



2 September 2019

The Manager

Market Announcements Office

ASX Limited

**Takeover bid for Alliance Resources Limited (ASX: AGS)**

**Notice that first and last offers have been sent**

Pursuant to section 633(1C)(c) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as inserted by *ASIC Class Order [CO 13/521]*), Gandel Metals Pty Ltd (**Gandel Metals**) confirms that the first bidder's statement (**Bidder's Statement**) and offers in relation to its off-market takeover bid for all of the fully paid ordinary shares in Alliance Resources Limited (ASX: AGS) (**Alliance**) was sent on 2 September 2019.

Pursuant to item 8 of subsection 633(1) of the *Corporations Act* and section 633(1C)(d) of the *Corporations Act* (as inserted by *ASIC Class Order [CO 13/521]*), Gandel Metals confirms that the Bidder's Statement and all offers in relation to its off-market takeover bid for all of the fully paid ordinary shares in Alliance have been sent on 2 September 2019 as required by item 6 of subsection 633(1) of the *Corporations Act*.

Further, pursuant to section 633(1C) of the *Corporations Act*, Gandel Metals includes with this notice a copy of the Bidder's Statement and offer document as sent to holders.

Yours sincerely

**Ian Gandel**

Director, Gandel Metals Pty Ltd

Encl

Suite 3, 51-55 City Rd  
Southbank VIC 3006  
Tel: 61 3 9697 9000  
Fax: 61 3 9697 9001  
[www.gandelmetals.com.au](http://www.gandelmetals.com.au)  
ABN 69 493 120 953



2 September 2019

The Company Secretary  
Alliance Resources Limited

**Takeover bid for Alliance Resources Limited (ASX: AGS)**

**Notice that first and last offers have been sent**

Pursuant to section 633(1C)(c) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as inserted by *ASIC Class Order [CO 13/521]*), Gandel Metals Pty Ltd (**Gandel Metals**) confirms that the first bidder's statement (**Bidder's Statement**) and offers in relation to its off-market takeover bid for all of the fully paid ordinary shares in Alliance Resources Limited (ASX: AGS) (**Alliance**) was sent on 2 September 2019.

Pursuant to item 7 of subsection 633(1) of the *Corporations Act* and section 633(1C)(d) of the *Corporations Act* (as inserted by *ASIC Class Order [CO 13/521]*), Gandel Metals notifies Alliance that the Bidder's Statement and all offers in relation to its off-market takeover bid for all of the fully paid ordinary shares in Alliance have been sent on 2 September 2019 as required by item 6 of subsection 633(1) of the *Corporations Act*.

Further, pursuant to section 633(1C) of the *Corporations Act*, Gandel Metals includes with this notice a copy of the Bidder's Statement and offer document as sent to holders.

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This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your financial or other professional advisor.

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## **Bidder's Statement**

# **Accept the Offer**

to acquire all the ordinary shares in

**Alliance Resources Limited (Alliance)**  
(ACN 063 293 336)

BY

**Gandel Metals Pty Ltd (Gandel Metals)**  
(ACN 102 347 955)

**OFFER PRICE OF**

**\$0.14 PER ALLIANCE SHARE**

If you have any queries about the Offer, you may call Bob Tolliday (CFO) on (03) 9697 9000 between 9:00am and 5:00pm (AEST) Monday to Friday.

# Important Information

## Key Dates

Event	Date
Date of Bidder's Statement	Monday 19 August 2019
Offer opens (date of Offer)	Monday 2 September 2019
Close of Offer*	7pm (AEST) on 2 October 2019

\* This date is indicative only and may be changed as permitted by the Corporations Act.

### Bidder's Statement and Offer

This is a Bidder's Statement dated 19 August 2019 given by Gandel Metals to Alliance and each holder of Alliance Shares under Part 6.5 of Chapter 6 of the Corporations Act. This Bidder's Statement was approved by Ian Gandel, the sole director of Gandel Metals. It includes an Offer for Alliance Shares dated 2 September 2019. The Offer extends to Alliance Shares on issue on the Register Date and any Alliance Shares issued during the Offer Period.

### ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and ASX on 19 August 2019. None of ASX, ASIC nor any of their officers takes any responsibility for the contents of this Bidder's Statement.

### Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each Alliance Shareholder or any other person. Alliance Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

### Disclaimer

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe Gandel Metals' future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. Alliance Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which Gandel Metals and Alliance operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to Gandel Metals, or persons acting on behalf of Gandel Metals, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly required

by the Corporations Act, Gandel Metals makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Gandel Metals' officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

### Offers outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

### Important notice to US shareholders

The Offer is made for the shares of an Australian registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are materially different from those in the US. You should be aware that, subject to the Corporations Act, Gandel Metals may purchase Alliance Shares otherwise than under the Offer, such as in open market or privately negotiated purchases after the end of the Offer Period.

### Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 10. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 10, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

### Sources of Information

Information included in this Bidder's Statement relating to Alliance and its business has been derived solely from publicly available sources published by Alliance, including Alliance's Annual Reports and Alliance's announcements to ASX and on its website.

Subject to the foregoing and to the maximum extent permitted by law, Gandel Metals and its Director disclaims all liability for any information concerning Alliance included in this Bidder's Statement. Alliance Shareholders should form their own views concerning Alliance from publicly available information.

Directory

**Bidder**

Gandel Metals Pty Ltd  
Suite 3, 51-55 City Road  
Southbank, VIC, 3006

**Legal Advisor**

Gadens Lawyers  
Level 25, 600 Bourke Street  
Melbourne VIC 3000

**Gandel Metals' Director**

Ian Jeffrey Gandel

**Company Secretary**

Ian Jeffrey Gandel

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# Chairman's letter

19 August 2019

Dear Alliance Shareholders

I am pleased to introduce the Offer by Gandel Metals to acquire your Alliance Shares for 14 cents cash per Alliance Share.

The Offer enables you to sell your Alliance Shares without the need to pay brokerage fees. As the Offer is conditional only with respect to the non-occurrence of a "Prescribed Occurrence", Gandel Metals may also purchase Alliance Shares on-market at or below the Offer price. This provides Alliance Shareholders with the ability to sell some or all of their Alliance Shares on-market and receive a cash payment on a T+2 basis.

## Reasons to accept the Offer

Gandel Metals is offering all cash consideration to acquire your Alliance Shares. The value and certainty of Gandel Metals' all-cash Offer should be compared with the risks and uncertainties of remaining an Alliance Shareholder.

- The Offer values Alliance at approximately \$21.43 million (based on market capitalisation under the Offer Price). This is a 75% premium to Alliance's net assets (approximately \$12,237,000) and 1.75 times Alliance's net tangible assets (\$12,237,000) at 31 December 2018;
- Alliance relies on further and likely repeated equity fundraising to maintain its existing operations and to progress its exploration and mining activities. This means:
  - there may be a liquidity risk to Alliance if Abbotsleigh Proprietary Limited (**Abbotsleigh**) (an Associate of Gandel Metals), as the largest shareholder in Alliance, fails to participate in further equity raisings; or
  - alternatively, if Abbotsleigh participates in further equity raising, existing Alliance Shareholders may be further diluted if they choose not to participate in any equity raising;
- There is no competing offer to acquire your Alliance Shares as at the date of this Bidder's Statement; and
- The Alliance Share price may fall after the Offer.

## Why Gandel Metals is making the Offer

As disclosed by Alliance on 18 April 2019, it has commenced further drilling at Weednanna to:

- (a) infill the inferred mineral resources in order to increase the classification to indicated mineral resources; and
- (b) to define the limits of and extend the existing gold shoots, and explore for new gold shoots within the deposit,

with the aim to develop knowledge of the deposit to a level which will support a higher level study (pre-feasibility or feasibility study) and to increase the mineral resources and to commence project approval process. Alliance considers the work program is expected to take 12 months to complete. **(Alliance Strategy)**

Gandel Metals is of the opinion that the Alliance Strategy is not the most capital efficient strategy to develop the Wilcherry Project. Further drilling and exploration activities will deplete Alliance's financial resources and Alliance likely will need to undertake more capital raises. In light of Alliance's historic share price and the low participation by existing shareholders in Alliance's recent entitlement offer, Gandel Metals considers that Alliance will be able to develop the Wilcherry Project more efficiently as an unlisted entity.

Further, in the opinion of Gandel Metals, additional drilling will not only continue to deplete Alliance's financial resources, but there is also no certainty of advancing the possibility of feasibility studies and future production. If Gandel Metals is successful in its bid for Alliance, and to the maximum extent it is able to (which will depend on the level of acceptances under the Offer), it will endeavour to focus Alliance's business operations on activities that will expedite development of known resources (albeit at a smaller scale) rather than using Alliance's capital on undertaking further exploration activities.

Please see Section 4 for more information on Gandel Metals' intentions in relation to Alliance.

## How to accept the Offer

If you choose to accept the Offer you can either direct your Broker to accept on behalf of your CHES holding, or complete and sign the enclosed Acceptance Form and return it in the reply paid envelope so that it is received before the closing date.

The Offer is scheduled to close at 7pm (AEST) on 2 October 2019 (but it may be extended). Alternatively, you can sell your Alliance Shares on-market and receive a cash payment on a T+2 basis.

