QUARTERLY REPORT

FOR THE PERIOD ENDING 31 DECEMBER 2008

ALLIANCE RESOURCES LIMITED

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

30 January 2009

By E-Lodgement **No. of pages: 18**

Dear Sir,

DETAILS OF ANNOUNCEMENT

- Quarterly Activity Report for the period ending 31 December 2008 (12 pages)
- Appendix 5B for the period ending 31 December 2008 (5 pages)

Ian Pamensky
Company Secretary

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

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QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2008

ALLIANCE RESOURCES LIMITED

30 January 2009 ASX Code: **AGS**

HIGHLIGHTS

URANIUM (FOUR MILE JOINT VENTURE, Quasar Resources 75%, Alliance 25%)

- **Alliance makes its first payment towards the cost of development of uranium mining at Four Mile East**
  - Payment amount: $1,013,410
  - Production forecast by Quasar to commence in January 2010 and ramp up to 3Mlb per annum in three months
- **Alliance commissions independent mineral resource estimates in accordance with the JORC Code**
  - Study to include an initial mineral resource estimate for Four Mile East and an updated mineral resource estimate for Four Mile West.
  - Expanded study anticipated to be complete in first calendar quarter 2009
- **Alliance commissions independent scoping study for Four Mile Uranium Project**
  - Study anticipated to be completed in first calendar quarter 2009

Four Mile West - Exploration

- **Drilling continued at Four Mile West (FMW) with the following significant uranium intercepts (GT>0.3m%pU_3O_8), from the western part of the deposit:**

2.5m @ 0.29% pU_3O_8 (AK973)
0.9m @ 0.84% pU_3O_8 (AK974)
1.1m @ 0.33% pU_3O_8 (AK975)
1.0m @ 0.42% pU_3O_8 (AK976)
0.7m @ 0.46% pU_3O_8 (AK982)
1.5m @ 0.21% pU_3O_8 (AK984)
0.6m @ 0.51% pU_3O_8 (AK986)
7.3m @ 1.26% pU_3O_8 (AKC148)
0.8m @ 0.94% pU_3O_8 (AKC148)
2.9m @ 0.39% pU_3O_8 (AKC149)
1.2m @ 0.41% pU_3O_8 (AKC149)
1.9m @ 0.31% pU_3O_8 (AKC150)
1.2m @ 0.27% pU_3O_8 (AKC150)

GT = grade x thickness (m%U_3O_8). pU_3O_8 refers to the U_3O_8 grade as determined by PFN logging. pU_3O_8 grades reported here as exploration results, may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource.

- Mineralisation at FMW is still open to the west and remains open in part to the north.
- A corridor of high-grade mineralisation (cutoff GT>0.15m%pU_3O_8) is confirmed over approximately 1.8 kilometres at FMW.
- The results confirm the Four Mile Project as a high grade mineralized system with potential for a significantly larger uranium resource.

Four Mile East - Development

- The Scope of Works associated with the proposed Four Mile satellite plant and the proposed Beverley plant modifications and additions progressed during the quarter.
- Twenty-eight delineation drill holes were completed in the Four Mile East First Stage Mining Area during October and November 2008.

GOLD (MALDON PROJECT, Alliance Resources 100%)

- During the quarter Alliance announced the decision to suspend underground mining operations at the Maldon Gold Project. This decision was made in light of the deteriorating global capital markets, and the need to preserve the Company's cash for development of the Four Mile Uranium Project.
- The processing plant was operational at the end of the quarter. Several parcels of the recent underground development material are scheduled for processing.
- Significant gold mineralisation (>1g/t) intersected from Eaglehawk Reef at Maldon, including:

0.90m @ 1.58g/t (DDH184)
0.85m @ 9.13g/t (DDH190)

COPPER-GOLD (WARRINA PROJECT, Alliance Resources 100%)

- During the quarter, two diamond core holes were completed at the Big NE gravity and magnetic targets respectively to test for iron-oxide copper-gold mineralisation. The core will be submitted for geochemistry in early 2009.

COPPER-GOLD-BASE METALS (EAST FROME PROJECT, Alliance Resources 100%)

- A regional gravity survey was completed during the quarter in order to assist with target definition and to tie in previous gravity surveys.

CORPORATE

- Mr Patrick Mutz was employed as Managing Director of Alliance on 1 December 2008.
- Cash reserves of $15.6 million at 31 December 2008.

FOUR MILE JOINT VENTURE (URANIUM) (Quasar Resources 75%, Alliance 25%)

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.

There are two mineralised zones within the joint venture area; Four Mile West and Four Mile East. Four Mile West has an Inferred Mineral Resource of 32 Mlb U_3O_8 in accordance with the JORC Code. Estimation of the mineral resource for Four Mile East is in progress.

In September 2008 Quasar Resources notified Alliance of its "decision to mine" and provided Alliance with a feasibility study recommending uranium mining using ISR mining technology, with production forecast to commence in January 2010 at a projected rate of 2.6 Mlb U_3O_8 per annum, increasing to 3 Mlb U_3O_8 per annum within three months.

Contribution to Project Development

Alliance Resources Limited, on behalf of its subsidiary Alliance Craton Explorer Pty Ltd, (collectively Alliance) has paid an amount of $1,013,410 towards the cost of development of the first stage mining area at Four Mile East. Alliance disputes the validity of the cash call made by Quasar and in making the payment, has reserved all of its rights. The payment was made to preserve Alliance's participatory rights in the Four Mile project.

