

10 August 2009

ASX Code: AGS

No. of pages: 9

APPENDIX 3B - CANCELLATION OF UNLISTED OPTIONS

Alliance Resources Limited (ASX Code: AGS) advises that:

- 100,000 Employee Unlisted Options (\$1.60 Ex Price - Expiry 31 October 2010) have been cancelled following the resignation of an employee.

The following form is lodged:

- Appendix 3B - New Issue Announcement

For further information regarding this announcement, contact:

Patrick Mutz
Managing Director
ALLIANCE RESOURCES LIMITED

Email: info@allianceresources.com.au

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.

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 | ▪ Unlisted Options Cancelled (ASX Code: AGSAM) – Employee options exercisable at \$1.60 - Expiry: 31 October 2010 |
| 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued | ▪ Unlisted Options Cancelled – 100,000 |
| 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) | ▪ Unlisted Options Cancelled (ASX Code: AGSAM) - Employee options exercisable at \$1.60 - Expiry: 31 October 2010 |

+ 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">▪ Unlisted
<p>5 Issue price or consideration</p>	<ul style="list-style-type: none">▪ Unlisted Options Cancelled – N/A
<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 Cancelled<ul style="list-style-type: none">○ Employee<ul style="list-style-type: none">- 100,000 @ \$1.60 Expiry: 31 October 2010
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<ul style="list-style-type: none">▪ Date Cancelled – 10 August 2009

+ See chapter 19 for defined terms.

8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="772 241 1070 280">Number</th> <th data-bbox="1070 241 1370 280">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 280 1070 517">337,480,729</td> <td data-bbox="1070 280 1370 517">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	337,480,729	Fully paid ordinary shares								
Number	+Class													
337,480,729	Fully paid ordinary shares													
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="772 517 1070 555">Number</th> <th data-bbox="1070 517 1370 555">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="772 555 1070 734">• 325,000</td> <td data-bbox="1070 555 1370 734">Employee options exercisable at 80 cents Expiry: 31 October 2009</td> </tr> <tr> <td data-bbox="772 734 1070 869">• 3,200,000</td> <td data-bbox="1070 734 1370 869">Employee options exercisable at \$1.60 Expiry: 31 October 2010</td> </tr> <tr> <td data-bbox="772 869 1070 1025">• 3,000,000</td> <td data-bbox="1070 869 1370 1025">Director's options exercisable at \$1.60 Expiry: 31 October 2010</td> </tr> <tr> <td data-bbox="772 1025 1070 1205">• 1,000,000</td> <td data-bbox="1070 1025 1370 1205">Managing Director's options exercisable at \$1.00 Expiry: 31 October 2011</td> </tr> <tr> <td data-bbox="772 1205 1070 1379">• 1,000,000</td> <td data-bbox="1070 1205 1370 1379">Managing Director's options exercisable at \$1.20 Expiry: 31 October 2011</td> </tr> </tbody> </table>	Number	+Class	• 325,000	Employee options exercisable at 80 cents Expiry: 31 October 2009	• 3,200,000	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	Managing Director's options exercisable at \$1.00 Expiry: 31 October 2011	• 1,000,000	Managing Director's options exercisable at \$1.20 Expiry: 31 October 2011
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• 1,000,000	Managing Director's options exercisable at \$1.00 Expiry: 31 October 2011													
• 1,000,000	Managing Director's options exercisable at \$1.20 Expiry: 31 October 2011													
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A												

+ See chapter 19 for defined terms.

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	▪ N/A
12	Is the issue renounceable or non-renounceable?	▪ N/A
13	Ratio in which the +securities will be offered	▪ N/A
14	+Class of +securities to which the offer relates	▪ N/A
15	+Record date to determine entitlements	▪ N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	▪ N/A
17	Policy for deciding entitlements in relation to fractions	▪ N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross-reference: rule 7.7.</small>	▪ N/A
19	Closing date for receipt of acceptances or renunciations	▪ N/A
20	Names of any underwriters	▪ N/A
21	Amount of any underwriting fee or commission	▪ N/A
22	Names of any brokers to the issue	▪ N/A
23	Fee or commission payable to the broker to the issue	▪ N/A

+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	<ul style="list-style-type: none"> ▪ N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	<ul style="list-style-type: none"> ▪ N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	<ul style="list-style-type: none"> ▪ N/A
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	<ul style="list-style-type: none"> ▪ N/A
28	Date rights trading will begin (if applicable)	<ul style="list-style-type: none"> ▪ N/A
29	Date rights trading will end (if applicable)	<ul style="list-style-type: none"> ▪ N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	<ul style="list-style-type: none"> ▪ N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	<ul style="list-style-type: none"> ▪ N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	<ul style="list-style-type: none"> ▪ N/A
33	+Despatch date	<ul style="list-style-type: none"> ▪ N/A

+ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.

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

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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)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

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

+ See chapter 19 for defined terms.

- 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: 10 August 2009

Print name:

Ian Pamensky
Company Secretary

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