

26 May 2016

ASX Code: AGS

UNMARKETABLE PARCEL SHARE SALE FACILITY

Alliance Resources Limited (**Alliance** or the **Company**) is pleased to announce that it has established a share sale facility (**Facility**) for holders of unmarketable parcels of shares in the Company. The Facility is subject to the terms and conditions set out in the attached documents.

An unmarketable parcel of shares is a parcel of shares that has a market value of less than \$500. As at the market close on 25 May 2016 (**Record Date**) an unmarketable parcel of shares is any shareholding of 13,888 ordinary shares or less (**Unmarketable Parcel**) based on the closing price of 3.6 cents.

Currently, of the Company's 5,337 shareholders, 3,865 hold an Unmarketable Parcel. The Company is providing the Facility to allow investors with small holdings to dispose of their Unmarketable Parcel who might otherwise find it difficult to sell their shares due to the small size of their holding. The Company is also looking to reduce the administrative costs associated with maintaining a large number of small shareholders on its register.

A summary of the key dates in relation to the Facility are as follows:

Unmarketable Parcels Record Date	7:00pm (AEST) on 25 May 2016
Unmarketable Parcels Announcement to ASX	26 May 2016
Letters sent to shareholders holding Unmarketable Parcels	1 June 2016
Closing Date for receipt of Share Retention Form	18 July 2016
Estimated Unmarketable Parcels Payment Date	1 August 2016

Attached is a copy of the letter to shareholders, information sheet and share retention form which will be dispatched to all Alliance shareholders holding an Unmarketable Parcel of shares on the Record Date.

For further information, please contact:

Bob Tolliday

Company Secretary

Email: bobt@allianceresources.com.au

Phone: +61 3 9697 9090

Fax: +61 3 9697 9091



Suite 3, 51-55 City Road
Southbank VIC 3006
P + 61 3 9697 9090
F + 61 3 9697 9091

1 June 2016

Dear Shareholder,

Notice of Intention to Sell Unmarketable Parcel of Shares in Alliance Resources Limited

We are writing to advise you that Alliance Resources Limited (**Alliance** or **Company**) has established a share sale facility (**Facility**) for holders of shares in the Company (**Shares**) valued at less than \$500 (**Unmarketable Parcel**) as at 7:00pm (AEST) on 25 May 2016 (**Record Date**).

The Facility has been established in accordance with the ASX Listing Rules and the Company's Constitution to assist holders of Unmarketable Parcels to sell their Shares. Under the Facility, the Company has appointed Melbourne stockbroker Lodge Partners Pty Ltd to sell the Unmarketable Parcels on the ASX, at no cost to the shareholder. If your Shares are held in a CHESS Holding, the Company may, without further notice, move your Shares to an Issuer Sponsored Holding or a certified holding for the purposes of selling your Shares under the Facility.

Our records indicate that you held an Unmarketable Parcel of Shares on the Record Date. Unless you advise the Company that you do NOT wish to sell your Shares by 5pm on 18 July 2016, being more than six weeks from the date of this letter (**Closing Date**), Alliance intends to sell your Shares through the Facility as soon as practicable thereafter. Payment will be sent to you following settlement of the sale. Subject to the prevailing market conditions, it is intended that the Shares be sold at the price of no less than 3.25 cents per Share, being a 9% discount to the volume weighted average sale price of the Company's Shares on ASX during the five trading days immediately preceding the Record Date.

What are your options?

You have two options - you can either sell your Shares through the Facility or choose to retain your Shares.

1) Selling your Shares

If you wish to sell your Shares through the Facility, you do not need to take any further action. By not taking any action by the Closing Date, you acknowledge and accept that:

- a) you have irrevocably appointed the Company as your agent to sell your Unmarketable Parcel through the Facility and to deal with the proceeds of the sale of the Shares in accordance with the process outlined in this letter; and
- b) if your Shares are in a CHESS Holding as at the Closing Date, the Company may move those Shares to an Issuer Sponsored Holding or a certificated holding without further notice.

2) Retaining your Shares

If you do NOT wish to sell your Shares through the Facility, you will need to complete and return the attached Share Retention Form so that it is received by the Company by the Closing Date, being 5pm on 18 July 2016. Please read the instructions on the Share Retention Form carefully before completing it.

Sale Proceeds

Subject to the *Corporations Act 2001* (Cth), the Company will bear all costs, including brokerage and stamp duty, associated with the sale of any Shares under the Facility. The Company will pay you the sale proceeds following settlement of all Shares through the Facility. Where direct credit details have not been provided by you, you will receive a cheque for the sale proceeds.

Summary of Key Dates

Please note the below proposed key dates in relation to the sale of Unmarketable Parcels under the Facility:

<i>Unmarketable Parcels Record Date</i>	7:00pm (AEST) on 25 May 2016
<i>Unmarketable Parcels Facility Announcement to ASX</i>	26 May 2016
<i>Letters sent to shareholders holding Unmarketable Parcels</i>	1 June 2016
<i>Closing Date for receipt of Share Retention Form</i>	18 July 2016
<i>Estimated Unmarketable Parcels Payment Date</i>	1 August 2016

Important Information

Please note that Alliance makes no recommendation as to whether you should sell your Unmarketable Parcel. Please read in full the attached **Information Sheet** providing further information about the terms and conditions of the Facility. If you are unsure regarding which option to choose, or if you require further information regarding the financial, legal or tax consequences of participating in the Facility, you should consult your legal, financial or taxation adviser.

