire 31 Oct 2011
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	Issue of Unlisted Managing Director Options – Approved at AGM on 19 November 2008.

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.