



Alliance Resources Limited
ACN 063 293 336

OFFER DOCUMENT

Dated: 2 February 2022

for

A partially underwritten non-renounceable pro-rata entitlement offer of New Shares at an issue price of \$0.13 per New Share on the basis of one New Share for every eight Shares held on the Record Date to raise up to a maximum of approximately \$3.38 million (before costs).

The Entitlement Offer is partially underwritten to approximately \$940,000 by Phoenix Portfolios Pty Ltd ABN 80 117 850 254 as managing entity of each of Cromwell Phoenix Opportunities Fund and Fiducian Australian Smaller Company Shares Fund.

This Offer Document is not a prospectus.

It does not contain all of the information that an investor would find in a prospectus or that may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.

This document is important and requires your immediate attention.

It should be read in its entirety before deciding whether to apply for the New Shares. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional advisor without delay.

The New Shares offered under this Offer Document should be considered highly speculative.

The Entitlement Offer opens on Thursday, 10 February 2022 and closes at 5:00pm (AEDT) on Friday, 25 February 2022.

Valid acceptances must be received before the Entitlement Offer closes.

NOT FOR RELEASE INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS

IMPORTANT INFORMATION

This Offer Document is issued pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act and the offer of additional New Shares under the Entitlement Offer which have not been taken up by Eligible Shareholders (**Shortfall Shares**) pursuant to their Entitlements under this Offer Document (**Shortfall Offer**). This Offer Document has been prepared by Alliance Resources Limited ACN 063 293 336 (“Alliance” or “Company”) and was lodged with ASX on Wednesday, 2 February 2022. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or that may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your stockbroker, accountant, solicitor or other professional advisor as soon as possible.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

Eligibility

Eligible Shareholders can only take up their Entitlement by making payment of the Application Monies using BPAY® or any other acceptable electronic payment form. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer. Eligible Shareholders should contact the Company Secretary if they would like the Offer Document and Entitlement and Acceptance Form emailed to them in addition to receiving the documents by post.

Overseas shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and New Shares will not be issued to Shareholders with a registered address that is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of New Shares being offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares under this Offer Document to existing Shareholders in any jurisdiction other than Australia and New Zealand. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Notice to nominees and custodians

Nominees and custodians may not distribute this Offer Document and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia or New Zealand except with the consent of the Company, or to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer. Making payment of the Application Monies using BPAY® or any other acceptable electronic payment form will be taken by the Company to constitute a representation that there has been no breach of the regulations of such jurisdictions.

No investment advice

The information provided in this Offer Document and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account each Eligible Shareholder's investment objectives, financial circumstances or particular needs.

The information contained in this Offer Document and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information that an Eligible Shareholder may require in order to determine whether or not to subscribe for New Shares and the information may be changed, modified or amended at any time by the Company. This Offer Document is not intended to, and does not, constitute representations or warranties of the Company. Neither the Company, nor any advisor of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in this Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

If an Eligible Shareholder has any questions, it should consult its professional adviser before deciding whether to accept all or any part of its Entitlement.

Forward-looking statements

This Offer Document may contain forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By making payment of the Application Monies using BPAY® or any other acceptable electronic payment form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this Offer Document and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Rounding

Any discrepancies between totals and sums and components in tables and figures contained in this Offer Document are due to rounding.

Glossary

Defined terms used in this Offer Document are set out in the glossary of terms in Section 5.

CORPORATE DIRECTORY

Directors

Mr Ian Gandel	Non-Executive Chairman
Mr Kevin Malaxos	Managing Director
Mr Stephen Johnston	Non-Executive Director
Mr Tony Lethlean	Non-Executive Director
Mr Robert Tolliday	Company Secretary

Registered Office

Address: Suite 3,
51-55 City Road
Southbank VIC 3006

Tel: +61 3 9697 9090
Fax: +61 3 9697 9091
Email: info@allianceresources.com.au
Website: www.allianceresources.com.au
ASX Code: AGS

Share Registry

Computershare Investor Services Pty Limited
Address: 452 Johnston Street
Abbotsford VIC 3067
Tel: 1300 850 505 / 03 9415 5000

Lawyers

HWL Ebsworth Lawyers
Address: Level 8, 447 Collins Street
Melbourne VIC 3000

Underwriter

Phoenix Portfolios Pty Ltd ABN 80 117 850 254 as managing entity of each of Cromwell
Phoenix Opportunities Fund and Fiducian Australian Smaller Company Shares Fund
Address: Level 6, 443 Little Collins Street
Melbourne VIC 3000
Email: richardfakhry@phoenixportfolios.com.au

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the board of Alliance Resources Limited, I am pleased to present you with an opportunity to subscribe for new fully paid ordinary shares in the Company by participating in the offer detailed in this Offer Document.

The Company is undertaking a non-renounceable entitlement offer to Eligible Shareholders of New Shares at an issue price of \$0.13 per New Share on the basis of 1 New Share for every 8 Shares held on the Record Date. The number of New Shares to which you are entitled to subscribe for is detailed in the Entitlement and Acceptance Form that accompanies this Offer Document.

The Entitlement Offer will raise a maximum of approximately \$3.38 million (before associated costs). Funds raised through the Entitlement Offer will be applied to exploration drilling, feasibility study work, offer costs and working capital.

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 Shares in excess (up to 50%) of their pro rata entitlement. Applications under the Shortfall Facility will only be considered to the extent there is a shortfall under the Entitlement Offer and will be subject to the terms set out in sections 1.6 and 1.7.

The Entitlement Offer is partially underwritten by Phoenix Portfolios Pty Ltd ABN 80 117 850 254 as managing entity of each of Cromwell Phoenix Opportunities Fund and Fiducian Australian Smaller Company Shares Fund (**Underwriter**), subject to the terms of the Underwriting Agreement (see section 1.8 and Schedule 1 for more details).

