



Authorised for release by the Board

15 December 2020

Dear Shareholder

Alliance Resources Limited (ASX:AGS) - Non-renounceable rights issue to raise up to approximately \$5.052 million

On 7 December 2020, 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 \$5.052 million (before costs) (**Entitlement Offer**), on the basis of one fully paid ordinary share in the capital of the Company (**New Share**) for every six fully paid ordinary shares held at 7.00pm (AEDT) on the record date of 10 December 2020 (**Record Date**), at an issue price of \$0.17 per New Share.

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.

Assuming no options are exercised before the Record Date, up to approximately 29.7 million New Shares will be issued under the Entitlement Offer. If all of the 10.85 million existing options are exercised before the Record Date, up to approximately 31.5 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 7 December 2020.

Purpose of Entitlement Offer

Successful completion of the Entitlement Offer will raise up to approximately \$5.052 million (before costs). Funds raised through the Entitlement Offer will be applied to RC drilling and diamond drilling for exploration, feasibility study work, process plant engineering design, mine design and operating cost determination, offer expenses 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 appointed Petra Capital Pty Ltd (ACN 110 952 782) (**Nominee**) as a nominee approved by ASIC in respect of Ineligible Shareholders, and the Company has determined that it will undertake the following steps in relation to Ineligible Shareholders:

- (a) The Company will issue to the Nominee 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 Nominee 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 Nominee is not responsible for achieving any particular price for the New Shares or achieving the sale in any particular timeframe.
- (c) The Nominee will remit the net proceeds (i.e. sale proceeds less the issued value of the New Shares less brokerage and applicable GST) (if any) 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 Nominee 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 fully subscribed
Shares currently on issue	178,300,080
Shares issued under the Entitlement Offer (approximate)	29,716,680
Total Shares on completion of the Entitlement Offer (approximate)	208,016,760

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
Kevin Malaxos
Managing Director
Alliance Resources Limited