If you require additional assistance, please call Bob Tolliday (CFO Gandel Metals) on (03) 9697 9000 between 9:00am and 5:00pm (AEST) Monday to Friday.

Yours faithfully

Ian Gandel  
Chairman and sole Director  
Gandel Metals Pty Ltd

## Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

<b>The Bidder</b>	Gandel Metals is the company making the Offer.
<b>The Offer</b>	Gandel Metals is offering to acquire all of your Alliance Shares.
<b>Offer Consideration</b>	You are being offered 14 cents cash for every 1 Alliance Share you own.
<b>Closing date</b>	The Offer is scheduled to close at 7pm (AEST) on 2 October 2019 (but it may be extended).
<b>Conditional only on no "prescribed occurrences"</b>	The Offer is only subject to the condition that no "prescribed occurrences" occur <sup>1</sup> ). Gandel Metals may choose to waive the Condition in accordance with the Offer.
<b>Settlement terms</b>	<p>If you accept the Offer, you will be paid the Offer Consideration on the later of:</p> <ul style="list-style-type: none"><li>(a) one month after the date you validly accept the Offer; or</li><li>(b) one month after the date the Offer becomes or is declared unconditional,</li></ul> <p>and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.</p>
<b>How to accept the Offer</b>	<p><b>CHESS Holdings</b></p> <p>If your Alliance Shares are in a CHESS Holding, to accept the Offer you must either:</p> <ul style="list-style-type: none"><li>(a) instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or</li><li>(b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.</li></ul>

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<sup>1</sup> These include Alliance splitting or consolidating its shares, Alliance or a subsidiary buying-back or reducing its capital, Alliance or a subsidiary issuing securities, Alliance or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of insolvency events in respect of Alliance or a subsidiary. See further the Section 9 of this Bidder's Statement for further details.

### **Issuer Sponsored Holdings**

If your Alliance Shares are in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

Signed Acceptance Forms must be received before the end of the Offer Period by:

Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne Victoria 3001  
Australia

A business reply-paid envelope is enclosed.

If you wish to sell your Alliance Shares on-market, please contact your Broker.

#### **No stamp duty**

You will not pay any stamp duty on accepting the Offer.

#### **What to do next**

You should read this Bidder's Statement in its entirety before making a decision as to whether or not to accept the Offer for your Alliance Shares or whether or not to sell your Alliance Shares on-market.

If you wish to accept the Offer, please see section 9 of this Bidder's Statement.

If you wish to sell your Alliance Shares on-market, please contact your Broker.

#### **Further information**

For questions about your Alliance Shares, the Offer, or how to accept the Offer please refer to the remainder of this Bidder's Statement.

## Why you should accept the Offer

### 1. The Offer Price is an attractive cash price

The all cash consideration of 14 cents per Alliance Share is being offered to all Alliance Shareholders. The Offer Price is at a significant premium over the historic market price of Alliance Shares. More specifically, the Offer of \$0.14 per Alliance Share represents a premium of approximately:

- 27.27% to the closing price of Alliance Shares quoted on the ASX on 15 August 2019 of \$0.110 per Alliance Share, being two trading days before the date of this Bidder Statement;
- 45.83% to the volume weighted average price (**VWAP**) of Alliance Shares on ASX for the 1 month up to and including 15 August 2019 of \$0.0960 per Alliance Share;
- 48.78% to the VWAP of Alliance Shares on ASX for the 3 months up to and including 15 August 2019 of \$0.0941 per Alliance Share; and
- 50.21% to the VWAP of Alliance Shares on ASX for the 6 months up to and including 15 August 2019 of \$0.0932 per Alliance Share.

The Offer values Alliance at \$21.43 million (on the basis of market capitalisation under the Offer Price). This is a 75% premium to Alliance's net assets (approximately \$12,237,000) and 1.75 times Alliance's net tangible assets (\$12,237,000) at 31 December 2018.

As such, the Offer presents a unique opportunity for you to realise a cash return for your Alliance Shares that will result in you receiving an attractive premium for those shares.

### 2. There are risks associated with continuing to hold Alliance shares

Retaining your Alliance Shareholding carries significant risk as outlined below.

#### (a) Alliance Shares are very thinly traded

Alliance Shares are very thinly traded. As at 7 August 2019, approximately 67.2% of Alliance Shares were held by the top 20% Alliance Shareholders. There are approximately 2027 Alliance Shareholders in total. The average daily volume of Alliance Shares traded in the previous:

- month (to the date of the Bidder Statement) was 139,383 which represents approximately 0.091% of all Alliance Shares on issue;
- 3 months (to the date of the Bidder Statement) was 104,867 which represents approximately 0.068% of all Alliance Shares on issue; and
- 6 months (to the date of the Bidder Statement) was 109,888, which represents approximately 0.072% of all Alliance Shares on issue.