Under the EJVA, Quasar notified Alliance of its decision to mine in September 2008 and provided Alliance with a feasibility study (FS) compiled by URS, but generated internally by Heathgate and Quasar. The objective of the FS was to establish the basis on which Quasar rendered its decision to mine. While the FS met Quasar's obligations under the EJVA, it did not provide a sufficient quantity of independently verified information for Alliance as a publicly listed company. As such, Alliance must commission independent studies to determine/verify whether the proposed mine development programme and budget proposed by Quasar is fair and equitable and in the best interest of Alliance Shareholders.

Expanded Independent Mineral Resource Study

Quasar's FS included a uranium mineral resource estimate for the proposed first stage mining area at Four Mile East. As this estimate was not JORC compliant (and was not required to be for Quasar's purposes), Alliance has commissioned an independent study to estimate the mineral resource at Four Mile East in accordance with the JORC Code. In addition, the study has been expanded to include an updated mineral resource estimate at Four Mile West (FMW). The updated estimate at FMW will include additional drilling and assays results obtained by Quasar since the completion of the initial mineral resource estimate of 15,000 tonnes U_3O_8 as announced in May 2007. The initial resource estimate at FMW was in accordance with the JORC Code.

The expanded mineral resource study is being conducted by JORC Competent Persons Mr Andrew Bowden of GeoDec Consulting and Mr Ken Bampton of Ore Reserve Evaluation Services. The study is anticipated for completed in the first calendar Quarter 2009, subject to the availability of necessary information from Quasar.

Independent Scoping Study

Alliance is also commissioning an independent scoping study for the Four Mile Uranium Project to determine capital and operating cost estimates for comparison with costs presented to Alliance by Quasar in its FS. This new study will also expand on certain areas of Quasar's conceptual mining studies including alternative mining methods analyses, additional options of utilising in situ recovery technology, and a determination of project net present value at different production rates.

The scoping study is anticipated to be completed in the first calendar quarter 2009, subject to Quasar providing its consent to the disclosure of the relevant information to Alliance's consultants and making that information available to Alliance and its consultants in a timely manner.

Exploration and Development

During the quarter, Quasar reported the following progress in its monthly Joint Venture Reports to Alliance:

A total of 67 holes for 12,531.5 metres were drilled at the Four Mile Project during the quarter, comprising 39 exploration holes at Four Mile West (FMW) and 28 delineation holes at Four Mile East (FME). A plan of the exploration drill collars is presented in Figure 1.