Further information about the Company and its operations is contained in publicly available documents lodged by the Company with the ASIC and ASX. This Offer Document should be read in conjunction with that material.

There are a number of risks associated with investing in the share market generally and the Company specifically. The New Shares being offered under this Offer Document must be regarded as highly speculative. Investors should read the Offer Document in its entirety before deciding to invest and, in particular, consider the risk factors detailed in Section 3.

If you have any queries concerning the Entitlement Offer, or the action you are required to take to subscribe for New Shares, please consult your stockbroker, accountant, solicitor or other professional advisor.

Yours faithfully

Mr Ian Gandel
Non-Executive Chairman

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1. Details of the Offer

1.1 Entitlement Offer

On 2 February 2022, the Company announced that it is making a partially underwritten non-renounceable pro-rata entitlement offer of New Shares at an issue price of \$0.13 per New Share on the basis of 1 New Share for every 8 Shares held on the Record Date to raise a maximum of approximately \$3.38 million (assuming no Options are exercised before the Record Date and before the payment of associated costs) (**Entitlement Offer**). The Entitlement Offer is being made in accordance with section 708AA of the Corporations Act.

The Entitlement Offer also incorporates a Shortfall Facility under which Eligible Shareholders can apply for additional New Shares in excess of their Entitlement, up to 50% of their original Entitlement. Eligible Shareholders should refer to sections 1.6 and 1.7 for a description of the terms of the Shortfall Facility.

As at the date of this Offer Document, the Company has on issue 208,017,134 Shares and 9,100,000 Options. The Company does not expect any Options to be exercised prior to the Record Date. Assuming no Options are exercised, up to approximately 26,002,142 New Shares will be issued under the Entitlement Offer.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share. This also applies to any Shortfall Shares.

1.2 Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
Announcement of Entitlement Offer	Wednesday, 2 February 2022
Lodge Offer Document with ASX	Wednesday, 2 February 2022
Ex Date	Friday, 4 February 2022
Record Date (7.00pm AEDT)	Monday, 7 February 2022
Opening Date	Thursday, 10 February 2022
Closing Date (5.00pm AEDT)	Friday, 25 February 2022
Issue of New Shares under Entitlement Offer	Friday, 4 March 2022
Normal (T+2) trading starts	Monday, 7 March 2022

The above timetable is indicative only and dates may be subject to change. Subject to the Listing Rules and the Underwriting Agreement, the Directors reserve the right to extend the Closing Date at their discretion. Should this occur, the extension may have a consequential effect on the anticipated date of issue of the New Shares.

1.3 Purpose of Offer and Use of Funds

The funds raised under the Offer will be used as follows:

Use of funds	If fully subscribed
Drilling - RC drilling for exploration, infill and metallurgical/ geotechnical purposes and resource definition and upgrade.	\$450,000
Feasibility study (incl. lodging mining proposal)	\$2,171,000
Offer costs (including legal and Underwriter's fees)	\$75,000
Working capital (includes administration and overheads)	\$684,000
Total	\$3,380,000

1.4 Capital Structure on Completion of the Entitlement Offer

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

	Number of Shares		Number of Options
	If partially underwritten only	If fully subscribed	
As at the date of this Offer Document	208,017,134	208,017,134	9,100,000 ¹
To be issued under the Offer	7,233,796	26,002,142 ²	Nil
Balance after the Offer	215,250,930	234,019,276	9,100,000³

Notes:

1. There are currently 9,100,000 Options on issue with exercise prices ranging from \$0.12 to \$0.2392.
2. The number of New Shares to be issued under the Entitlement Offer is subject to the number of Eligible Shareholders, the rounding of Entitlements and whether Options are exercised before the Record Date.
3. Assuming no Options are exercised prior to the Record Date.

1.5 Entitlements and Acceptance

The Entitlement of Eligible Shareholders to participate in the Entitlement Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

The Applicant making payment of the Application Monies using BPAY®¹ or any other acceptable electronic payment form to the Company, creates a legally binding contract between the Applicant and the Company for the number of New Shares applied for by the Applicant. The Entitlement and Acceptance Form does not need to be signed to be a binding application for New Shares.

The Directors retain the discretion as to whether to treat any acceptances as valid.

1.6 Shortfall Facility

The Entitlement Offer incorporates a Shortfall Facility under which Eligible Shareholders can apply for New Shares in excess of their Entitlement (**Shortfall Shares**) up to 50% of their Entitlement (**Shortfall Limit**). The issue of Shortfall Shares under the Shortfall Facility will be dependent on there being a shortfall in the take up of Entitlements under the Entitlement Offer.

This means that Eligible Shareholders can apply for Shortfall Shares in a number not exceeding 50% of their original Entitlement to New Shares under the Entitlement Offer. For example, if an Eligible Shareholder's Entitlement under the Entitlement Offer equated to 100,000 New Shares (meaning they would hold 800,000 Shares at the Record Date), that Eligible Shareholder could apply for up to 50,000 Shortfall Shares under the Shortfall Facility subject to there being available shortfall. This is subject to scale back if the total number of Shortfall Shares applied for by Eligible Shareholders exceeds the total shortfall.

Eligible Shareholders who wish to apply for Shortfall Shares under the Shortfall Facility can do so by specifying the number of Shortfall Shares they wish to apply for in the space provided on their Entitlement and Acceptance Form, up to the Shortfall Limit.

If you apply for Shortfall Shares under the Shortfall Facility you should be aware of the following:

- (a) you may be allotted a lesser number of Shortfall Shares than applied for;
- (b) you shall be bound to accept a lesser number of Shortfall Shares if required by the Company;

¹ ® Registered to BPAY Pty Limited ABN 69 079 137 518

- (c) you must accept a refund of money in respect of any Shortfall Shares applied for but not allotted; and
- (d) no interest will be paid on any money refunded to you should the circumstances above occur.