This low liquidity reduces the flexibility of Alliance Shareholders to exit their investment.

Depending on the level of acceptances that Gandel Metals receives under the Offer, the market for Alliance Shares may become even less liquid following the Offer. The Offer

represents an opportunity for all Alliance Shareholders to sell their Alliance Shares for cash.

**(b) Alliance share price may fall after the close of the offer**

While there are many factors influencing the market price of Alliance Shares, there is a risk that the Alliance Share price will fall after the close of the Offer.

**(c) There is no competing Offer**

As at the date of this Bidder's Statement, the Offer is the only available offer for all Alliance Shares.

**(d) There are risks associated with being a minority shareholder**

Depending on the level of acceptances Gandel Metals receives under the Offer, the market for Alliance Shares may become even less liquid than at present. This could make it more difficult for you to sell your Alliance Shares at an attractive price in the future.

If the number of Alliance Shareholders is less than that required by the ASX Listing Rules then ASX may suspend and/or de-list Alliance. If this occurs, any remaining Alliance Shareholders will not be able to sell their Alliance Shares on-market. Consequently, there may be a reduced likelihood of a subsequent takeover bid for Alliance from parties other than Gandel Metals.

After the Offer closes, if Gandel Metals' Voting Power in Alliance is less than 90%, Alliance Shares may trade below the Offer Price.

If Gandel Metals becomes entitled to do so, it intends to exercise its entitlement under the Corporations Act to compulsorily acquire the remaining Alliance Shares that Gandel Metals or its Associates do not own. If your Alliance Shares are compulsorily acquired you will be paid later than Alliance Shareholders who accept the Offer.

## 1. Key questions

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This Section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

### 1.1 What is the Bidder's Statement?

The Bidder's Statement sets out the terms of Gandel Metals' Offer and information relating to the Offer and the consideration you will receive.

### 1.2 What is the Offer?

Gandel Metals is offering to acquire your Alliance Shares by way of an off-market takeover offer. The cash Offer is conditional only on there being no "prescribed occurrences"<sup>2</sup>.

The Offer extends to Alliance Shares on issue at the Register Date and any Alliance Shares issued during the Offer Period.

The Offer consideration is 14 cents for every Alliance Share you hold.

### 1.3 What are the tax consequences if I accept the Offer?

Please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of the likely Australian tax consequences is set out in Section 6.

### 1.4 How do I accept the Offer?

#### (a) CHESSE Holdings

If your Alliance Shares are in a CHESSE Holding, to accept the Offer you must either:

- (i) instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or
- (ii) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

#### (b) Issuer Sponsored Holdings

If your Alliance Shares are in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

#### (c) Participants

If you are a Participant (as defined in the ASX Settlement Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does

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<sup>2</sup> These include Alliance splitting or consolidating its shares, Alliance or a subsidiary buying-back or reducing its capital, Alliance or a subsidiary issuing securities, Alliance or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of insolvency events in respect of Alliance or a subsidiary. See further the Section 9 of this Bidder's Statement for further details.

not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Rules.

#### **1.5 Can I sell my Alliance Shares on-market to Gandel Metals?**

Yes, if Gandel Metals offers to acquire Alliance Shares on market. Gandel Metals may acquire Alliance Shares on-market during the bid period for prices at or below the Offer Price, which it is permitted to do pursuant to the Corporations Act. Under the Corporations Act, the bid period starts when a copy of this Bidder's Statement is given to Alliance. It is the intention of Gandel Metals to provide Alliance with a copy of this Bidder's Statement on or around the date of this Bidder's Statement, and in any event in accordance with the Corporations Act.

Alliance Shareholders who sell their Alliance Shares on the ASX will receive payment from their Broker. Settlement of trades on the ASX is on a T+2 basis (being two business days after the date of the transaction).

Alliance Shareholders who sell Alliance Shares on the ASX cannot subsequently accept the Offer in respect of their Alliance Shares sold on the ASX. In addition, Alliance Shareholders who sell Alliance Shares on the ASX may incur brokerage charges which they may not incur if they accept the Offer.

#### **1.6 Can I accept the Offer for part of my holding?**

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your Alliance Shares plus any additional Alliance Shares registered as held by you at the date your acceptance is processed.

#### **1.7 Are there any conditions to the Offer?**

The Offer is only conditional on there being no 'prescribed occurrences'. 'Prescribed occurrences' are certain events which, if they occur, will give Gandel Metals the right not to proceed with the Offer. Some of these events include Alliance splitting or consolidating its shares, Alliance or a subsidiary buying-back or reducing its capital, Alliance or a subsidiary issuing securities, Alliance or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of insolvency events in respect of Alliance or a subsidiary. This condition is set out in full in Section 9.7 of this Bidder's Statement.

