

16 September 2016

ASX Code: AGS

RETURN OF CAPITAL

Alliance Resources Limited (Alliance) announces that it intends to make a return of capital of 2 cents for each Share held on the relevant Record Date (anticipated to be 23 November 2016), subject to:

- A further Class Ruling by the Australian Taxation Office (ATO) confirming that the full amount of the proposed distribution represents a Capital Return, with no portion deemed to be a dividend from profits. The Company considers that there is no reasonable basis upon which the Commissioner of Taxation could seek to deem the Capital Return to be an unfranked dividend. The Company will apply to the ATO for a Class Ruling seeking confirmation of the tax treatment for Australian resident shareholders of the Capital Return who hold their Shares on capital account, which will include consideration of whether the ATO will make a determination to deem all or part of the Capital Return to be an unfranked dividend. The Class Ruling is expected to be issued shortly after the Annual General Meeting if the shareholders resolve to approve the Capital Return; and
- Approval by shareholders at the Annual General Meeting to be held on 18 November 2016

The Company recently received tax advice from its advisors that it will be able to utilise its carry forward tax losses to offset the tax gain made on the sale of its interest in the Four Mile Uranium Project as it satisfied the company loss recoupment test at 30 June 2016, being the continuity of ownership test.

At 30 June 2016 Alliance had cash reserves of \$24.7 million.

The purpose of the proposed Capital Return (of approximately \$8,343,475) is to return to shareholders approximately one third of the Company's cash reserves, while leaving sufficient cash for exploration working capital and acquisition opportunities in the resource sector.

There will be further information relating to this matter in the Notice of Meeting ahead of the Annual General Meeting.

Steve Johnston
Managing Director

For further information about Alliance Resources Ltd, please visit www.allianceresources.com.au