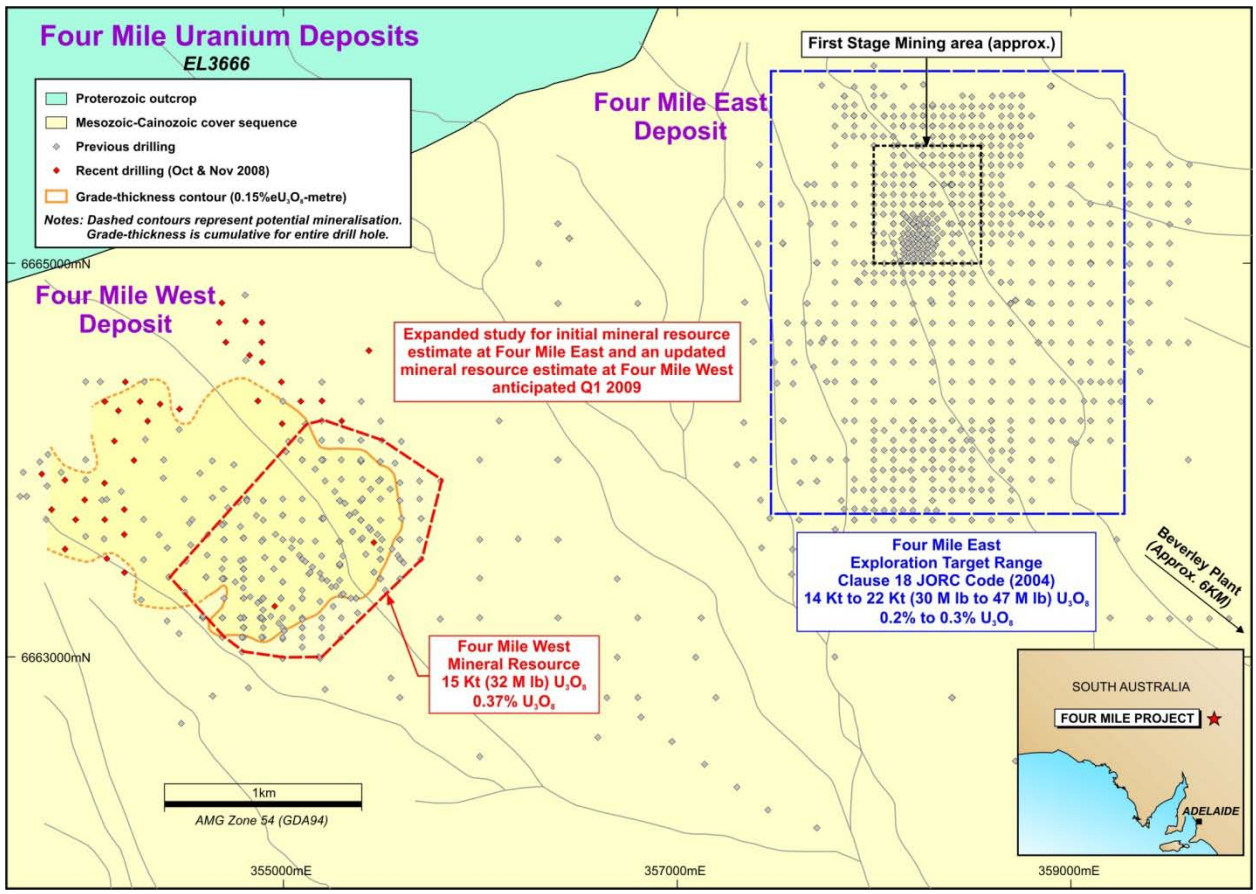

Figure 1: Four Mile Uranium Deposits

Four Mile West

A total of 39 holes for 6,585 metres were drilled at FMW during November and December 2008, including five diamond core holes for 907 metres. Exploration results for December 2008 were unavailable at the time of compiling this report. Drill intercepts are shown in Appendix 1 (attached) while a plan of drill collars is presented in Figure 2.

The latest drilling followed up on significant drilling results intersected at FMW during the previous quarter and focused on further defining the extent and grade of mineralisation in the northern and western areas of the deposit (Figure 2), targeting extensions to areas of known high-grade mineralisation.

Mineralisation at FMW is still open to the west and remains open in part to the north and becomes shallower towards the Flinders Ranges to the northwest.

Significant intercepts (GT>0.3m%pU_3O_8) from this program include:

2.5m @ 0.29% pU_3O_8 (AK973)
0.9m @ 0.84% pU_3O_8 (AK974)
1.1m @ 0.33% pU_3O_8 (AK975)
1.0m @ 0.42% pU_3O_8 (AK976)
0.7m @ 0.46% pU_3O_8 (AK982)
1.5m @ 0.21% pU_3O_8 (AK984)
0.6m @ 0.51% pU_3O_8 (AK986)

GT = grade x thickness (m%U_3O_8). pU_3O_8 refers to the U_3O_8 grade as determined by PFN logging. pU_3O_8 grades reported here as exploration results, may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource.

This program confirms a continuous, northwest-trending corridor of high-grade mineralisation (cutoff GT>0.15m%pU_3O_8) over approximately 1.8 kilometres.

Five diamond core holes were also completed in areas of high-grade mineralisation for the purpose of obtaining multi-element geochemistry and commencing metallurgical test work.

Significant intercepts (GT>0.3m%pU_3O_8) from this program include:

7.3m @ 1.26% pU_3O_8 (AKC148)
0.8m @ 0.94% pU_3O_8 (AKC148)
2.9m @ 0.39% pU_3O_8 (AKC149)
1.2m @ 0.41% pU_3O_8 (AKC149)
1.9m @ 0.31% pU_3O_8 (AKC150)
1.2m @ 0.27% pU_3O_8 (AKC150)

GT = grade x thickness (m%U_3O_8). pU_3O_8 refers to the U_3O_8 grade as determined by PFN logging. pU_3O_8 grades reported here as exploration results, may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource.