The Company reserves the right to charge an administrative fee of a minimum of A\$50 for the handling of any excess payments. Any entitlements not taken up will expire at the close of the offer period.

1.7 Allocation of Shortfall Shares

The number of Shortfall Shares available will depend on the size of the shortfall. The Company may, subject to any restrictions imposed by the Corporations Act or the Listing Rules, scale back applications for Shortfall Shares. Any scale back will be proportional based on the number of Shortfall Shares applied for in the context of an Eligible Shareholder's original shareholding as at the Record Date.

As a consequence of the arrangements described above, there can be no guarantee of the number of Shortfall Shares available to Eligible Shareholders under the Shortfall Facility. Eligible Shareholders who apply for Shortfall Shares under the Shortfall Facility will be bound to accept any lesser number of Shortfall Shares allocated to them in accordance with the allocation procedure described above. If you do not receive all of the Shortfall Shares you applied for, any excess application monies will be returned to you without interest.

It is the responsibility of each Eligible Shareholder to ensure that it will not breach the takeovers provisions under the Corporations Act (the 20% threshold) by applying for Shortfall Shares under the Shortfall Facility. These provisions are set out in section 606 of the Corporations Act. No Eligible Shareholder will be permitted to acquire Shortfall Shares under the Shortfall Facility to the extent the Board considers (acting reasonably) that doing so would result in a contravention of the takeovers limits in section 606 of the Corporations Act.

1.8 Underwriting

The Entitlement Offer will be partially underwritten to approximately \$940,000 by the Underwriter on the terms set out in the Underwriting Agreement. The material terms are as follows:

- (a) the Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain events. If the Underwriter terminates under the Underwriting Agreement, it will have no obligation to subscribe for the New Shares under the Entitlement Offer. Investors should have regard to the specific risk outlined at section 3(a). A summary of these termination events is detailed in Schedule 1;
- (b) the Underwriter will receive an Underwriting Fee of 3.0% of the total dollar amount underwritten in the Entitlement Offer. If applicable, any sub-underwriting fees will also be paid by the Underwriter from this Underwriting Fee; and
- (c) the Underwriter is entitled to reimbursement of all reasonable costs and expenses of and incidental to the Offer; and

- (d) as is customary with these types of arrangements, the Underwriting Agreement contains representations, warranties and indemnities in favour of the Underwriter.

1.9 Control by major shareholder(s)

The Company's largest shareholders, Abbotsleigh Proprietary Limited ACN 005 612 377 as trustee for the I Gandel Share Investment Trust (**Abbotsleigh**) and Gandel Metals Pty Ltd ACN 102 347 955 as trustee for the Gandel Mining Trust (**Gandel Metals**), have committed to contribute an amount equal to their full Entitlement under the Entitlement Offer, being 18,768,087 New Shares for \$2,439,851. Abbotsleigh and Gandel Metals are controlled by Ian Gandel, a non-executive director of the Company.

Abbotsleigh and Gandel Metals do not intend to participate in the Shortfall Facility.

1.10 Potential loan to the Company by major shareholder Gandel Metals

Gandel Metals has indicated to the Company that if the Company requires any short term loan funds to ensure it can continue to meet all its financial obligations in the interim (up to the receipt of funds to be raised pursuant to this Entitlement Offer), that Gandel Metals is willing to provide an advance on interest free terms. That loan will ultimately be offset against Gandel Metals committed Entitlement Offer contribution, as described above. Current expectations are any such loan would not exceed \$200,000.

1.11 Impact on control

(a) General

The potential effect that the issue of the New Shares under 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 (i.e. the Entitlement Offer is fully subscribed), there will be no change in each Eligible Shareholder's voting power in the Company. In that case, no rights would lapse or be placed in accordance with the terms of the Shortfall Facility and/or Underwriting Agreement. The equity of existing Shareholders who do not participate in the Entitlement Offer will be diluted. The equity of existing Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent.

Shareholders who take up their full Entitlement under the Entitlement Offer and receive Shortfall Shares under the Shortfall Facility will increase their percentage shareholding in the Company to the extent they receive Shortfall Shares under the Shortfall Facility.

The Underwriter has agreed to partially underwrite the Entitlement Offer up to approximately \$940,000.

(b) 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	208,017,134	208,017,134
Shares offered under the Entitlement Offer (approximate)	7,233,796	26,002,142
Total Shares on completion of the Entitlement Offer (approximate)	215,250,930	234,019,276

(c) Commitment by Abbotsleigh and Gandel Metals

The potential impact on the voting power of Abbotsleigh and Gandel Metals commitment is as follows:

Abbotsleigh and Gandel Metals current shareholding	150,144,694 shares
Abbotsleigh and Gandel Metals current voting power	72.18%
Abbotsleigh and Gandel Metals entitlement under the Entitlement Offer	18,768,087 shares
Abbotsleigh and Gandel Metals voting power if Abbotsleigh and Gandel Metals are the only subscribers*	74.48%
Abbotsleigh and Gandel Metals voting power if Entitlement Offer fully subscribed	72.18%

*on the basis that Abbotsleigh and Gandel Metals take up their full commitment and the Underwriter terminates the Underwriting Agreement. Abbotsleigh and Gandel Metals do not intend to participate in the Shortfall Facility.

