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PLACEMENT AND NON-RENOUNCEABLE RIGHTS ISSUE (WITH CLEANSING NOTICE)

Alligator Energy Limited ACN 140 575 604 (**Alligator** or **the Company**) is pleased to announce that it has today entered into a strategic investment partnership with Macallum Group Ltd (**Macallum Group** or **MGL**) as part of an approximately \$1.8 million capital raising to drive the next phase of Alligator's uranium exploration strategy in the Alligator Rivers Uranium Province in the Northern Territory, Australia.

The investment partnership will allow Alligator to extend the 2013 drilling program as well as underpinning exploration in 2014 as the Company begins to pursue high priority drill targets including Orion North, Orion East, Mintaka and Caramal East in addition to the current drilling in the Caramal area.

The Investment Agreement with **MGL** involves:

- (a) a strategic 15% share placement of 23,337,750 shares to MGL at \$0.04 per share to raise a total of \$933,510 (**Placement**) (this represents a premium of 14.3% based on the VWAP for 10 days upon which trades occurred up to 17 September 2013); and
- (b) a non-renounceable partially underwritten rights issue to eligible shareholders, on the basis of 1.5 new shares for every 10 shares currently held at \$0.034 per share (which represents a discount of 15% to the Placement price and a discount of 2.9% based on the VWAP for 10 days upon which trades occurred up to 17 September 2013, to raise up to approximately \$912,506 (before costs) (**Rights Issue**).

MGL is a private group and incorporates the key corporate and technical members of the previously ASX-listed uranium company, Extract Resources Ltd (**EXT**). The EXT team were successful in discovering and delineating the world-class Husab Uranium Project in Namibia, a +500m.lbs (U3O8) resource, which is now under construction to produce 15m.lbs (U3O8) annually, ranking it in the top-tier of the world's uranium projects.

In addition to the Macallum Group's investment, Alligator will also be undertaking a restructure of its board. Alligator is pleased to announce that Mr Peter McIntyre and Mr John Main will be joining the board on completion of the entitlement offer.

Mr Main is a geologist with 43 years of global experience in mineral exploration and evaluation, including executive positions with CRA and Rio Tinto. John has lead teams that have discovered eight deposits which have been or are being mined. John is a former director of EXT.

Mr McIntyre has been involved with the development of a number of major mining projects, and at a corporate level he has established and steered various companies through their early stages into

significant businesses. Peter established and was Managing Director of EXT during the critical discovery and pre-feasibility stage of Husab.

At the forthcoming annual general meeting of the Company, Mr Main and Mr McIntyre will stand for re-election. If re-elected, Mr Main will be appointed as the chairman of the Company immediately following that meeting. In addition, one of the current directors of the Company will be required to retire and not seek re-election at that general meeting. Further details with regards to the annual general meeting will be announced shortly.

Full details of the board appointments are contained in the Offer Booklet to be dated on or about 18 September 2013

Alligator's CEO, Rob Sowerby stated, "The Board and management warmly welcome this strategic investment. It is also with great pleasure that we welcome Messrs McIntyre and Main to our board each of whom brings a wealth of experience to our Company. Both have a track record of outstanding success, especially at Extract Resources, and we consider their involvement a vote of confidence in the exploration potential of Alligator's assets. We believe this investment and the addition of Peter and John to the Board will provide Alligator with a renewed focus to achieve our objective of discovering world class high grade uranium deposits with a clear pathway to development."

Placement

MGL will accept a 15% placement of 23,337,750 shares to MGL at \$0.04 per share to raise a total of \$933,510. The issue price represents a premium of 14.3% on the Volume Weighted Average (**VWA**) share price for the 10 days upon which trades occurred up to 17 September 2013 of \$0.035 per share. The Placement shares will be issued on 20 September 2013 (prior to the Record Date) and MGL will be entitled to participate in the Rights Issue on the basis of these shares. The Placement shares will rank equally in all respects with Alligator's existing shares.

