



18 March 2019

Dear Shareholder

Alliance Resources Limited (ASX:AGS) - Non-renounceable rights issue to raise up to approximately \$4.95 million

On 18 March 2019, Alliance Resources Limited ACN 063 293 336 (ASX:AGS) (**Company**) announced that it would be offering shareholders the opportunity to participate in a non-renounceable pro-rata entitlement offer to raise approximately \$4.95 million (before costs) (**Entitlement Offer**), on the basis of one fully paid ordinary share in the capital of the Company (**New Share**) for every two fully paid ordinary shares held at 7.00pm (AEDT) on the record date of 21 March 2019 (**Record Date**), at an issue price of \$0.095 per New Share.

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

Only shareholders with a registered address in Australia and New Zealand will be eligible to participate in the Entitlement Offer (**Eligible Shareholders**). The Entitlement Offer is made to Eligible Shareholders registered at 7.00pm (Melbourne-time) on the Record Date (being 21 March 2019).

Assuming no options are exercised before the Record Date, up to approximately 52.1 million New Shares will be issued under the Entitlement Offer.

As a non-renounceable offer, rights are not tradeable on the ASX or otherwise transferable. New Shares will rank equally with the Company's existing shares.

The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Offer Document**) meaning that no prospectus will be prepared. The Offer Document will be available on the Company's website at www.allianceresources.com.au and on the ASX website at www.asx.com.au on 18 March 2019.

Purpose of Entitlement Offer

Successful completion of the Entitlement Offer will raise up to approximately \$4.95 million (before costs). Funds raised through the Entitlement Offer will be applied to drilling, metallurgical test work, feasibility study, offer costs and working capital.

Ineligible Shareholders

The Company has determined that it would be unreasonable to extend participation in the Entitlement Offer to shareholders who do not have a registered address in Australia or New Zealand (**Ineligible Shareholders**) having regard to:

- (a) the number of Ineligible Shareholders;
- (b) the number and value of the New Shares that would otherwise be offered to Ineligible Shareholders; and
- (c) the cost of complying with overseas legal and regulatory requirements.

According to our records, you do not satisfy the criteria for an Eligible Shareholder, and are therefore an Ineligible Shareholder. Accordingly, in compliance with ASX Listing Rule



7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise that it is unable to extend to you the opportunity to participate in the Entitlement Offer. You will not be sent an Offer Document or be able to subscribe for New Shares under the Entitlement Offer.

Treatment of Ineligible Shareholders

The Company has determined that it will undertake the following steps in relation to Ineligible Shareholders:

- (a) The Company will issue to the Underwriter the New Shares that Ineligible Shareholders would otherwise have been entitled to apply for had they been entitled to participate in the Entitlement Offer.
- (b) The Underwriter is permitted to sell the Ineligible Shareholders' New Shares in such manner and at such time as it sees fit, with the objective of achieving the best price for those New Shares that is reasonably obtainable on market at the time of the relevant sale, however the Underwriter is not responsible for achieving any particular price for the New Shares or achieving the sale in any particular timeframe.
- (c) The Underwriter will remit the net proceeds (ie sale proceeds less brokerage and applicable GST) to either the Company or the share registry for ultimate pro rata distribution to the Ineligible Shareholders.

Ineligible Shareholders should note that the Company and/or the Underwriter are not acting as their agent and that there is no guarantee that any net proceeds will be realised from the sale of entitlements under Section 615 of the Corporations Act.

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

You do not need to respond to this letter. If you have questions in relation to any of the matters described above, please contact the Company Secretary, Mr Robert Tolliday on +61 3 9697 9090. On behalf of the Board of the Company, we thank you for your continued support.

Yours faithfully
Stephen Johnston
Managing Director
Alliance Resources Limited