(d) Underwriter

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

Underwriter's current shareholding/voting power	0 shares 0%
Underwriter's commitment under the Entitlement Offer	7,233,796 shares
Underwriter's voting power if Abbotsleigh and Gandel Metals meet their commitments and Underwriter	3.09%

meets its underwriting commitment in full	
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The maximum voting power in the Company of the Underwriter (together with its associates) as a result of its participation in and its underwriting of the Entitlement Offer, will be no more than approximately 3.09%. Accordingly, the Underwriter (together with its associates) will not contravene section 606(1) of the Corporations Act.

1.12 Minimum and Maximum Subscription

There is no minimum subscription for the Entitlement Offer. There is however, a maximum subscription, and you can only apply for Shortfall Shares as provided for by the Shortfall Facility outlined in sections 1.6 and 1.7. The Company reserves the right to charge an administrative fee of a minimum of A\$50 for the handling of any excess payments.

1.13 No Rights Trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party. If you do not take up your Entitlement to New Shares under the Entitlement Offer by the Closing Date, your Entitlement will lapse.

1.14 Directors' Interests

Each Director's relevant interest in the securities of the Company as at the date of this Offer Document and their Entitlement is detailed in the table below.

Director	Shares	Entitlement	Options	Entitlement if Options exercised
Ian Gandel	150,144,694	18,768,087	-	-
Stephen Johnston	0	0	1,000,000	125,000
Tony Lethlean	0	0	-	-
Kevin Malaxos	0	0	7,000,000	875,000

1.15 Opening and Closing Dates

The Entitlement Offer opens on the Opening Date, being Thursday, 10 February 2022. The Company will accept Applicants making payment of the Application Monies using BPAY® or any other acceptable electronic payment form until the Closing Date, being 5.00 pm (AEDT) on Friday, 25 February 2022, or such other date as the Directors in consultation with the Underwriter shall determine, subject to the Listing Rules and the Underwriting Agreement.

Please note that payment made by BPAY®, or any other acceptable electronic payment form in consultation with the Company Secretary, must be received by no later than 5:00 pm (AEDT) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date. Cheques, bank drafts or money orders will not be accepted. If you are unable to pay by BPAY®, please contact the Company Secretary to discuss possible electronic alternatives.

The Directors may at any time decide to withdraw this Offer Document or the Entitlement Offer, in which case the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

1.16 Issue and Dispatch

The expected date for the issue of New Shares offered by this Offer Document is specified in the Indicative Timetable in section 1.2 and dispatch of holding statements will occur in accordance with the ASX Listing Rules.

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim any such interest.

1.17 Quotation and Trading

The Company will apply to the ASX for the official quotation of the New Shares in accordance with ASX Listing Rule requirements. Subject to approval being granted, it is expected that normal trading of New Shares will commence on Monday, 7 March 2022.

1.18 Rights and Liabilities Attaching to New Shares

The New Shares offered under this Offer Document will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to New Shares are set out in the Constitution, a full copy of which is available from Company on request free of charge.

1.19 Ineligible Shareholders

This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make offers to shareholders in countries other than Australia or New Zealand in connection with the Entitlement Offer, having regard to:

- (a) the relatively small number of shareholders in the other jurisdictions where the Entitlement Offer would be made;
- (b) the number and value of New Shares for which such Shareholders would otherwise have been entitled; and
- (c) the costs of complying with the legal and regulatory requirements in each other jurisdiction where the Entitlement Offer would be made.

The Company has made an application to ASIC in relation to approval of Petra Capital Pty Ltd (ACN 110 952 782) (**Nominee**) as the nominee under section 615 of the Corporations Act in respect of Ineligible Shareholders, and approval was received on 1 February 2022. The following process will be followed with respect of those 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.

1.20 Risk factors

An investment in New Shares should be regarded as highly speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company that are detailed in Section 3.

1.21 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX. As such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company, which has been notified to ASX, and does not include information that would be included in a disclosure document or which investors

ought to have regard to in deciding whether to subscribe for New Shares under the Entitlement Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from ASX's website at www.asx.com.au.

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the ASX website.

1.22 Jurisdiction

This Offer Document (including the Entitlement and Acceptance Form) and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Victoria and each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria.

1.23 Cleansing Notice

The Company will lodge a Cleansing Notice with ASX immediately after lodgement of this Offer Document. The Cleansing Notice can be viewed on the ASX website.

1.24 Enquiries Concerning Offer Document

If you have any questions in relation to this Offer Document they should be directed to the Company Secretary, Robert Tolliday, on +61 3 9697 9090. As the office may be unattended due to Covid-19 issues, if your call is unanswered please leave a message, including your contact number, and the Company will return your call as soon as possible.

2. Action Required by Shareholders

2.1 What Eligible Shareholders may do

The maximum number of New Shares to which Eligible Shareholders are entitled to is shown on the accompanying personalised Entitlement and Acceptance Form. To take up all or part of your Entitlements, you can accept the Entitlement Offer by making payment using BPAY® or any other acceptable electronic payment form. If you use BPAY®, you do not need to complete and return the Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept their Entitlement in full (refer to Section 2.2);
- (b) accept a proportion of their Entitlement (refer to Section 2.3); or
- (c) not take up any of their Entitlement (refer to Section 2.5).

Making payment using BPAY® constitutes a binding offer to subscribe for New Shares on the terms and subject to the conditions set out in this Offer Document and, once made, cannot be withdrawn.

2.2 Acceptance of your full Entitlement

If you wish to accept your maximum Entitlement to New Shares in full, you should submit your acceptance either electronically by BPAY® or any other acceptable electronic payment form in consultation with the Company Secretary, so it is received by no later than 5:00 pm (AEDT) on the Closing Date. Please read the instructions on the Entitlement and Acceptance Form carefully.

Cheques, bank drafts or money orders will not be accepted. If you unable to pay by BPAY® please contact the Company Secretary to discuss possible electronic alternatives.