Rights Issue

Assuming no existing options on issue in the Company are exercised, approximately 26,838,412 new Shares will be offered under the Rights Issue (**Entitlement Shares**). The Rights Issue will be available to all registered shareholders who hold shares at 7 pm AEST on 30 September 2013 (**Record Date**) with registered addresses in Australia and New Zealand (**Eligible Shareholders**). Shares issued pursuant to the Rights Issue will rank equally with all shares on issue.

Option holders need to exercise their options and be a registered holder of shares on the Record Date if they wish to participate in the Rights Issue.

In accordance with the ASX Listing Rules and the Corporations Act 2001 (Cth) (Corporations Act), Alligator has considered the number of shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Rights Issue to those shareholders.

Partial underwriting

The Entitlement Shares will be partially underwritten by the Macallum Group (**Underwriter**), accordingly, any Entitlement Shares not subscribed for by Eligible Shareholders under the Rights Issue will be dealt with by the Underwriter in accordance with the agreed underwriting arrangements. The Macallum Group will underwrite up to a maximum of 14,311,000 shares (\$486,574) or such lesser number of shares (and corresponding amount) so that they hold a maximum of 19.9% of total shares. This is in addition to MGL subscribing for its entitlement under the Rights Issue of 3,500,663 New Shares (\$119,022) which MGL has agreed to subscribe for.

A summary of the underwriting arrangements will be set out in the Offer Document that will be sent to shareholders on or about 4 October 2013.

The purpose of the Rights Issue is to raise up to approximately \$912,506, excluding the costs of the Rights Issue.

Use of Funds

The capital raised from the Placement and the Rights Issue will be used to fund an expansion of the current drilling program and underpin ongoing exploration activities at the Company's Tin Camp Creek Project and Mamadawerre JV Project including:

- a) undertake initial Phase 2 Drilling at Tin Camp Creek in late 2013 focusing on drill testing of the Orion North and Caramal East Prospects;
- b) underpinning further drilling in 2014 including Orion North, Orion East and Mintaka as well as undertaking preliminary drill testing at the Mamadawerre JV Project;
- c) undertake additional geophysical surveys on the Tin Camp Creek Project;
- d) provide funding for further resource assessment studies at Caramal;
- e) investigate and advance business development opportunities for the Company; and
- f) provide working capital to the Company generally and fund the costs of the Placement and Rights Issue.

For full details of the proposed use of funds raised, see the Offer Booklet to be dated on or about 18 September 2013.

Current Drilling Program

Alligator announced the commencement of its 2013 drilling program at the Caramal Prospect on 19 August 2013. Drilling was paused on 9 September 2013 while the current investment proposal was assessed and completed. The first batch of drill samples have been submitted for analysis. Assay results for this first phase of drilling are expected in mid-October 2013.

Drilling will recommence on 18 September 2013 to complete the first phase of drilling at Caramal. The proceeds of the capital raising will allow Alligator to then proceed to Phase 2 of its drilling program beginning at Orion North and Caramal East. It is also proposed to undertake a detailed airborne geophysical survey over the western portion of the Tin Camp Creek Project.

Timetable

A proposed timetable for the Rights Issue is set out in the table below:

Event	Proposed date
Announce Placement and Rights Issue to ASX and apply for official quotation of the Shares	18 September 2013
Lodge Offer document with the ASX	18 September 2013
Issue Placement shares	20 September 2013
Shares commence trading ex-rights	24 September 2013
Record date for Rights Issue	30 September 2013 7pm Brisbane time
Dispatch offer document and entitlement and acceptance form to eligible shareholders and announce that dispatch has been completed	4 October 2013
Rights issue opens	4 October 2013 9am Brisbane time
Rights issue closes	21 October 2013 5pm Brisbane time
Notify ASX of under subscriptions	23 October 2013

Event	Proposed date
Allotment of entitlement shares	28 October 2013
Dispatch of shareholder statements for shares issued under rights issue	29 October 2013
Normal trading of rights issue shares on ASX commences	
Issue of Underwritten Shares	30 October 2013

This timetable is indicative only and may be subject to change subject to the requirements of the Corporations Act and the ASX Listing Rules.

The Rights Issue is being made without a disclosure document, in accordance with section 708AA of the Corporations Act. Alligator will prepare and send an Offer Booklet to all Eligible Shareholders on 4 October 2013, as set out in the timetable above.