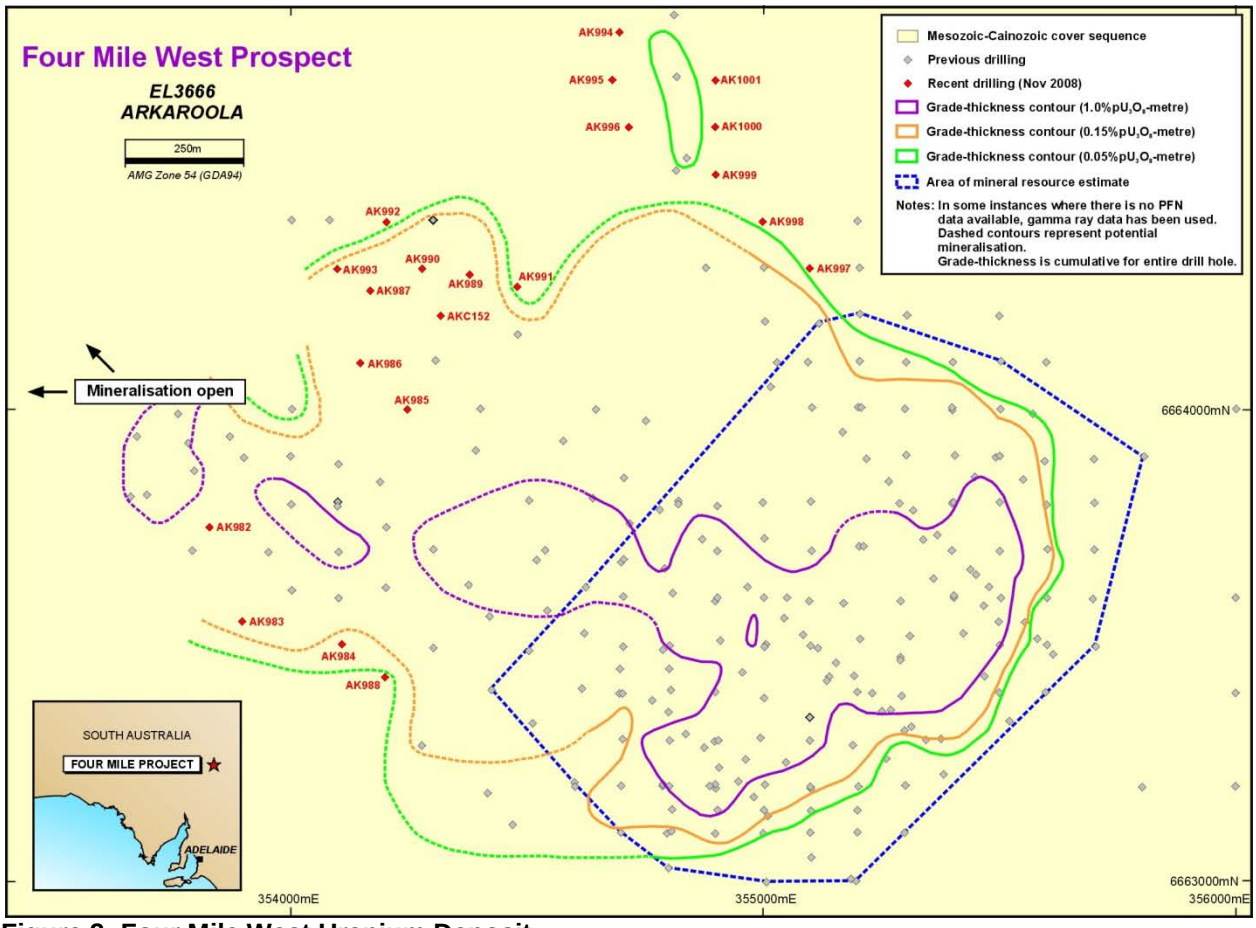

Figure 2: Four Mile West Uranium Deposit

Exploration results continue to confirm the Four Mile Project as a high-grade mineralized system with potential for significantly increasing the uranium resource base.

Four Mile East

A total of 28 delineation drill holes for 5946.5 metres were completed in the FME First Stage Mining Area during the quarter. The drilling program is designed to provide data amongst the existing 50 metre-spaced drilling. In addition, three cased wells within the FME First Stage Mining Area were partially installed.

In anticipation of the start of development of the Four Mile Project, Quasar is conducting geostatistical studies for the three main mineralised horizons at FME for incorporation into the mineral resource block model. Permeability studies are underway in support of detailed ISR mine planning.

Metallurgical test work at FME deposit is complete for the present.

To support the proposed elution scheme for the FME deposit, a series of resin loading and elution tests will be conducted on site at Beverley over two months commencing in December 2008. This program is aimed at validating and optimizing the elution scheme planned for the Four Mile elution at the existing Beverley plant.

The Scope of Work associated with the proposed Four Mile satellite plant progressed during the month and includes lixiviant (LIX) and resin management, iron exchange (IX) resin loading;

reagent consumption; utility facility requirements, including electrical supply and controls and evaporation pond requirements.

The Scope of Work associated with the existing Beverley plant modifications and additions also progressed during the month.

Alliance commissioned a mineral resource estimate for FME and an expanded mineral resource estimate for FMW to include new drilling results collected by Quasar since the initial mineral resource estimate was announced on FMW. The mineral resource estimates are now anticipated for completion during the first calendar quarter of 2009.

MALDON GOLD PROJECT (Alliance Resources 100%)

The Maldon Gold Project is located 30 km southwest of Bendigo in central Victoria.

Union Hill Decline

During the quarter Alliance announced the decision to suspend underground mining operations at the Maldon Gold Project. This decision was made in light of the deteriorating global capital markets, and the need to preserve the Company's cash for the upcoming development of the Four Mile Uranium Project.

During the quarter no further development occurred of the Union Hill Decline, with the current decline face 1772 metres from the portal and 218 metres vertically below the surface. With the suspension of mining, work during the quarter focused on the preparation of the underground workings for the upcoming period of care and maintenance, this has involved ensuring all workings remain safe and the reconfiguration of the dewatering systems to ensure ongoing dewatering of the underground development.

Sill Drive Development

Work continued solely on the sill drive development until the suspension of mining was announced. During the quarter a total of 140 metres of development were completed along the north heading of the 1120N drive. In total 169 metres of development were completed along the 1120 level with 157 metres to the north and 12 metres of development to the south (Figure 3).

At the northern developed margin, the reef structure was displaced by an East-South-East striking fault, which could not be driven without substantial additional ground support in order to continue development to the south of the fault structure.

The reef structure displayed a 0.1 to 5.4 metre true width, dipping steeply to the west along the course of development. The reef generally consisted of low-grade massive and brecciated quartz with narrow, higher grade, laminated quartz over printing. The reef structure tends to display a gentle south plunging geometry. The higher gold grades were typically synonymous with the east wall fault zone and generally associated with zones of visible sulphides.

During reef development a combination of sampling methods were undertaken, ranging from diamond drilling, conventional channel sampling, stockpile grab samples, collection of drill cuttings for conventional fire assay and also by gold panning and visual estimation of the gold content. All assaying data has been tabulated, and a final reconciliation will be undertaken with

selected bulk sampling blocks from the underground development during the first quarter of 2009.