If you are paying by BPAY®, please be sure to use the specific biller code and unique reference number on your personalised Entitlement and Acceptance Form. If you have more than one registered holding of Shares, please only use the reference number specific to the Entitlement on the relevant Entitlement and Acceptance Form.

When you pay using BPAY® or any other acceptable electronic payment form, please note that you:

- (a) do not need to submit your Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that form, in section 2.9 and any other sections of this Offer Document;
- (b) are deemed to have taken up your Entitlements in respect of the whole number of New Shares which is covered in full by your payment.

Refer to Sections 2.6 and 2.7 for further details regarding payment.

2.3 Acceptance of part of your Entitlement

Should you wish to only take up part of your Entitlement, you should submit your acceptance either electronically by BPAY® or any other acceptable electronic payment

form in consultation with the Company Secretary, so it is received by no later than 5:00 pm (AEDT) on the Closing Date. Please read the instructions on the Entitlement and Acceptance Form carefully. Cheques, bank drafts or money orders will not be accepted. If you are unable to pay by BPAY® please contact the Company Secretary to discuss possible electronic alternatives.

If you are paying by BPAY®, please be sure to use the specific biller code and unique reference number on your personalised Entitlement and Acceptance Form. If you have more than one registered holding of Shares, please only use the reference number specific to the Entitlement on the relevant Entitlement and Acceptance Form.

When you pay using BPAY® or any other acceptable electronic payment form, please note that you:

- (a) do not need to submit your Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that form, in section 2.9 and any other sections of this Offer Document;
- (b) are deemed to have taken up your Entitlements in respect of the whole number of New Shares which is covered in full by your payment.

Refer to Sections 2.6 and 2.7 for further details regarding payment.

2.4 Applying for Shortfall Shares under the Shortfall Facility

Please refer to sections 1.6 and 1.7 regarding the Shortfall Facility.

If you wish to apply for Shortfall Shares under the Shortfall Facility, please insert the number of Shortfall Shares you wish to apply for in the relevant box on the Entitlement and Acceptance Form, up to the Shortfall Limit.

The Company will treat Applicants as applying for as many New Shares as their payment will pay for in full, subject to any scale-back the Company may implement in respect of Shortfall Shares under the Shortfall Facility. Amounts received by the Company in excess of an Applicant's pro rata entitlement (**Excess Amount**) may be treated as an application under the Shortfall Facility to apply for as many Shortfall Shares as your Excess Amount will pay for in full.

2.5 Entitlement not taken up

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you do not need to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept your Entitlement, however, your percentage holding in the Company will be diluted.

2.6 Payment by cheque / bank draft / money order

Cheques, bank drafts or money orders will **not be accepted**. If you are unable to pay by BPAY® please contact the Company Secretary to discuss possible electronic alternatives.

If you are approved to pay by an alternate electronic method to BPAY®, your payment must be received no later than 5.00 pm (AEDT) on the Closing Date.

2.7 Payment by BPAY®

If you wish to pay by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY® or any other acceptable electronic payment form, you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that Entitlement and Acceptance Form, in section 2.9 and any other sections of this Offer Document.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

As previously outlined at section 1.15, payment by BPAY® is encouraged by the Company to be the preferred form of payment of Application Monies.

2.8 Application Monies

Application Monies will be held on trust for Applicants until allotment of the New Shares. Interest earned on Application Monies will be for the benefit of the Company. No interest will be paid on any Application Monies received or refunded.

2.9 Representations by Acceptance

By paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and in the Entitlement and Acceptance Form, you:

- (a) represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offer, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate (if applicable);
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;

- (g) acknowledge that once a BPAY[®] payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form at the issue price of \$0.13 per New Share, or be issued up to the whole number of New Shares which is covered in full by your BPAY[®] payment or any other acceptable electronic payment form;
- (i) if you have applied for or are deemed to have applied for Shortfall Shares under the Shortfall Facility, agree to accept any lesser number of Shortfall Shares allocated to you in accordance with the allocation procedure described in section 1.7;
- (j) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (k) declare that you were the registered holder at 7:00pm on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 7:00pm on the Record Date;
- (l) acknowledge that this Offer Document is not a prospectus or product disclosure statement, does not contain all of the information that you may reasonably require in order to make an informed assessment of an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (m) acknowledge that neither the Company, its directors, officers, employees, agents, consultants nor its advisers, nor the Underwriter, guarantee the performance of the New Shares offered under the Offer or the performance of the Company, nor do they guarantee the repayment of capital from the Company;
- (n) acknowledge the statement of risks in Section 3 and that an investment in the Company is subject to risk;
- (o) acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form does not constitute investment advice, nor a recommendation that New Shares are suitable for you given your individual investment objectives, financial situation or particular needs;
- (p) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Entitlement and Acceptance Form, nor does it prohibit you from accepting New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (q) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (r) understand and acknowledge that neither the Entitlement nor New Shares have been, or will be, registered under the United States Securities Act of

1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

- (s) agree not to send this Offer Document, the Entitlement and Acceptance Form or any other material relating to the Offer to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States;
- (t) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States or any other country and is not acting for the account or benefit of a person in the United States or any other country, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person;
- (u) agree that if in the future you decide to sell or otherwise transfer your New Shares you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a person in the United States; and
- (v) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares on the Record Date.

3. Risk Factors

The New Shares offered under this Offer Document should be considered highly speculative.

To appreciate the risk factors associated with an investment in the Company, this Offer Document should be read in its entirety. The risk factors outlined in this Section and elsewhere in this Offer Document should be carefully considered by applicants when evaluating an investment in the Company.

Any of the risk factors set out in this Section or any other risk factors identified in this Offer Document may materially affect the financial performance of the Company and the market price of the Shares. To that extent, the Shares carry no guarantee with respect to the payment of dividends, return on capital or return of capital.

