

23 May 2012

ASX Code: AGS

No. of pages: 2

## ALLIANCE RESOURCES LIMITED AND ITOCHU CORPORATION TO FORM A STRATEGIC ALLIANCE

### Key points:

- Alliance Resources Limited ("Alliance") and ITOCHU Corporation have agreed to form a strategic alliance
- As part of the alliance ITOCHU Corporation, through its wholly owned subsidiary NURA 3 Pty Ltd ("ITOCHU") will have the right to subscribe for an equity interest of 14.9% in Alliance or Alliance Craton Explorer Pty Ltd ("ACE") (a wholly owned subsidiary of Alliance) and an option to acquire a further 25.1% in ACE ("Transaction")
- Alliance anticipates that, if ITOCHU exercises both its right to subscribe for shares and the option, the funds raised through this arrangement would be sufficient to fully fund the construction of a standalone in-situ recovery and uranium processing plant at the Four Mile Project (if that were the best option)

Alliance is pleased to announce that following an extensive review of potential strategic partners, the company has agreed to enter into a strategic alliance with ITOCHU Corporation. ITOCHU Corporation is a *Fortune Global 500* company based in Japan with net income exceeding A\$3.7 billion and a market capitalisation of approximately A\$16 billion. ITOCHU Corporation has extensive global interests in the uranium sector and is one of the major uranium traders in the world.

Under the terms of the strategic alliance, ITOCHU, through its wholly owned subsidiary NURA 3 Pty Ltd ("ITOCHU"), will have the right to subscribe for a 14.9% shareholding in Alliance or ACE under a Deferred Share Rights Deed ("Deed"). In addition, ITOCHU will have an option ("Option") to subscribe for a further 25.1% of equity in ACE. The Deferred Share Rights ("DSRs") and Option may be converted under certain circumstances, including completion of the current litigation in relation to the Four Mile Project. The Transaction remains subject to FIRB and shareholder approval. Shareholder approval will be sought at a general meeting of Alliance shareholders which Alliance anticipates taking place in July 2012.

The Deed provides ITOCHU with the right to nominate a director to the Board of Alliance. However, Alliance understands that ITOCHU does not intend to make a nomination until it has exercised its right to subscribe for the shares in Alliance or ACE.

Further details of the arrangements entered into by Alliance and ITOCHU will be set out in an explanatory memorandum that will accompany the notice of meeting of shareholders.

The provisions of the Deed are confidential but are wholly consistent with ACE's legal obligations with respect to the Four Mile Project.

Key elements of the agreement include the following:

- Within six months of all litigation in relation to the Four Mile project being finally determined (“Final Determination”) ITOCHU may convert its DSRs into ordinary shares representing 14.9% of the post conversion share capital of Alliance (or ACE) at a price that will be determined by applying a 10% discount to the two month volume weighted average price of Alliance shares at the time of conversion.
- Where the DSRs are converted, ITOCHU may, within a 12 month period from Final Determination, acquire a further 25.1% interest in ACE at a 5% discount to value of ACE shares determined by reference to the two month volume weighted average price of Alliance shares at the time of exercise.
- If ITOCHU has not converted the DSRs following Final Determination Alliance may redeem them.
- If it were considered the appropriate option for the Project at that time, Alliance anticipates that the funds raised on conversion of the DSRs and exercise of the Option would be sufficient to fully fund the construction of a standalone in-situ recovery and uranium processing plant at Four Mile.

Ends

## **About Alliance Resources Limited**

Alliance is an ASX listed resources company (ASX Code: AGS) with uranium and copper-gold assets. The Company’s main asset is 25% equity in the Four Mile Uranium Project, located 550 kilometres north of Adelaide in South Australia, which has the potential to be the largest and highest grade in-situ recovery uranium mine in the world. The Four Mile Uranium Project is subject to legal actions, which were initiated to protect Alliance’s and ACE’s commercial interests.

## **About ITOCHU Corporation**

ITOCHU is a diversified global trading company based in Japan and currently has six Division Companies operating in Textiles, Machinery, Metals & Minerals, Energy & Chemicals, Food and ICT, General Products & Realty. ITOCHU has around 370 subsidiaries worldwide and is a *Fortune Global 500* company.

## **Key contacts:**

Steve Johnston  
Managing Director Alliance Resources Ltd  
Tel: +613 9697 9090  
Email: [info@allianceresources.com.au](mailto:info@allianceresources.com.au)

John Griffin  
Investor Relations  
Tel: +613 9326 8855  
Email: [investor@allianceresources.com.au](mailto:investor@allianceresources.com.au)