#### **1.8 What happens if I accept the Offer?**

Once you accept the Offer in respect of all of your Alliance Shares, you will not be able to sell those Alliance Shares or otherwise deal with the Rights attaching to those Alliance Shares subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

#### **1.9 What happens if I do not accept the Offer?**

Subject to what is stated below, you will remain the holder of your Alliance Shares if you do not accept the Offer.

If Gandel Metals and its Associates obtain a relevant interest in at least 90% of the Alliance Shares (by number) on issue at any time during the Offer Period and the Condition is satisfied or waived, Gandel Metals presently intends to proceed to compulsorily acquire your Alliance Shares if you have not accepted the Offer (see Section 4). At the conclusion of the compulsory acquisition process, you will receive 14 cents for every 1 fully paid Alliance Share which is compulsorily acquired. You will receive consideration for your Alliance Shares sooner if you accept the Offer.

If Gandel Metals and its Associates obtain an interest in less than 90% of Alliance Shares, Gandel Metals will not be able to proceed to compulsorily acquire your Alliance Shares.

Gandel Metals' intentions if it and any of its Associates have an interest in less than 90% of Alliance Shares are described in Section 4.

**1.10 Can I withdraw my acceptance?**

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you accept the Offer, Gandel Metals varies the Offer in a way that postpones for more than one month the time when Gandel Metals has to pay you under the Offer.

**1.11 When does the Offer close?**

The Offer is currently scheduled to close 7:00pm (Melbourne time) on 2 October 2019, unless extended or withdrawn.

**1.12 Can Gandel Metals extend the Offer Period?**

Yes, the Offer can be extended by Gandel Metals or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

**1.13 If I accept the Offer, when will I receive the cash consideration?**

If you accept this Offer, Gandel Metals will, in the usual course, pay to you the cash consideration to which you are entitled on or before the earlier of:

- (a) the day one month after the date on which you accept this Offer or, if this Offer is subject to the Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Full details of when you will be paid cash consideration are set out in Section 9.6.

**1.14 Will I need to pay brokerage or stamp duty if I accept the Offer?**

You will not pay any stamp duty on accepting the Offer. If your Alliance Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Gandel Metals, you will not incur any brokerage connected with you accepting the Offer. If your Alliance Shares are in a CHESS Holding or you hold your Alliance Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

## **2. About Gandel Metals**

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### **2.1 Corporate**

Gandel Metals acts as a private trustee company for a number of trusts associated with Ian Gandel and members of his family, and which holds securities in various public and private companies for investment purposes. The Alliance Shares acquired under the Offer will be held by Gandel Metals as trustee for a discretionary trust being the Gandel Mining Trust.

Gandel Metals is a subsidiary of Abbotsleigh Proprietary Limited (**Abbotsleigh**). Abbotsleigh itself acts as the trustee of a number of trusts associated with Ian Gandel and members of his family, including as trustee for the Abbotsleigh Superannuation Fund and

the I Gandel Share Investment Trust and holds 49,436,157 Alliance Shares in its capacity as trustee. The directors of Abbotsleigh are Ian Gandel and Linda Gandel.

Ian Gandel is the sole director of Gandel Metals. Ian is a mining entrepreneur with extensive experience in retail and retail property management including Gandel Shopping Centres, Priceline Retail Chain and the Corporate Executive Offices serviced office chain. Ian has been an investor in the mining industry since 1994, is a substantial shareholder of a number of publically listed Australian companies and is also involved in privately-funded exploration in Victoria and Western Australia.

## **2.2 Director of Gandel Metals**

Ian Jeffrey Gandel is the sole Director of Gandel Metals. Ian is also a director of Alliance.

## **2.3 Gandel Metals is a current substantial holder of Alliance**

At the date of this Bidder's Statement, Gandel Metals does not have a relevant interest in Alliance Shares. However, as it is the subsidiary of Abbotsleigh, Gandel Metals has a Voting Power in Alliance of approximately 32.3%.

## **2.4 Interests in Gandel Metals securities**

As at the date of this Bidder's Statement, all securities in Gandel Metals are held by Pitcher Partner's Nominees Pty Ltd as nominee for Abbotsleigh.

# **3. About Alliance**

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## **3.1 Disclaimer**

The following description of Alliance and the financial information concerning Alliance contained in this Section has been prepared by Gandel Metals using publicly available information. To the extent permitted by law, Gandel Metals does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The information on Alliance should not be considered comprehensive. Further information regarding Alliance may be included in the Target's Statement which, under the Corporations Act, must be provided to Alliance Shareholders and must include certain material information concerning Alliance.