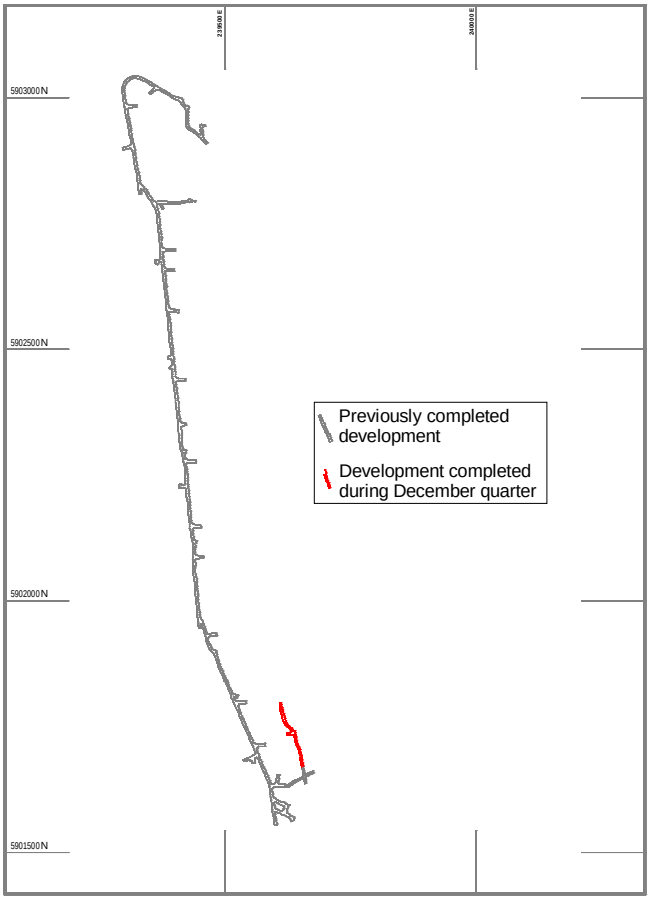

Figure 3: Showing sill drive development completed during the December 2008 quarter

Exploration

During the quarter a total of five drill holes were completed into the Eaglehawk Reef to the east of the decline for a total of 459.6 metres. A summary of the completed drilling for the quarter is shown in Table 1, with a summary of the assay results >1g/t gold returned for the quarter attached in Table 2.

Hole Id	MGA East	MGA North	AHD	Total Depth	Azimuth (grid)	Dip
DDH186	239580.7	5901712.0	138.6	140.0	128.0	-26.0
DDH187	239580.7	5901712.0	138.6	95.8	119.0	-28.0
DDH188	239580.7	5901712.0	138.6	84.3	108.0	-33.0
DDH189	239580.7	5901712.0	138.6	87.3	93.0	-36.0
DDH190	239580.7	5901712.0	138.6	84.2	71.0	-46.0

Table 1: Collar details for exploration drilling, December quarter

Hole ID	From (m)	To (m)	Drill Interval (m)	Estimated True Width (m)	Weighted Average Grade (g/t Au)	Description
DDH181	87.60	88.60	1.00	0.75	**1.28**	Alt+10%Qtz outside EWF
DDH182	40.05	41.00	0.95	0.95	**1.34**	East Wall Fault Zone + 30%Qtz
DDH183	54.40	55.25	0.85	0.65	**1.17**	West Wall Fault Zone + 30%Qtz
DDH184	52.65	53.75	1.10	1.00	**1.24**	West Wall Fault Zone
DDH184	54.70	55.60	0.90	0.85	**1.58**	East Wall Fault Zone

DDH187	73.55	74.25	0.70	0.50	**1.51**	West Wall Fault Zone
DDH190	57.90	58.90	1.00	0.50	**2.47**	Alt+40%Qtz, outside WWF
DDH190	64.35	65.30	0.95	0.63	**1.40**	Alt+20%Qtz, minor pyrrhotite
DDH190	67.20	68.05	0.85	0.55	**9.13**	Alt+30%Qtz, minor arsenopyrite

Table 2: Assays >1g/t gold for exploration drilling, December quarter

The drilling conducted during the quarter focused on the level of sill drive development at the 120mRL and 100mRL levels. At the present all diamond drilling is suspended on the Maldon Gold Project, pending compilation and review of all data gained from the recent development, prior to identifying further targets with the potential to improve the resources of the Maldon Gold Project.

Treatment Plant

The processing plant was operational at the end of the quarter. Several parcels of the recent underground development material are scheduled for processing, commencing in January 2009, in order to reconcile the diamond drilling and channel samples with the processed material. Further treatment of underground development material is dependent upon these results.

Alliance has embarked on securing feed sources for the processing plant through either outright purchase and also on a toll treatment basis with other operators within the Victorian Goldfields, in order to optimise the treatment facilities and maintain key personnel until such a time that a decision is made regarding the future of the Maldon Gold Project.

Exploration

Alliance aims to focus on further exploration over the Company's tenements, including further defining exploration targets within close proximity to the underground development, as well as commencing a literature review and ground reconnaissance over the surrounding exploration licences.