Investors should note that risks are associated with any investment in the stock market. Returns from investments in the Company will depend on the conditions of the market as well as the performance of the Company. There are a number of risk factors, both relating to the general business environment and specific to the Company, which may adversely impact on the operating performance, financial position and prospects of the Company.

Applicants should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

(a) Risk of termination of Underwriting Agreement

As outlined in section 1.8(a) and the Schedule, the partial underwriting of the Entitlement Offer is subject to a number of usual termination events (outside the control of the Company).

If the Underwriting Agreement is terminated for any reason, the Company may elect to withdraw the Entitlement Offer. If this occurs, the Company will refund Application Monies (without interest) to Applicants as soon as reasonably practicable. If the Company elects to proceed with the Entitlement Offer, the Company may accept all valid Applications and amend its use of funds to reflect the amount of capital raised under the Entitlement Offer. This means that the Company could, where the Underwriting Agreement is terminated, raise significantly less capital than as contemplated on a full subscription. In those circumstances, the Company may have to scale back its activities accordingly, and may not have sufficient capital in those circumstances to repay its debt or provide for working capital.

(b) Industry downturn

The Company's financial performance is sensitive to the level of demand within the mining industry. The level of activity in the industry can be cyclical and sensitive to a number of factors beyond the control of the Company. In addition, the Company may not be able to predict the timing, extent or duration of the activity cycles in the industry.

(c) Exploration risk

There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. By its nature the business of mineral exploration, which the Company will be undertaking, contains risks. The Company's exploration activities may not result in the discovery of any sufficient level of mineralisation which is commercially viable or recoverable.

For its part, exploration is a speculative endeavour and can be hindered by the unpredictable nature of mineral deposits, particularly with respect to predicated extrapolations to depth from known mineralisation, poor drilling techniques, incorrect grade estimates, unforeseen and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events. Resource estimates themselves are necessarily imprecise and depend on interpretations that can prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its exploration licences, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a decrease in the value of the tenements, a reduction in the cash reserves of the Company and possible loss of tenements.

(d) Operating risks

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(e) Environment risks

The Company's operations are subject to laws and regulations regarding environmental matters, including the discharge of any hazardous wastes or materials. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company or any of its subsidiaries for damages, clean-up costs, or penalties in the event of certain discharges into the environment, or non-compliance with environmental laws or regulations. The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and accepted industrial practices.

(f) Occupational health and safety risk

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

(g) Changes in commodity price

The Company's possible future revenues will likely be derived mainly from the sale of resources or commodities and products derived from tenements. Consequently, the Company's potential future earnings could be closely related to the price of these commodities. Mineral prices fluctuate and are affected by numerous industry factors including demand for forward selling producers, production cost levels in major producing regions and macroeconomic factors, e.g. inflation, interest rates and currency exchange rates. If the market price of derivatives sold by the Company were to fall below the costs of production and remain at such a level for any sustained period, the Company would experience losses and could have to limit or suspend some or all of its proposed mining activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

(h) Unforeseen expenditure risk

There is a risk that there may be an unforeseen increase in costs for the items outlined in the use of funds as set out in this Offer Document. Any increase in the actual costs may impact the Company's ability to fully undertake the work that it proposes to undertake as set out in this Offer Document.

(i) Payment obligations

Under the licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. In particular, mineral licence holders are required to expend the funds necessary to meet the minimum expenditure commitments attaching to the licences. Failure to meet these commitments will render the licence liable to be cancelled.

(j) Competition

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(k) Future capital requirements

While the Directors believe that the Company will have sufficient funds to fund its activities in the short term, the Company is operating in a dynamic and complex industry. There can be no assurance that the Company will not seek to exploit business opportunities of a kind which will require it to raise additional funding from equity or debt sources. There can be no assurance that the Company will be able to raise such funding on favourable terms or at all.

Any additional equity raising may dilute the interest of Shareholders and any debt financing may involve financial covenants which limit the Company's operations. If the Company is unable to obtain such additional funding, the Company may be required to reduce the scope of any expansion, which could adversely affect its financial performance.

(l) Reliance on key personnel and employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

To manage its operations and future growth, the Company needs to retain its existing key personnel and may need to attract and retain additional highly qualified management, corporate and operational personnel. The loss of key personnel, or the failure to recruit high calibre additional personnel, could have a materially adverse effect on the Company.

(m) Liquidity and realisation

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be a relatively limited number of buyers, or a relatively large number of sellers, on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price paid for their Shares.

(n) Litigation

Neither the Company nor any of its subsidiaries are presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.

3.2 General Risks

(a) Securities investments

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the securities of the Company regardless of its operational performance.

(b) Share market conditions

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) mineral price fluctuations;
- (E) changes in investor sentiment toward particular market sectors;
- (F) the demand for, and supply of, capital;
- (G) terrorism or other hostilities;
- (H) global pandemics; and
- (I) other factors beyond the control of the Company.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) Economic

The financial performance and value of the Company may be influenced by various economic factors such as commodity prices, inflation, interest rates, domestic and international economic growth, taxation policies, legislative change, political stability, stock market conditions in Australia and elsewhere, changes in investor sentiment towards particular market sectors, exchange rate fluctuations, global pandemics and acts of terrorism.

(d) Policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

3.3 Investment Highly Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their stockbroker, accountant, solicitor or other professional advisor before deciding whether to apply for New Shares pursuant to this Offer Document.

4. Taxation Implications

4.1 General

The Section below provides a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty implications of the Entitlement Offer for certain Eligible Shareholders.

The comments in this Section deal only with the Australian taxation implications of the Entitlement Offer if you:

- (a) are a resident for Australian income tax purposes; and
- (b) hold your Shares on capital account.

