

8 November 2010

MALDON GOLD PROJECT

The Directors of Alliance Resources Limited (Alliance) (**ASX Code: AGS**) announce the sale of the share in Maldon Resources Pty Ltd which owns the Maldon Gold Project (Maldon) to newly formed Octagonal Resources Limited (Octagonal). Octagonal is looking to consolidate a number of projects in central Victoria, with Maldon as a production hub. Octagonal is currently finalizing a prospectus for an IPO. The sale is conditional on Octagonal completing its fundraising and obtaining conditional approval to list its shares on the official list of ASX.

Alliance will be paid \$5.5million in shares in the newly formed entity and will hold ~22% of Octagonal's post IPO Share Capital (assuming a \$12million IPO). Alliance's shareholders and shareholders in Matrix Gold Ltd will be offered a preferential opportunity to subscribe for shares in the IPO.

The Maldon Gold Project is 30 km southwest of Bendigo where historic production from reef mining is reported as about 1.95 million tonnes at an average grade of 28 g/t for 1.75 million ounces of gold. Alliance undertook major development work at Maldon aimed at bringing the Alliance South gold lode into production. This development work was subsequently suspended in late 2008 when a decision to mine at the Four Mile uranium project was announced.

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

Ian Pamensky
Company Secretary

Competent Person's Statement

The information in this report that relates to historic gold production statistics from the Maldon goldfield is based on information compiled by Mr Stephen Johnston who is a Corporate Member of the Australasian Institute of Mining & 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