The primary sources of information in this Section about Alliance used by Gandel Metals are as follows:

- (a) Annual and Interim Reports to Alliance Shareholders;
- (b) announcements issued by Alliance through ASX; and
- (c) the Alliance website.

## **3.2 Overview of Alliance and its principal business activities**

Alliance is an Australian gold and base metals exploration company with 100% owned projects in South Australia and Western Australia.

Alliance's flagship project is its wholly owned Wilcherry Project located within the southern part of the Gawler Craton, approximately 45 km north of the township of Kimba, South Australia. Alliance's ownership of the Wilcherry Project is via its wholly owned subsidiary Alliance Craton Explorer Pty Ltd.

In September 2018, Alliance announced a maiden mineral resource estimate for the Weednanna Gold Deposit, part of the Wilcherry Project, of 1.097 Million tonnes grading 5.1 grams per tonne of gold for 181,000 ounces of gold (0.59 Million tonne grading 4.6 grams per tonne gold indicated and 0.51 Million tonne grading 5.7 grams per tonne gold inferred).

An independent scoping study announced on 18 April 2019 is positive and supports a new 250 kilotonne per annum gold plant at Weednanna. Total capital cost is approximately \$44 million, including an open pit pre-strip of approximately \$8 million.

There is potential to increase the size of this mineral resource with further drilling as the majority of gold shoots comprising this mineral resource are open in at least one direction.

Alliance also owns an 80 person camp located on leased land in the township of Kimba and which will be utilised during construction.

### 3.3 Directors

As at the date of this Bidder's Statement, there are 3 directors of Alliance, being:

- (a) Ian Jeffrey Gandel;
- (b) Stephen Fredrick Johnston; and
- (c) Anthony Dean Lethlean.

As announced by Alliance on 19 August 2019, Stephen Johnston has resigned from his position as Managing Director but will remain as a Non-Executive Director of Alliance. Alliance is in the process of confidential discussions with a potential candidate to take up the role as Managing Director.

### 3.4 Major Alliance Shareholders

Based on Alliance's Annual Report for 2018, substantial shareholder notices and continuous disclosure notices released to the ASX, Alliance currently has the following substantial Alliance Shareholders:

Name	Number of Alliance Shares	Percentage of issued capital
Abbotsleigh Proprietary Limited*	49,436,157	32.3%
Sandon Capital Pty Ltd	16,367,751	10.7%
Phoenix Portfolios Pty Ltd	11,564,125	7.56%

\*Gandel Metals is a subsidiary of, and thus an Associate, of Abbotsleigh. Therefore Gandel Metals' Voting Power in Alliance at the time of this Bidder Statement is the same as that of Abbotsleigh.

### 3.5 Overview of Alliance's historical financial performance

A summary of the historical consolidated financial performance of Alliance and its controlled entities for the financial years ended 30 June 2017 and 30 June 2018, and half year ended 31 December 2018 is set out below<sup>1</sup>:

\$	30 June 2017	30 June 2018	31 December 2018
Revenue from continuing activities	375,258	150,000	41,000
Expenses	(1,667,026)	(1,423,000)	(639,000)
Loss before income tax expense from continuing operations	(1,291,768)	(1,273,000)	(598,000)
Loss after income tax for the FY/HY attributable to the owners of Alliance	(1,149,576)	(1,273,000)	(598,000)

**Notes:**

- The above information has been drawn from the audited financial statements for Alliance and associated disclosure included in Alliance's Annual Reports for the years ended 30 June 2017 and 2018 and Alliance's Interim Report for the half-year ended 31 December 2018 (inclusive).

**3.6 Alliance statement of financial position**

The consolidated statement of financial position of Alliance as at 30 June 2017, 30 June 2018 and 31 December 2018 is set out below,<sup>1</sup>

\$	30 June 2017	30 June 2018	31 December 2018
Total current assets	9,752,293	5,605,000	3,201,000
Total non-current assets	5,680,362	8,248,000	9,490,000
Total assets	15,432,655	13,853,000	12,691,000
Total current liabilities	467,874	352,000	372,000
Total non-current liabilities	74,278	80,000	82,000
Total liabilities	542,152	432,000	454,000
Net assets	14,890,503	13,421,000	12,237,000
Net Assets attributable to the owners of Alliance	13,988,566	12,517,000	11,332,000

**Notes:**

- The information above has been drawn from the audited financial statements for Alliance and its controlled entities and associated disclosure included in Alliance's Annual Reports for the financial years ended 30 June 2017 and 30 June 2018 and Alliance's Interim Report for the half-year ended 31 December 2018 (inclusive).

