

22 February 2022

## **Announcement re Gandel Metals intention to make an off market takeover bid and extension of closing date for entitlement offer**

### **Summary of intention to make an off market takeover bid**

The board of Alliance Resources Limited (ASX:AGS) (**Company**) has received earlier today an intention to make an off market takeover bid from Gandel Metals Pty Ltd (**GM**) to acquire all of the ordinary shares of the Company that GM and its associates do not already own for AUD \$0.18 per share (**Proposal**). GM is controlled by Mr Ian Gandel, who is the non-executive chairman of AGS. The Proposal is attached to this announcement.

The AGS board, excluding Mr Ian Gandel, is considering the Proposal. Shareholders are not required to take any action at this time in relation to the Proposal. The AGS board will keep shareholders informed and intends to make a formal recommendation once a Bidder's Statement is received outlining the full Offer.

AGS will adopt protocols to manage actual or perceived conflicts of interest between GM and AGS and will also establish a takeovers response committee (**Committee**) to oversee the response of AGS to the Proposal. The Committee will comprise of Tony Lethlean and Kevin Malaxos. The Committee will consider the details of the Proposal and update AGS shareholders in due course.

AGS has appointed HWL Ebsworth as legal advisor in relation to this matter.

### **Extension of closing date for entitlement offer**

In lieu of the Proposal just received, the AGS board has decided to extend the closing date for the entitlement offer announced on 2 February 2022.

On 2 February 2022, the Company announced a non-renounceable rights issue entitling eligible shareholders to subscribe for one new share for every eight shares held on the record date of 7 February 2022 at an issue price of \$0.13 per share to raise up to approximately \$3.38 million (before costs) (**Entitlement Offer**). The closing date for the Entitlement Offer was expected to be on 25 February 2022.

The Company wishes to advise that the closing date for the Entitlement Offer has been extended by 5 business days and will now close at 5pm (AEDT Melbourne time) on Friday 4 March 2022, to give shareholders additional time to consider the Proposal.

The relevant components of the revised indicative timetable of key dates in relation to the Entitlement Offer are as follows:

	Event	Date - 2022
1.	Entitlement Offer Revised Closing Date	Friday, 4 March
2.	New Shares quoted on a deferred settlement basis	Monday, 7 March
3.	Allotment and issue of New Shares	Friday, 11 March
4.	Normal (T + 2) trading starts	Tuesday, 15 March
5.	Settlement of trades conducted on a T+2 basis	Wednesday, 16 March

The above table is indicative only and all dates may be subject to further change.

Subject to the ASX Listing Rules, the Company's directors reserve the right to further extend the closing date for the Entitlement Offer at their discretion. Should this occur, the extension would have a consequential effect on the anticipated date of issue of the New Shares.

Eligible Shareholders with questions about the Entitlement Offer should call the Company on +61 3 9697 9090 between 8.30am and 5.00pm (AEDT Melbourne time), Monday to Friday during the offer period (2 February 2022 to 4 March 2022).

For further information on the Company please visit the Company's website at [www.allianceresources.com.au](http://www.allianceresources.com.au).

This announcement has been authorised for release by the Board.

**Kevin Malaxos**  
**Managing Director**  
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22 February 2022

The Directors

Alliance Resources Limited

### **Intention to make an off-market takeover bid for Alliance Resources**

The purpose of this letter is to advise the Board that Gandel Metals Pty Ltd (**Gandel Metals or We**) ACN 102 347 955 intends to make an off-market takeover bid to acquire all of the ordinary shares of Alliance Resources Limited (ASX: AGS) (**Alliance**) ACN 063 293 336 that Gandel Metals and its Associates do not already own (**Offer**).

The price that Gandel Metals intends to offer Alliance shareholders for each Alliance share is A\$0.18 cash (**Offer Price**).

We consider the Offer Price to be a *significant and attractive premium* compared to trading price levels of Alliance shares on ASX before the Announcement Date, namely:

- 38.46% to the issue price of new Alliance Shares under the current Entitlement Offer;
- 33.33% to the closing price of Alliance Shares on 21 February 2022, being the last trading day before the Announcement Date;
- 24.37% to the 1-month VWAP of Alliance Shares up to and including 21 February 2022; and
- 20.00% to the 3-month VWAP of Alliance Shares up to and including 21 February 2022.