WARRINA COPPER-GOLD PROJECT (Alliance Resources 100%)

The Warrina Project is located 60 km northeast of Coober Pedy in the Gawler province of South Australia. The project is prospective for Olympic Dam style breccia-hosted iron-oxide copper-gold mineralisation.

During the quarter, two diamond core holes were completed at the Big NE gravity and magnetic targets.

Hole BNE05 tested the gravity target to a depth of 846.3 metres, where previous but shallower drilling in 2003 intersected elevated copper geochemistry within a brecciated and carbonate-haematite altered host rock. The hole ended in variably biotite-chlorite-magnetite altered amphibole/calc-silicate-rich, laminated rocks, possibly intercalated metapelites and metapsammites.

Hole BNE04 tested the nearby magnetic target (previously untested) to a depth of 601.7 metres. The hole ended in variably biotite-magnetite altered quartz-feldspar-biotite rock, possibly metapelite.

The core will be sampled and submitted for geochemistry and petrology during the first quarter of 2009.

EAST FROME COPPER-BASE METALS PROJECT (Alliance Resources 100%)

The East Frome Project is located approximately 30 km to the northwest of Broken Hill, New South Wales. The project is prospective for copper-gold mineralisation and Broken Hill style lead-zinc-silver mineralisation.

A regional gravity survey was completed during the quarter in order to assist with target definition and to tie in previous gravity surveys.

CORPORATE

Mr Patrick Mutz was employed as Managing Director of Alliance on 1 December 2008. Mr Mutz has more than 30 years' industry experience within the international uranium mining industry across executive, managerial and technical roles in the United States, Germany and Australia. He was Managing Director of Uranium Exploration Australia Limited (ASX Code: UXA) from January 2007 to November 2008. Prior to this he was the Managing Director of Operations at Heathgate Resources Pty Ltd in South Australia.

Alliance has cash reserves of $15.6 million and 273.85 million shares on issue at 31 December 2008.

Patrick Mutz
Managing Director

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

The information in this report that relates to uranium Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Bowden who is a Chartered Geologist and Fellow of the Geological Society of London, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time. Mr Andrew Bowden is employed by GeoDec Consulting 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 Andrew Bowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

All other information in this report, including future proposals for development of the Four Mile uranium deposit(s) and the information relating to Exploration Results, Mineral Resources or Ore Reserves for copper and 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.

Appendix 1: Four Mile Uranium Project Summary Drilling Data (Dec Quarter 2008)

Notes: These figures provided by Quasar in its monthly Joint Venture Reports to Alliance are provisional and may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource. Cut-off grade: 0.05 %U3O8. Minimum width: 0.5m. Maximum internal dilution: 1.0m. GT= grade x thickness. GT>0.3m%pU_3O_8 highlighted. Not shown are holes with no Gamma or PFN intercepts to report due to data still being processed, no PFN being run, or grade being below cutoff for both the gamma and the PFN logs.