**3.7 Cash levels as disclosed in Appendix 5B**

Alliance reports its cash commitments to ASX on a quarterly basis. These reports, known as Appendix 5B reports, require Alliance to disclose its cash levels and known cash

commitments at the end of each quarter. The table below summarises the end of quarter closing cash balances for the past four reported quarters.

\$	30 June 2019	31 March 2019	31 Dec 2018	30 Sep 2018
Cash at end of quarter	3,686,000	571,000	3,011,000	3,897,000

### 3.8 ASX announcements

Alliance is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require Alliance to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify ASX of any information concerning Alliance of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in Alliance, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged with ASIC in relation to Alliance may be obtained from or inspected at an office of ASIC. Copies of documents lodged with ASX in relation to Alliance may be obtained from, or inspected at, an office of ASX.

Since the 2018 Annual Report and Appendix 4G lodged on 27 September 2018, Alliance has issued the following announcements to ASX:

Date	Announcement
4 October 2018	Significant Graphite Discovery – Yeltana Prospect
11 October 2018	Aircore Drilling Commences – Gold Targets Wilcherry
16 October 2018	Alliance Increases Interest in Wilcherry Project to 79.01%
16 October 2018	Change of Director's Interest Notice
17 October 2018	Brisbane RR – 17 October 2018 – MD's Company Presentation
22 October 2018	Notice of Annual General Meeting/Proxy Form
29 October 2018	1 <sup>st</sup> Quarter Activity and Cashflow Report
20 November 2018	MD's Company Presentation AGM 2018
20 November 2018	Chairman's Address to Shareholders AGM 2018
20 November 2018	Results of AGM 2018
29 November 2018	Weednanna Drilling Extends Shoot 5 High Grade Gold
7 December 2018	SAEMC – 7 December 2018 – Exploration Manager's Presentation

Date	Announcement
25 January 2019	Gold Target Identified Weednanna North Prospect
29 January 2019	Aircore Drilling Results – Weednanna East Prospect
31 January 2019	Alliance to Acquire 100% of Wilcherry Project
31 January 2019	TYX: Divestment of Non Core assets Generates \$1.5M Cash
31 January 2019	2 <sup>nd</sup> Quarter Activity and Cashflow Report
19 February 2019	RIU Explorers Perth 19 Feb 2019 – MD's Company Presentation
4 March 2019	High Grade Gold Results Continue to Grow Weednanna
7 March 2019	Nine New Gold Targets Indicated in 3DIP Survey at Weednanna
13 March 2019	Wilcherry Project now 100% Alliance
14 March 2019	Trading Halt
15 March 2019	Half Yearly Report and Accounts
18 March 2019	Announcement of Entitlement Offer
18 March 2019	Cleansing Notice – Entitlement Offer
18 March 2019	Appendix 3B – Announcement of Entitlement Offer
18 March 2019	Offer Document
18 March 2019	Investor Presentation – Entitlement Offer March 2019
18 March 2019	Letter to Optionholders – Entitlement Offer
19 March 2019	Letter to Eligible Shareholders – Dispatched 19 March 2019
19 March 2019	Letter to Ineligible Shareholders – Dispatched 19 March 2019
26 March 2019	Dispatch of Offer Document
27 March 2019	AEMIC Brisbane March 2019 – MD's Company Presentation
2 April 2019	Gold Mineralisation Continues to Grow Weednanna
4 April 2019	Extension of Entitlement Offer Period to 16 April 2019
11 April 2019	Extension of Offer Period-Closing Date 26 April 2019

Date	Announcement
18 April 2019	Weednanna Gold Project Scoping Study
18 April 2019	Entitlement Offer Closes 26 April 2019
30 April 2019	3 <sup>rd</sup> Quarter Activity and Cashflow Report
1 May 2019	Completion of Entitlement Offer and Shortfall Notice
3 May 2019	Change in substantial holding from SNC
3 May 2019	Appendix 3B
6 May 2019	Change of Director's Interest Notice
6 May 2019	Change in substantial holding
7 May 2019	Amended change in substantial holding
7 May 2019	Change in substantial holding
7 May 2019	RIU Sydney – 7 May 2019 – MD's Company Presentation
5 June 2019	Change of Director's Interest Notice
12 June 2019	Weednanna Deposit Diamond Drill Hole Results
13 June 2019	Appendix 3B
13 June 2019	Cleansing Notice
20 June 2019	Appendix 3B
20 June 2019	Cleansing Notice
20 June 2019	Change of Director's Interest Notice
20 June 2019	Change in substantial holding
27 June 2019	Appendix 3B
27 June 2019	Cleansing Notice
8 July 2019	High Grade Gold at Shoots 7 & 8 – Weednanna Deposit

Date	Announcement
16 July 2019	Proactive Investor Melbourne – MD's Company Presentation
26 July 2019	4th Quarter Activity and Cashflow Report
29 July 2019	RC Drilling Commences – Weednanna Gold Deposit
19 August 2019	Board Recognises Outgoing Executive

### 3.9 Alliance options

On the basis of documents lodged by Alliance with ASX, as at the date of this Bidder Statement, there are currently 6,400,000 unlisted options on issue, with varying exercise dates and vesting conditions, of which 4,000,000 were granted to Alliance's managing director and 2,400,000 was granted to executives, staff and contractors.