The comments do not apply to you if you:

- (a) are not a resident for Australian income tax purposes;
- (b) hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading);
- (c) are subject to the 'TOFA provisions' in Division 230 of the *Income Tax Assessment Act 1997* in relation to the Shares; or
- (d) acquired the Shares in respect of which the Entitlement Offer is issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme.

The taxation implications of the Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

The Company and its officers, employees, taxation or other advisers do not accept any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

This taxation summary is necessarily general in nature. It is not, nor should it be relied upon as, tax advice or financial product advice. It is strongly recommended that each Eligible Shareholder seeks their own independent professional tax advice applicable to their particular circumstances.

4.2 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

4.3 Exercise of Entitlements

Eligible Shareholders who exercise their Entitlements will acquire New Shares. No assessable income or capital gain should arise for you on the exercise (i.e. taking up) of your Entitlements.

The New Shares will constitute an asset for CGT purposes.

The total CGT cost base of the New Shares should include the Issue Price for the New Shares plus certain non-deductible incidental costs incurred in acquiring the New Shares.

The New Shares will be taken to be acquired on the day that the Entitlement in respect of the New Share is exercised.

4.4 Distributions on New Shares

Future distributions made in respect of New Shares will be subject to the same income taxation treatment as distributions made on existing Shares held in the same circumstances.

4.5 Disposal of New Shares

On disposal of a New Share (referred to in this Section as a Share), you will make a capital gain if the capital proceeds on disposal exceed the total CGT cost base of the Share. You will make a capital loss if the capital proceeds are less than the total CGT cost base of the Share.

The disposal of a Share will constitute a disposal for CGT purposes.

Individuals, complying superannuation entities or trustees that have held Shares for at least 12 months (not including the dates of acquisition and disposal of the Shares) should be entitled to discount the amount of any capital gain resulting from the disposal of the Shares (after the application of any current year or carry forward capital losses).

The CGT discount applicable is currently one-half for individuals and trustees and one-third for complying superannuation entities. The CGT discount is not available for companies that are not acting as trustee for another entity. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries because of the CGT discount.

If a capital loss arises on disposal of the Shares, the capital loss can only be used to offset capital gains, i.e. the capital loss cannot be used to offset ordinary income. If the capital loss cannot be used in a particular income year, it can be carried forward to future income years and provided certain tests are satisfied, can offset future capital gains.

4.6 Entitlements not taken up

Any Entitlement not taken up under the Entitlement Offer will lapse and the Eligible Shareholder will not receive any consideration for those Entitlements. In these circumstances, there should not be any tax implications for the Eligible Shareholder.

4.7 Tax file number and Australian business number withholding

If a Shareholder has provided their Australian business number (**ABN**), tax file number (**TFN**) or claimed an exemption from quoting their TFN in respect of an existing Share, this will also apply in respect of any New Shares acquired by that Shareholder.

If a Shareholder has not provided their ABN, TFN or claimed an exemption, income tax may be required to be deducted and withheld by the Company from any distributions at the highest marginal tax rate plus the Medicare levy.

4.8 Other Australian taxes

No Australian GST or stamp duty will be payable by Eligible Shareholders in respect of the issue or exercise of the Entitlements or the acquisition of New Shares.

5. Defined Terms

In this Offer Document, unless the context requires otherwise:

\$ means Australian dollars.

Abbotsleigh has the meaning given in Section 1.9.

AEDT means Australian Eastern Daylight Time.

Applicant refers to a person who submits an Entitlement and Acceptance Form, or makes payment of the Application Monies using BPAY® or any other acceptable electronic payment form.

Application refers to the submission of an Entitlement and Acceptance Form by an Applicant to the Company, or the making of payment of the Application Monies using BPAY® or any other acceptable electronic payment form to the Company.

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context permits, the market operated by it.

Board means the board of Directors.

CHESS means ASX Clearing House Electronic Subregistry System.

Cleansing Notice means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means the closing date of the Entitlement Offer as set out in the Indicative Timetable.

Company means Alliance Resources Limited ACN 063 293 336.

Constitution means the constitution of the Company as at the date of this Offer Document.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of the Company as at the date of this Offer Document.

Entitlement means the entitlement to subscribe for 1 New Share for every 8 Shares held by an Eligible Shareholder on the Record Date.

Entitlement Offer has the meaning given in Section 1.1.

Eligible Shareholder means a person registered as the holder of Shares at 7:00pm (AEDT) on the Record Date whose registered address is in Australia or New Zealand.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Offer Document.

Gandel Metals has the meaning given in Section 1.9.

Indicative Timetable means the indicative timetable set out at Section 1.2.

Ineligible Shareholder means a Shareholder other than an Eligible Shareholder.

Issue Price means \$0.13.

Listing Rules means the official listing rules of ASX.

New Share means a new Share offered pursuant to this Offer Document.

Nominee has the meaning given in Section 1.19.

Offer Document means this offer document dated 2 February 2022.

Option means an option to acquire a Share.

Opening Date means the opening date of the Entitlement Offer as set out in the Indicative Timetable.

Record Date means 7.00pm (AEDT) on the date set out in the Indicative Timetable.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a registered holder of Shares.

Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277.

Shortfall Facility means the facility under which Eligible Shareholders that have taken up their full Entitlement under the Entitlement Offer can apply to take up additional New Shares in excess (up to 50%) of their pro rata entitlement which have not been taken up by other Shareholders pursuant to their Entitlements.

Shortfall Limit means the limit per Eligible Shareholder on applications for Shortfall Shares under the Shortfall Facility of up to 50% of an Eligible Shareholder's Entitlement.

Shortfall Offer means the offer of New Shares not taken up under the Entitlement Offer (including the Shortfall Facility).