Hole Details		Gamma					PFN					Deposit
Hole Id	T_depth	From	To	Interval	eU3O8 (%)	GT	From	To	Interval	pU3O8(%)	GT	
AK968	160.0	Grade below cutoff (gamma & PFN)										FMW
AK969	204.0	150.6	151.3	0.7	0.14	0.10	150.7	151.3	0.6	0.18	0.11	FMW
AK969	204.0	160.5	163.8	3.3	0.11	0.35	160.6	162.0	1.4	0.14	0.19	FMW
AK969							164.0	164.5	0.5	0.07	0.03	FMW
AK970	192.0	142.2	142.8	0.6	0.07	0.04	142.1	142.7	0.6	0.08	0.05	FMW
AK970	192.0	147.7	149.1	1.5	0.08	0.11	149.2	149.7	0.7	0.06	0.04	FMW
AK970	192.0						151.6	154.1	2.5	0.05	0.14	FMW
AK971	179.0	129.1	129.8	0.7	0.22	0.16	129.3	129.8	0.5	0.27	0.13	FMW
AK971							137.8	138.3	0.5	0.06	0.03	FMW
AK972	166.0	126.8	127.5	0.7	0.15	0.11	126.8	127.4	0.6	0.18	0.11	FMW
AK973	154.0	86.6	87.8	1.2	0.17	0.21	86.9	87.7	0.8	0.18	0.14	FMW
AK973	154.0	90.7	91.4	0.7	0.20	0.14	90.7	91.2	0.5	0.17	0.08	FMW
AK973	154.0	107.4	111.7	4.3	0.23	1.00	109.1	111.6	2.5	0.29	0.73	FMW
AK974	160.0	84.4	85.5	1.2	0.12	0.14	84.7	85.3	0.6	0.13	0.08	FMW
AK974	160.0	94.5	95.4	1.0	0.24	0.24	94.8	95.3	0.5	0.27	0.13	FMW
AK974	160.0	116.4	117.7	1.3	0.82	1.04	116.7	117.6	0.9	0.84	0.76	FMW
AK975	170.0	88.3	90.3	2.0	0.17	0.34	88.9	89.9	1.0	0.17	0.17	FMW
AK975	170.0	97.0	97.8	0.8	0.19	0.15	97.1	97.6	0.5	0.19	0.09	FMW
AK975	170.0	118.6	120.2	1.7	0.28	0.47	118.9	120.0	1.1	0.33	0.36	FMW
AK976	152.0	86.5	87.8	1.3	0.13	0.17	87.0	87.5	0.5	0.12	0.06	FMW
AK976	152.0	92.8	93.6	0.8	0.15	0.12	93.0	93.5	0.5	0.13	0.07	FMW
AK976	152.0	106.1	106.6	0.6	0.07	0.04	113.8	114.8	1.0	0.42	0.42	FMW
AK976	152.0	112.6	114.9	2.3	0.36	0.82						FMW
AK977	166.0	83.5	84.2	0.7	0.10	0.08						FMW
AK977	166.0	89.2	90.0	0.9	0.26	0.22	89.4	89.9	0.5	0.30	0.15	FMW
AK977	166.0	106.2	108.2	2.0	0.09	0.18	107.2	108.4	1.2	0.10	0.12	FMW
AK978	164.0	85.1	86.1	1.0	0.09	0.08	85.3	85.8	0.5	0.08	0.04	FMW
AK978	164.0	97.1	98.0	0.9	0.20	0.17	97.3	97.8	0.5	0.23	0.11	FMW
AK978	164.0	119.8	120.9	1.1	0.34	0.38	120.1	120.8	0.7	0.40	0.28	FMW
AK979	217.0	Grade below cutoff (gamma & PFN)										FMW
AK980	234.0	Grade below cutoff (gamma & PFN)										FMW
AK981	164.0	Grade below cutoff (gamma & PFN)										FMW
AKC148	204.4	157.0	166.4	9.4	1.46	13.76	156.9	164.2	7.3	1.26	9.23	FMW
AKC148	204.4						165.6	166.4	0.8	0.94	0.75	FMW
AKC149	205.5	144.3	151.9	7.6	0.30	2.29	144.5	147.4	2.9	0.39	1.12	FMW
AKC149	205.5						150.7	151.9	1.2	0.41	0.49	FMW
AKC150	147.4	87.9	92.1	4.2	0.26	1.08	88.4	90.3	1.9	0.31	0.59	FMW
AKC150	147.4	94.9	95.6	0.7	0.19	0.14	116.5	117.7	1.2	0.27	0.33	FMW
AKC150	147.4	116.1	117.9	1.8	0.19	0.35						FMW
AKC151	165.4	89.3	90.3	1.1	0.11	0.12	89.5	90.0	0.5	0.14	0.07	FMW
AKC151	165.4	97.3	98.2	0.9	0.27	0.24	97.5	98.1	0.6	0.26	0.16	FMW
AKC151	165.4	119.2	120.4	1.2	0.30	0.36	119.5	120.3	0.8	0.36	0.29	FMW
AK982	148.0	84.2	86.3	2.1	0.16	0.33	84.6	85.7	1.1	0.16	0.18	FMW
AK982	148.0	91.4	92.3	0.9	0.20	0.18	91.5	92.0	0.5	0.26	0.13	FMW
AK982	148.0	113.4	114.7	1.3	0.30	0.38	113.8	114.5	0.7	0.46	0.32	FMW
AK983	150.0	83.2	83.9	0.7	0.09	0.06	83.4	83.9	0.5	0.11	0.05	FMW
AK983	150.0	88.4	89.2	0.8	0.18	0.14	88.6	89.1	0.5	0.19	0.09	FMW
AK983	150.0	106.9	107.7	0.8	0.08	0.06	107.4	107.9	0.5	0.12	0.06	FMW
AK983	150.0	128.6	129.1	0.5	0.09	0.05						FMW
AK984	146.0	85.2	87.5	2.3	0.16	0.36	85.9	87.4	1.5	0.21	0.31	FMW
AK985	150.0	91.3	91.8	0.5	0.06	0.03	91.5	92.1	0.6	0.05	0.03	FMW
AK985	150.0	102.7	103.8	1.0	0.36	0.37	103.1	103.7	0.6	0.44	0.26	FMW
AK985	150.0	125.9	126.9	1.1	0.17	0.18	126.0	126.7	0.7	0.20	0.14	FMW

Appendix 1: Four Mile Uranium Project Summary Drilling Data (Dec Quarter 2008), continued…

Notes: These figures provided by Quasar in its monthly Joint Venture Reports to Alliance are provisional and may be subject to revision during validation and verification of the grade-thickness calculations for the purpose of estimating the mineral resource. Cut-off grade: 0.05 %U3O8. Minimum width: 0.5m. Maximum internal dilution: 1.0m. GT= grade x thickness. GT>0.3m%pU_3O_8 highlighted. Not shown are holes with no Gamma or PFN intercepts to report due to data still being processed, no PFN being run, or grade being below cutoff for both the gamma and the PFN logs.

