



18 March 2019

Mr Todd Lewis
Listings Compliance (Melbourne)
ASX Compliance Pty Ltd
Level 4, 525 Collins Street
Melbourne VIC 3000

Dear Mr Lewis

Alliance Resources Limited (ASX:AGS) - Cleansing notice in respect of non-renounceable entitlement offer

Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Alliance Resources Limited ACN 063 293 336 (ASX: AGS) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**).

Background

On 18 March 2019 the Company announced a non-renounceable pro rata entitlement offer to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**) of one fully paid ordinary share (**New Share**) for every two shares held on the record date of 21 March 2019 (**Record Date**), at an issue price of \$0.095 per New Share, to raise up to approximately \$4.95 million (before costs) (**Entitlement Offer**).

The Entitlement Offer is partially underwritten to \$4 million by Patersons Securities Limited (**Underwriter**).

Cleansing notice in respect of the Entitlement Offer

The Company advises that:

- (a) the Company will offer the New Shares under the Entitlement Offer without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act as it applies to the Company;



- (d) as at the date of this notice, there is no excluded information as defined in sections 708AA(8) and 708AA(9) of the Act, which is required to be set out under section 708AA(7) of the Act; and
- (e) the potential effect that the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors including investor demand.

If all of the Eligible Shareholders take up their entitlement under the Entitlement Offer in full (ie the Entitlement Offer is fully subscribed), there will be no change in each Eligible Shareholder's voting power in the Company.

The Underwriter has agreed to partially underwrite the Entitlement Offer to \$4 million. The Company also understands that the Underwriter has entered into sub-underwriting commitments in relation to its underwriting obligations. For example, the Company's major shareholder, Abbotsleigh Proprietary Limited as trustee for each of the I Gandel Share Investment Trust, and Abbotsleigh Superannuation Fund (**Abbotsleigh**), has entered into a sub-underwriting arrangement with the Underwriter to sub-underwrite an amount equal to its entitlement under the Entitlement Offer. Abbotsleigh is controlled by Ian Gandel, a non-executive director of the Company.

Capital structure

The share capital structure of the Company on completion of the Entitlement Offer will be as follows:

	Where partially underwritten only	Where fully subscribed
Shares currently on issue	104,293,923	104,293,923
Shares issued under the Entitlement Offer (approximate)	42,105,263	52,146,962
Total Shares on completion of the Entitlement Offer (approximate)	146,399,186	156,440,885



Underwriter

The potential impact on the voting power of the Underwriter's underwriting is as follows:

Underwriter's current shareholding/voting power	Nil
Underwriter's underwriting commitment under the Entitlement Offer	42,105,263 shares
Underwriter's voting power if no sub-underwriter meets their commitments (including Abbotsleigh) and Underwriter meets its underwriting commitment in full	28.76%
Underwriter's voting power if only Abbotsleigh meets its sub-underwriting commitment and the Underwriter meets the balance of its underwriting commitment in full	17.50%
Underwriter's voting power if all sub-underwriter's commitments met	Nil%

Sub-underwriting by Abbotsleigh

The potential impact on the voting power of Abbotsleigh's sub-underwriting is as follows:

Abbotsleigh's current shareholding	32,957,438 shares
Abbotsleigh's current voting power	31.60%
Abbotsleigh's entitlement under the Entitlement Offer/sub-underwriting commitment	16,478,719 shares
Abbotsleigh's voting power if Abbotsleigh is the only subscriber and the Underwriter does not fulfil any further underwriting commitment*	40.93%
Abbotsleigh's voting power if Entitlement Offer partially underwritten up to \$4 million only*	33.77%



Abbotsleigh's voting power if Entitlement Offer fully subscribed*	31.60%
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* on the basis that Abbotsleigh takes up its full sub-underwriting commitment

Shortfall facility

Eligible Shareholders will be able to apply for additional New Shares (over and above their entitlement) if all of the New Shares under the Entitlement Offer are not taken up by Eligible Shareholders. The allocation of additional New Shares under this shortfall facility will be at the discretion of the Company and the Underwriter and may be subject to scale back. The Company reserves the right to accept or reject any application for additional New Shares at the discretion of the Company and the Underwriter.

The Company will shortly lodge with ASX an Appendix 3B with respect to the issue of the New Shares under the Entitlement Offer.

Yours faithfully,

Steve Johnston
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