If you have any questions, please contact Alliance on (03) 9697 9090 between the hours of 8.30am and 5.30pm (AEST) Monday to Friday.

Yours sincerely

Bob Tolliday
Company Secretary



Suite 3, 51-55 City Road
Southbank VIC 3006
P + 61 3 9697 9090
F + 61 3 9697 9091

INFORMATION SHEET- ALLIANCE SHARE SALE FACILITY

What is the Facility?

The Facility is a share sale mechanism which will allow Alliance to sell Shares on behalf of shareholders who hold shares in the Company (**Shares**) valued at less than \$500 (**Unmarketable Parcel**) as at 7:00pm (AEST) on 25 May 2016. Based on the Company's current Share price of 3.6 cents per Share, there are 3,865 shareholders that hold an Unmarketable Parcel.

Why is the Facility being offered?

As the Company incurs significant administrative costs in maintaining small shareholders on its register, the Facility will assist Alliance to reduce its administrative costs. The Company is providing the Facility to allow investors with small holdings to dispose of their Unmarketable Parcel who might otherwise find it difficult to sell their Shares due to the small size of their holding.

Does Alliance have the right to sell my Shares?

Yes, Alliance is entitled under rule 9 of its Constitution and ASX Listing Rule 15.13 to sell unmarketable parcels of Shares, unless those shareholders elect to retain their Shares.

What are the benefits for me of selling through the Facility?

Shareholders who utilise the Facility will have their Shares sold without incurring any brokerage costs or stamp duty. Any tax consequences from the sale of your Shares will be your responsibility.

What if I don't want my Shares to be sold?

If you wish to retain your Shares, you must complete the attached Share Retention Form and it must be received by the Company by 5pm (AEST) on 18 July 2016.

When will my Shares be sold under the Facility?

The sale of Shares under the Facility is expected to occur over a five business day period after 18 July 2016.

What if the Share price changes between the Record Date and the Closing Date?

If the ASX share price of Alliance Shares increases between the Record Date and the Closing Date, such that at the Closing Date the value of your Shares is no longer an Unmarketable Parcel, then Alliance will not sell your Shares under the Facility.

What if I purchase more Shares?

If you increase your holding in Shares so that it is valued at \$500.00 or more at the Closing Date, the Company will not sell your Shares under the Facility.

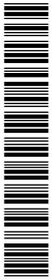
When and how will I receive my sale proceeds?

The proceeds to which you are entitled from the sale of your Shares will be remitted to you as soon as practicable after the sale, using the payment method recorded for your holding. The proceeds of the sale will be deposited into your bank account if you have previously provided banking instructions to Alliance's share registry, or alternatively, a cheque will be sent to the address last recorded in the Company's share register.

✉ **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

📞 **Phone:**
(within Australia) 03 9697 9090
(outside Australia) +61 3 9697 9090



AGS
MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Small Share Sale Facility

🔔 **If you wish to retain your shares, your form must be received by 5:00pm (AEST) 18 July 2016**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholding Details

Use this form if you wish to retain your shares in Alliance Resources Limited. If you have recently bought or sold shares your shareholding may differ from that shown. If you have already sold all your shares in Alliance Resources Limited, do not complete or return this form. If you have more than one shareholding on Alliance Resources Limited's register and you do not wish to sell your shares under the Small Shareholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited (CIS) on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored shareholding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the shareholding is in one name, the shareholder must sign.

Joint Shareholding: Where the shareholding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the shareholding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

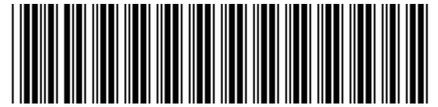
Overseas Companies: Where the shareholding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: Where the shareholding is in the name of a deceased estate, all executors must sign; and a certified copy or original, of the required documentation must accompany this form. Details of the documentation required can be found by searching "deceased estates" on our website www.computershare.com or by calling Computershare Investor Services Pty Limited on 1300 850 505 or +61 3 9415 4000. If the shareholding is in more than one name the surviving shareholder may sign the form and return it together with a certified copy of the death certificate of the other joint shareholder.

Step 3: Contact Details

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form ➔



I 1111111111 I ND

Small Share Sale Facility

For your security keep your SRN/
HIN confidential.

STEP 1 Shareholding Details

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Shares held as at Wednesday 25 May
2016:

STEP 2 Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, in accordance with the requirements set out in 'Step 2: Signing Instructions' overleaf, I/we confirm that I/we understand that my/our **SHARES WILL NOT BE SOLD** under the Small Shareholding Sale Facility.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

STEP 3 Contact Details

Contact Name _____ Contact Daytime Telephone _____ Date / /

Email Address _____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.