Hole Details		Gamma					PFN					Deposit
Hole Id	T_depth	From	To	Interval	eU3O8 (%)	GT	From	To	Interval	pU3O8(%)	GT	
AK986	142.0	94.2	95.1	0.9	0.07	0.06	94.4	95.1	0.7	0.09	0.06	FMW
AK986	142.0	104.0	105.0	1.0	0.33	0.33	104.2	104.8	0.6	0.51	0.31	FMW
AK986	142.0	128.1	128.8	0.7	0.20	0.14	128.3	128.9	0.6	0.22	0.14	FMW
AK987	150.0	98.2	99.0	0.8	0.08	0.07	98.4	98.9	0.5	0.07	0.04	FMW
AK987	150.0	107.7	109.0	1.3	0.15	0.19	107.9	108.9	1.0	0.09	0.09	FMW
AK987	150.0	131.8	132.5	0.7	0.10	0.06						FMW
AK988	142.0	Grade below cutoff (gamma & PFN)										FMW
AK989	178.0	113.5	114.3	0.8	0.21	0.16	113.7	114.4	0.7	0.38	0.27	FMW
AK990	174.0	112.3	113.0	0.8	0.18	0.14	112.4	113.0	0.6	0.25	0.15	FMW
AK991	176.0	113.9	114.6	0.7	0.14	0.10	114.1	114.7	0.6	0.17	0.10	FMW
AK992	180.0	Grade below cutoff (gamma)					99.7	100.4	0.7	0.08	0.06	FMW
AK993	180.0	98.3	99.2	0.9	0.08	0.07	98.5	99.0	0.5	0.07	0.04	FMW
AK993	180.0	106.4	107.4	1.0	0.17	0.18	106.6	107.4	0.8	0.16	0.13	FMW
AK994	184.0	124.5	125.2	0.7	0.13	0.09	124.6	125.3	0.7	0.11	0.08	FMW
AK995	176.0	124.4	125.1	0.7	0.14	0.10	124.6	125.1	0.5	0.20	0.10	FMW
AK996	186.0	123.7	124.6	1.0	0.16	0.15	123.3	124.5	1.2	0.09	0.11	FMW
AK997	206.0	Grade below cutoff (gamma & PFN)										FMW
AK998	206.0	Grade below cutoff (gamma & PFN)										FMW
AK999	178.0	Grade below cutoff (gamma & PFN)										FMW
AK1000	178.0	130.2	131.0	0.8	0.11	0.08	Grade below cutoff (PFN)					FMW
AK1001	174.0	129.3	129.8	0.5	0.07	0.04	Grade below cutoff (PFN)					FMW
AKC152	185.0	109.2	110.1	0.9	0.25	0.23	108.7	109.3	0.6	0.34	0.21	FMW
AKC152	185.0	133.2	133.7	0.5	0.10	0.05	132.6	133.1	0.5	0.15	0.08	FMW

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ALLIANCE RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
38 063 293 336	**31 December 2008**

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 Months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(878)	(1,459)
	(b) development	(3,066)	(5,896)
	(c) production	(768)	(1,099)
	(d) administration	(603)	(1,098)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	386	731
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST paid/recouped)	351	664
	Net Operating Cash Flows	**(4,578)**	**(8,157)**
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	(5)	(5)
	(b) equity investments	-	-
	(c) other fixed assets	(117)	(238)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Transfer to deposit)	-	-
	Net investing cash flows	**(122)**	**(243)**
1.13	Total operating and investing cash flows (carried forward)	(4,700)	(8,400)

+ See chapter 19 for defined terms.

1.13	**Total operating and investing cash flows (brought forward)**	**(4,700)**	**(8,400)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	200	200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Cost of Capital Raising/Prospectus)	-	-
	Net financing cash flows	**200**	**200**
	Net (decrease) increase in cash held	**(4,500)**	**(8,200)**
1.20	Cash at beginning of quarter/year to date	**20,092**	**23,792**
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**15,592**	**15,592**

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	257
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms. These payments represent Director fees, Director consulting fees, re-imbursements of expenses and payments in terms of a management service agreement with a Director related entity.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	1,020
4.2	Development[(1)(2)]	3,050
	Total	**4,070**

Notes:

(1) Includes cash calls for the Four Mile Project per the Programme and Budget received from the Joint Venture Manager, Quasar Resources Pty Ltd. In January 2009 Alliance made a payment in order to preserve Alliance's participatory rights in the Four Mile project. Alliance disputes the validity of the cash calls made by Quasar and in making the payments has reserved all of its rights.

(2) Maldon Payments represent payments to contractor for work prior to placing the underground mining and development on care and maintenance.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	132	265
5.2	Deposits at call	3,881	4,232
5.3	Bank overdraft	-	-
5.4	Other (provide details) – Term Deposit	11,500	15,500
	Total: cash at end of quarter (item 1.22)	**15,513**	**19,997**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (Note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (A$)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	273,851,285	273,851,285		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000	1,000,000	$0.20	Fully Paid
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	*(Unlisted Options)*		***Exercise price A$***	***Expiry date***
		- (3)	Unlisted	$0.20	31 Oct 2008
		325,000	Unlisted	$0.80	31 Oct 2009
		3,300,000	Unlisted	$1.60	31 Oct 2010
		3,000,000	Unlisted	$1.60	31 Oct 2010
		1,000,000	Unlisted	$1.00	31 Oct 2011
		1,000,000	Unlisted	$1.20	31 Oct 2011
7.8	Issued during quarter	1,000,000	Unlisted	$1.00	31 Oct 2011
		1,000,000	Unlisted	$1.20	31 Oct 2011
7.9	Exercised during quarter	1,000,000	Unlisted	$0.20	31 Oct 2008
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*				

Notes:
(3) Exercised during the quarter

Compliance statement

1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  Date: 30 January 2009

Company Secretary

Print name: **IAN PAMENSKY**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedents, which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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