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MALDON GOLD PROJECT DRUMMOND EGM CLEARS PATH FOR TRANSACTION

The Directors of Alliance Resources Limited (Alliance) (**ASX Code: AGS**) are pleased to announce that following the Drummond Gold Limited (Drummond) Extraordinary General Meeting (EGM) held on 4 September 2009, the way has been further cleared by the retention of the majority of the Drummond Board, for Drummond to acquire the Maldon Gold Project (Maldon) in Victoria, subject to consideration of an independent expert's valuation report, further due diligence currently being undertaken by Drummond, finalisation of documentation including conditions precedent and statutory approvals.

Commenting on the outcome, Alliance Managing Director Mr Patrick Mutz said "That the Alliance Board was very pleased to see that the value of the Maldon assets will now be unlocked to shareholders via Drummond's accelerated plans for Maldon, whilst Alliance focussed its resources on its Four Mile uranium joint venture in South Australia."

Further announcements will be made in due course regarding the transaction terms and conditions.

The Maldon Gold Project is 30 km southwest of Bendigo and has produced historically a total of 1.75 million ounces of gold at an average grade of 28 g/t. Alliance has undertaken major development work at Maldon aimed at bringing the Alliance South gold lode into production. However, development was suspended late last year to conserve cash to meet Alliance's commitments to the Four Mile Uranium Project. The decline and other mine infrastructure are fully maintained and the Project also includes an operational CIL gold treatment plant.

About Alliance Resources

The Four Mile Joint Venture Area is located 550 kilometres north of Adelaide in South Australia. Alliance holds a 25% participating interest in the joint venture. Quasar Resources Pty Ltd (Quasar), an affiliate of Heathgate Resources Pty Ltd (Heathgate), which owns and operates the Beverley Uranium Mine located 8 kilometres southeast of the Four Mile Joint Venture Area, holds a 75% interest in the joint venture and is the manager of the project.

In September 2008, Quasar Resources notified Alliance of its "decision to mine" and provided Alliance with a feasibility study recommending uranium mining using ISR technology, with production commencing in January 2010 at a projected rate of 2.6 Mlb U₃O₈ per annum, increasing to 3 Mlb U₃O₈ per annum within three months.

The combined mineral resource inventory for Four Mile East and West deposits is 61 million pounds U₃O₈ (28,000 tonnes) at an average grade of 0.35% (3,500 ppm) U₃O₈.

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

For further information regarding this announcement, contact:

Patrick Mutz
Managing Director
ALLIANCE RESOURCES LIMITED

Email: info@allianceresources.com.au

Reference to Joint Ore Reserves Committee (JORC) Code

The information in this report that relates to Uranium Mineral Resources for the Four Mile East and Four Mile West deposits is based on information compiled by Mr Ken Bampton who is a Corporate member of both the Australasian Institute of Geoscientists and The Australasian Institute of Mining & 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves for gold is based on information compiled by Mr Stephen Johnston who is a Corporate 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.