Gandel Metals is announcing its intention to undertake the Offer now so that other shareholders in Alliance will have the opportunity to subscribe for Alliance Shares at A\$0.13 per share under the current Entitlement Offer and then generate a profit by accepting the Offer for all of their Alliance Shares at the Offer Price of A\$0.18 cash per Alliance Share.

The Offer will be subject to two conditions (which may be waived at the discretion of Gandel Metals), being:

- (i) at or before the end of the Offer Period, Gandel Metals has a relevant interest in at least 90% of the Alliance Shares on issue; and
- (ii) between the Announcement Date and the end of the Offer Period (each inclusive), none of the matters listed in **Annexure A** happen.

It should be noted that Alliance shareholders may only accept the Offer in respect of all (but not a lesser number) of their Alliance Shares. For example, if an Alliance shareholder holds 10,000 Alliance Shares, and they wish to accept the Offer, then they may only accept the Offer in respect of all 10,000 Alliance Shares.

Further details about the Offer will be contained in a Bidder's Statement. The purposes of this announcement is to formally trigger the two-month period under section 631 of the Corporations Act. Gandel Metals intends to lodge the Bidder's Statement with ASIC and send it to Alliance, Alliance Shareholders and ASX within two-months of the date of this announcement.

The Bidder's Statement will set out important information for Alliance shareholders, including information about Gandel Metals, the key reasons why Alliance shareholders should accept the Offer, and how to accept it.

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[www.gandelmetals.com.au](http://www.gandelmetals.com.au)  
ABN 69 493 120 953



## Background to the Offer

Gandel Metals is controlled by Mr Ian Gandel, who is the non-executive chairman of Alliance.

Alliance is controlled by Gandel Metals and its Associates. Alliance's largest shareholders are Abbotsleigh Proprietary Limited ACN 005 612 377 as trustee for the I Gandel Share Investment Trust (**Abbotsleigh**), and Gandel Metals as trustee for the Gandel Mining Trust.

Gandel Metals made a takeover offer for Alliance Resources in August 2019. Following that takeover offer, Gandel Metals and its Associates owned approximately 68% of the ordinary shares of Alliance. Gandel Metals and its Associates have subsequently continued to acquire shares in Alliance and currently own approximately 72% of the ordinary shares in Alliance.

## Gandel Metals' intentions

During the period commencing on the date of this Announcement and ending on the date the Bidder's Statement is given to Alliance, Gandel Metals intends to acquire Alliance Shares on market pursuant to item 9 of section 611 of the *Corporations Act 2001* (Cth) (**Corporations Act**). Gandel Metals will cease buying Alliance Shares on market once the Bidder's Statement has been given to Alliance.

It is Gandel Metals's opinion that Alliance's business operations will soon reach a phase where significant equity capital will be required to commercialise its assets. Undertaking significant capital raisings whilst complying with all regulatory requirements will likely result in additional costs to Alliance (and indirectly its shareholders), such as underwriting fees. Further, if existing shareholders do not participate in the anticipated capital raisings they will likely be subject to significant dilution.

Accordingly, Gandel Metals is providing existing Alliance shareholders with an opportunity to sell their Alliances Shares under the Offer before Alliance moves into its next phase of development which is likely to be more capital intensive than its operations to date.

If, pursuant to item 9 of section 611 of Corporations Act, Gandel Metals and its Associates accumulate Voting Power above 75% in Alliance, it may use that Voting Power to pass a special resolution to approve the delisting of Alliance from the official list of ASX, subject to satisfaction of any conditions of the ASX Listing Rules. Gandel Metals has not yet decided whether it will pursue the delisting of Alliance.

## Entitlement Offer

Currently Alliance is undertaking a non-renounceable pro-rata entitlement offer of new Alliance Shares at an issue price of A\$0.13 per new Alliance share on the basis of one new Alliance Share for every eight existing Alliance shares. The indicative timetable of the Entitlement Offer specifies that the offer will close on Friday, 25 February 2022 with the issue of new Alliance Shares to take place on Friday, 4 March 2022.

The Entitlement Offer incorporates a shortfall facility under which eligible shareholders that have taken up their full entitlement under the Entitlement Offer can apply to take up additional new Alliance Shares in excess (up to 50%) of their pro rata entitlement.