Shortfall Shares means the additional New Shares issued to Eligible Shareholders under the Shortfall Facility.

Underwriter means Phoenix Portfolios Pty Ltd ABN 80 117 850 254 as managing entity of each of Cromwell Phoenix Opportunities Fund and Fiducian Australian Smaller Company Shares Fund.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 28 January 2022.

US Securities Act has the meaning given in Section 2.9(r).

Schedule 1- Events for Termination of Underwriting Agreement

Termination events

The Underwriter may without cost or liability to themselves and without prejudice to any rights under clauses 10 or 11 of the Underwriting Agreement or for damages arising out of any breach by the Company of its representations, warranties or obligations under the Underwriting Agreement, by notice in writing, upon or at any time prior to Completion terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: the All Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Price)**: the closing price of the Company's shares falls below the Price at any time after the date of the Underwriting Agreement for 2 consecutive trading days; or
- (c) **(No Official Quotation)**: ASX has indicated before the Shortfall Notice Deadline Date that Official Quotation will not be granted in accordance with the Timetable or will be granted with such conditions attached so as to represent a Material Adverse Effect, or having been granted, is subsequently withdrawn, withheld or qualified; or
- (d) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (e) **(Offer Document)**: the Company does not lodge the Offer Document on the Lodgement Date or the Offer Document or the Offer is withdrawn by the Company; or
- (f) **(Defect)**: there is a Defect or circumstances arise that gives rise to a Defect;
- (g) **(Failure to remedy Defect)**: where the Underwriter becomes entitled but elects not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause 13.1(f), the Company fails to remedy the Defect in accordance with clause 4.1(h)(iii), either at all, in a form and of a substance approved by the Underwriter or within such time as the Underwriter may reasonably require;
- (h) **(Non compliance with disclosure requirements)**: it transpires that the Offer Document does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the effect of the Offer on the Company; and
 - (ii) the rights and liabilities attaching to the Rights Shares; or
- (i) **(Misleading Offer Document)**: it transpires that there is a statement in the Offer Document that is misleading or deceptive or likely to mislead or deceive, or that

there is an omission from the Offer Document or if any statement in the Offer Document becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Offer Document is or becomes misleading or deceptive or likely to mislead or deceive; or

- (j) **(Withdrawal of consent to Offer Document)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Offer Document or to be named in the Offer Document, withdraws that consent; or
- (k) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer Document, and the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (l) **(ASIC or other prosecution)**: ASIC gives notice of an intention to hold a hearing, examination or investigation, or it make enquiries to determine if it should make a stop order in relation to the Offer Document or ASIC makes an interim or final stop order in relation to the Offer Document; or
- (m) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and the Takeovers Panel elects to hear the application; or
- (n) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) **(Indictable offence)**: a director or a senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Termination Events)**: subject always to clause 13.2, any of the following events occurs:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast disclosed to ASX prior to the date of the Underwriting Agreement or in

the Offer Document becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was false, misleading or deceptive or that there was an omission from them; or
- (vi) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or the Offer Document;
- (vii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (viii) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (ix) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (x) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs;
- (xi) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$500,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims disclosed to the ASX prior to the date of the Underwriting Agreement;
- (xv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written notification of the Underwriter;
- (xvi) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;

- (xvii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days and this delay has not been agreed between the Company and the Underwriter;
- (xviii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 5 Business Days occurs;
- (xix) **(Certain resolutions passed)**: a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) **(Capital Structure)** any Relevant Company alters its capital structure in any manner not contemplated by the Offer;
- (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (xxii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets;
- (xxiii) **(Shares to be fully paid)**: all Shares issued pursuant to the Offer and in accordance with the terms of the Underwriting Agreement do not, from the date of allotment, rank equally in all respects with other fully paid ordinary shares in the Company or if they are not issued free of all encumbrances; or
- (xxiv) **(Suspension)**: the Company is removed from the Official List or, after the date of the Underwriting Agreement, the Shares become suspended from Official Quotation and that suspension is not lifted within 2 trading days following such suspension.

The Underwriter may not exercise its rights under clause (p) unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event has or is likely to have, or two or more Termination Events together have or are likely to:

- (a) have a Material Adverse Effect; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

The Company may without cost or liability to itself and without prejudice to any rights for damages arising out of any breach by the Underwriter of its representations, warranties or obligations under the Underwriting Agreement, by notice in writing given upon or at any time prior to Completion terminate its obligations under the Underwriting Agreement if any of the following events occurs:

- (a) **(Default)**: default by the Underwriter under the Underwriting Agreement that is not remedied within 5 Business Days after written notice by the Company; or

- (b) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Underwriter in the Underwriting Agreement is or becomes untrue or incorrect.

Definitions

"Event of Insolvency" means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable Act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

"Force Majeure" means any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the parties, but excludes global pandemics.

"Material Adverse Effect" means

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Rights Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Rights Shares); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole; or

- (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those which exist at the date of the Underwriting Agreement; or
- (d) a material adverse effect on the tax position of the Company and its Subsidiaries either individually or taken as a whole.

"Prescribed Occurrence" means:

- (a) a Relevant Company converting all or any of its Shares into a larger or smaller number of Shares;
- (b) a Relevant Company resolving to reduce its share capital in any way;
- (c) a Relevant Company:
 - (i) entering into a buy back agreement or;
 - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (d) Relevant Company making an issue of, or granting an option to subscribe for, any of its Shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of this Agreement;
- (e) a Relevant Company issuing, or agreeing to issue, convertible notes;
- (f) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a Relevant Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) a Relevant Company resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to a Relevant Company;
- (j) the making of an order by a court for the winding up of a Relevant Company;
- (k) an administrator of a Relevant Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) a Relevant Company executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.