

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

By E-Lodgement

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22 February 2008

EXERCISE OF UNLISTED OPTIONS

Alliance Resources Limited (AGS) advises that:

- 125,000 Employee Unlisted Options (80 cent Ex Price - Expiry 31 October 2009) have been exercised.

The following form is lodged:

- Appendix 3B - New issue announcement - application for quotation of additional securities

For and on behalf of the Board.



Ian Pamensky
Company Secretary

About Alliance Resources

Alliance Resources Limited is an emerging uranium and gold producer. Alliance has a 25% free carried interest in the Arkaroola Project in South Australia, where its 75% joint venture partner, Quasar Resources Pty Ltd, is exploring for uranium and copper-gold. Quasar is an affiliate of Heathgate Resources Pty Ltd, which owns and operates the Beverley Uranium Mine, located immediately east of the Arkaroola Project. Alliance is also developing the Maldon Gold Project in Victoria and exploring for copper-gold at the Warrina Project in South Australia.

For further Information please contact:

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Or consult Alliance's website: 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 | <ul style="list-style-type: none">▪ Fully paid ordinary shares (ASX Code: AGS)▪ Unlisted Options Exercised (ASX Code: AGSAO) – Employee options exercisable at 80 cents - Expiry: 31 October 2009 |
| 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 - 125,000▪ Unlisted Options Exercised – 125,000 |
| 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: AGSAO) - Employee options exercisable at 80 cents - Expiry: 31 October 2009 |

+ 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>	<ul style="list-style-type: none"> ▪ Exercise of 125,000 Unlisted 80 cent Options - \$100,000 				
<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"> ○ Employee <ul style="list-style-type: none"> - 125,000 @ \$0.80 Expiry: 31 October 2009 				
<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 – 22 February 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 1500">Number</th> <th data-bbox="1069 1456 1359 1500">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="766 1500 1069 1702">272,851,285</td> <td data-bbox="1069 1500 1359 1702">Ordinary shares</td> </tr> </tbody> </table>	Number	+Class	272,851,285	Ordinary shares
Number	+Class				
272,851,285	Ordinary shares				

+ See chapter 19 for defined terms.

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	• 1,000,000	Unlisted Director's options exercisable at 20 cents Expiry: 31 October 2008
	• 325,000	Unlisted Employee options exercisable at 80 cents Expiry: 31 October 2009
	• 3,400,000	Unlisted Employee options exercisable at \$1.60 Expiry: 31 October 2010
	• 3,000,000	Unlisted Director's options exercisable at \$1.60 Expiry: 31 October 2010
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	

+ See chapter 19 for defined terms.

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 <i>in full</i> through a broker?	

+ See chapter 19 for defined terms.

- 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

+ See chapter 19 for defined terms.

39 Class of +securities for which quotation is sought

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


+ 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: 22 February 2008

Print name: **Ian Pamensky**
Company Secretary

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+ See chapter 19 for defined terms.