



Authorised for release by the Board

2 February 2022

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

Dear Mr Lewis

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

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

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

Background

On 2 February 2022 the Company announced a non-renounceable pro rata entitlement offer to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**) of one fully paid ordinary share (**New Share**) for every eight shares held on the record date of 7 February 2022 (**Record Date**), at an issue price of \$0.13 per New Share, to raise up to approximately \$3.38 million (before costs) (**Entitlement Offer**).

Cleansing notice in respect of the Entitlement Offer

The Company advises that:

- (a) the Company will offer the New Shares under the Entitlement Offer without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act as it applies to the Company;
- (d) as at the date of this notice, there is no excluded information as defined in sections 708AA(8) and 708AA(9) of the Act, which is required to be set out under section 708AA(7) of the Act; and



- (e) the potential effect that the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors including investor demand.

If all 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.

If the Company's major shareholders, Abbotsleigh Proprietary Limited 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**), take up their full entitlements under the Entitlement Offer and no other shareholders take up their entitlement and the partial underwriter terminates the Underwriting Agreement, there will be a significant change to the voting power in the Company. Abbotsleigh and Gandel Metals are controlled by Ian Gandel, a non-executive director of the Company.

Apart from existing shareholders which already have a relevant interest of more than 20% (such as Mr Gandel and his associated entities, Gandel Metals and Abbotsleigh), it is not currently anticipated that any other shareholder or potential investor (including the partial underwriter) will increase their relevant interest above 20% as a result of participating in the Entitlement Offer.

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	208,017,134
Shares issued under the Entitlement Offer (approximate)	26,002,142
Total Shares on completion of the Entitlement Offer (approximate)	234,019,276



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 partial underwriter terminates the Underwriting Agreement

Shortfall facility

The Entitlement Offer includes 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 of their pro rata entitlement (up to a cap of 50% of their entitlement). Applications under the shortfall facility will only be considered to the extent there is a shortfall under the Entitlement Offer.



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

Yours faithfully,

A handwritten signature in blue ink, appearing to read "K. Malaxos", is positioned below the "Yours faithfully," text.

Kevin Malaxos
Managing Director
T: +61 3 9697 9090
E: info@allianceresources.com.au