Cleansing Notice

Pursuant to section 708AA(7) of the Corporations Act, Alligator provides notice of the following:

- (a) Alligator will offer the Entitlement Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act.
- (b) Alligator is providing this notice under section 708AA(2)(f) of the Corporations Act.
- (c) As at the date of this notice, Alligator has complied with:
 - (1) the provisions of Chapter 2M of the Corporations Act as they apply to Alligator; and
 - (2) section 674 of the Corporations Act.
- (d) As at the date of this notice there is no information:
 - (1) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (2) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of Alligator; or
 - (B) the rights and liabilities attaching to the New Shares.

If all shareholders take up their entitlement under the Rights Issue, the Rights Issue will have no effect on the control of Alligator. However, the proportional shareholdings of shareholders who are not residents in Australia and New Zealand, may be diluted as those shareholders are not entitled to participate in the Rights Issue. Additionally, if an Eligible Shareholder does not take up their entitlement in full there may be a dilutionary effect on that shareholder's proportionate shareholding.

In the event of a shortfall, the directors of Alligator reserve the right to place the shortfall at their sole discretion, subject to the terms of the investment agreement with MGL. Acceptance of entitlements or the placement of any shortfall may also result in existing shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person and their associates from having a relevant interest in the Company of not more than 20.0%, subject to a number of exemptions.

As a result of the Placement, MGL will hold 23,337,750 Shares as at the Record Date, giving them approximately 13% interest in the Company prior to the Rights Issue. This will entitle MGL to apply for 3,500,663 New Shares under the Rights Issue and MGL has agreed to accept its full entitlements under the Rights Issue so that their interest is not diluted. Under the terms of the Partial Underwriting Agreement, MGL has then agreed to underwrite the Rights Issue to the extent of a maximum number of 14,311,000 New Shares or such lesser number of New Shares as is equivalent to the maximum number of New Shares that can be issued to the Underwriter without such issue resulting in the Underwriter having a Relevant Interest in the Company of 20% or more.

If all Eligible Shareholders take up their Entitlements and none of the Optionholders exercise their existing options and participate in the Rights Issue, the number of New Shares to be issued to MGL will be 3,500,663, bringing their total number of shares held to 26,838,412. MGL's voting power will remain the same as it was prior to the Record Date, being approximately 13%.

If MGL is the only Eligible Shareholder to take up their entitlements and none of the Optionholders exercise their Existing Options and participate in the Offer, the number of New Shares to be issued to MGL will be 15,315,701, bringing their total number of shares held to 38,653,451. MGL's voting power will increase to 19.99%.

As a consequence of the Placement, MGL is entitled to appoint two nominees to the Board of the Company (details of which are set out above and one of whom will be appointed as the Chair) and one existing director is required to retire and not seek re-election at the 2013 AGM.

Further information

The Company anticipates that approximately 26,838,412 Entitlement Shares will be issued (this number may have to be increased by a further 2,175,000 Entitlement Shares if existing option holders exercise their options and are registered shareholders by the Record Date). The Entitlement Shares will be issued for \$0.034 each.

Upon completion of the Rights Issue, and assuming it is fully subscribed and that existing options are not exercised, the issued capital of Alligator will comprise approximately 205,761,162 shares and 14,500,000 unlisted options exercisable at between \$0.15 and \$0.25 each.

The Entitlement Shares will rank equally in all respects with Alligator's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a Entitlement Share, the entitlement will be rounded up to the nearest whole number.

Trading in the Entitlement Shares is expected to commence on 29 October 2013.

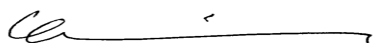
An Appendix 3B applying for quotation of the Placement Shares and Entitlement Shares will be released to the ASX separately to this letter.

Participating in the Rights Issue

The Board recommends the Rights Issue to shareholders. However, before making a decision whether to apply for Rights Issue Shares, Eligible Shareholders should read the Offer Document carefully and in its entirety when they receive it. For further information on your Entitlement, please contact your professional advisor or the Company's share registry, Security Transfer Registrars Pty Ltd.

Yours faithfully

Alligator Energy Limited



Denis Gately

Chairman