Abbotsleigh and Gandel Metals intend to take up their full entitlement under the Entitlement Offer but do not intend to participate in the shortfall facility. Other shareholders in Alliance are free to take up their full entitlement under the Entitlement Offer and participate in the shortfall facility.

Gandel Metals is announcing its intention to undertake the Offer now so that other shareholders in Alliance will have the opportunity of acquiring additional Alliance Shares at A\$0.13 per share under the Entitlement Offer and subsequently accepting the Offer for all of their Alliance Shares at a significant and attractive premium.

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## Directory

<b>Bidder</b> Gandel Metals Pty Ltd Suite 3, 51 – 55 City Road Southbank VIC 3006 Telephone: (03) 9697 9000	<b>Gandel Metals' Director</b> Ian Jeffrey Gandel  <b>Company Secretary</b> Ian Jeffrey Gandel
<b>Legal Adviser</b> Gadens Lawyers Collins Arch Level 13, 447 Collins Street Melbourne VIC 3000	



## **Annexure A – Conditions of Offer**

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The completion of the Offer, and any contract that results from acceptances of the Offer, are subject to the fulfilment of the following conditions:

### **No prescribed occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following prescribed occurrences happen:

- a) Alliance converting all or any of the Alliance Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- b) Alliance or any of its Subsidiaries resolving to reduce its share capital in any way;
- c) Alliance or any of its Subsidiaries entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257D(1) of the Corporations Act;
- d) Alliance or any of its Subsidiaries:
  - (i) issuing Alliance Shares (other than Alliance Shares issued as a result of the exercise of Alliance Options, or issued under the Entitlement Offer);
  - (ii) granting an option over Alliance Shares; or
  - (iii) agreeing to make such an issue or grant such an option;
- e) Alliance or any of its Subsidiaries issuing, or agreeing to issue, convertible notes;
- f) Alliance or any of its Subsidiaries disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- g) Alliance or any of its Subsidiaries granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- h) Alliance or any of its Subsidiaries resolving that it be wound up;
- i) the appointment of a liquidator or provisional liquidator of Alliance or any of its Subsidiaries;
- j) the making of an order by a court for the winding up of Alliance or any of its Subsidiaries;
- k) an administrator of Alliance or any of its Subsidiaries being appointed under section 436A, 436B or 436C of the Corporations Act;
- l) Alliance or any of its Subsidiaries executing a deed of company arrangement; or
- m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Alliance or any of its Subsidiaries.



## Definitions

<b>Alliance</b>	Alliance Resources Ltd ACN 063 293 336
<b>Alliance Share</b>	A fully paid ordinary share in the capital of Alliance
<b>Announcement Date</b>	22 February 2022, being the date of this announcement
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Associate</b>	has the meaning set out in section 12 of the Corporations Act as if subsection 12(1) of that Act included a reference to this document and Alliance was the designated body
<b>ASX</b>	ASX Limited ACN 008 624 691 and, where the context requires, the financial market operated by it
<b>Bidder's Statement</b>	the bidder's statement to be prepared by or on behalf of Gandel Metals in relation to the Offer in compliance with Part 6.5 of the Corporations Act
<b>Corporations Act</b>	<i>Corporations Act 2001 (Cth)</i>
<b>Entitlement Offer</b>	the non-renounceable pro-rata entitlement offer of new Alliance Shares at an issue price of A\$0.13 per new Alliance share on the basis of one new Alliance Share for every eight Alliance shares held on the record date to raise up to a maximum of approximately A\$3.38 million.
<b>Gandel Metals</b>	Gandel Metals Pty Ltd ACN 102 347 955
<b>Offer</b>	the offer to acquire Alliance shares under the terms and conditions contained in the Bidder's Statement
<b>Offer Period</b>	the period that the Offer is open for acceptance
<b>Offer Price</b>	the minimum price that Gandel Metals is proposing to pay for each Alliance Share under the Offer
<b>Subsidiary</b>	has the meaning given in Division 6 of Part 1.2 of the Corporations Act
<b>Voting Power</b>	has the meaning given in section 610 of the Corporations Act

If you have any queries please urgently contact me.

Yours sincerely

**Ian Gandel**, Director, Gandel Metals Pty Ltd

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