## 4. Gandel Metals' intentions

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### 4.1 General

This Section 4 sets out Gandel Metals' intentions in relation to:

- (a) the continuation of Alliance's business;
- (b) any significant changes to be made to Alliance's business, including any redeployment of Alliance's fixed assets; and
- (c) the future employment of Alliance's employees.

Gandel Metals' intentions are based on the information known and the circumstances that exist at the date of this Bidder's Statement.

Gandel Metals has reviewed information in the public domain concerning Alliance, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of Alliance's operations, Gandel Metals' intentions in relation to Alliance are summarised below. Statements set out in this Section are statements of current intentions only which may change as new information becomes available or circumstances change.

### 4.2 Strategic review

As disclosed by Alliance, it has commenced further drilling at Weednanna to:

- (a) infill the inferred mineral resources in order to increase the classification to indicated mineral resources; and
- (b) to define the limits of and extend the existing gold shoots, and explore for new gold shoots within the deposit,

with the aim to develop knowledge of the deposit to a level which will support a higher level study (pre-feasibility or feasibility study) and to increase the mineral resources and to commence project approval process. Alliance considers the work program is expected to take 12 months to complete. **(Alliance Strategy)**

Gandel Metals is of the opinion that the Alliance Strategy is not the most capital efficient strategy to develop the Wilcherry Project. Further drilling and exploration activities will deplete Alliance's financial resources and Alliance likely will need to undertake more capital raises. In light of Alliance's historic share price and the low participation by existing shareholders in Alliance's recent entitlement offer, Gandel Metals considers that Alliance will be able to develop the Wilcherry Project more efficiently as an unlisted entity.

Further, in Gandel Metals' opinion additional drilling will not only continue to deplete Alliance's financial resources, but there is also no certainty of advancing the possibility of feasibility studies and future production. If Gandel Metals is successful in its bid for Alliance, and to the maximum extent it is able to (which will depend on the level of acceptances under the Offer), it will endeavour to focus Alliance's business operations on activities that will expedite development of known resources (albeit at a smaller scale) rather than using Alliance's capital on undertaking further exploration activities.

As Gandel Metals does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon completion of the Offer, and in the event that Gandel Metals and its Associates control more than 50% of Alliance's Shares, Gandel Metals proposes to conduct a review of the strategy, operations, activities, assets and employees of Alliance in light of the information which then becomes available to it (**Review**).

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

#### **4.3 Gandel Metals' intentions upon controlling 90% or more of Alliance Shares**

This Section sets out Gandel Metals' intentions if it (together with its Associates) controls 90% or more of Alliance Shares and becomes entitled to proceed to compulsory acquisition of Alliance Shares under the Corporations Act.

- (a) Gandel Metals currently intends to proceed to compulsory acquisition of the remaining Alliance Shares if it becomes entitled to do so under the Corporations Act.
- (b) Gandel Metals will seek to remove Alliance from the Official List of ASX.
- (c) Gandel Metals intends to replace all non-executive Alliance directors (other than Ian Gandel) with nominees of Gandel Metals. However, Gandel Metals intends to retain all existing Alliance directors as consultants.
- (d) Gandel Metals intends to undertake the Review.
- (e) Subject to the outcome of the Review, Gandel Metals will implement the accelerated mining program referred to in Section 4.2 but otherwise expects to continue to operate the Alliance business in substantially the same manner as it is presently operated by Alliance.

#### **4.4 Gandel Metals' intentions upon controlling more than 50% but less than 90% of Alliance Shares**

If Gandel Metals, by virtue of acceptance of the Offer or pre-Offer acquisitions, acquires a Relevant Interest or voting power in Alliance of more than 50% but less than 90%, its current intentions are as set out below.

- (a) Alliance will be controlled by Gandel Metals and its Associates.

- (b) Gandel Metals intends to undertake the Review, and subject to the outcome of the Review, Gandel Metals will implement the accelerated mining program referred to in Section 4.2 but otherwise expects to continue to operate the Alliance business in substantially the same manner as it is presently operated by Alliance (subject to the activities in this section).
- (c) Subject to the Corporations Act and the Review, Gandel Metals proposes to seek the appointment of a majority of Gandel Metals nominees to the board although it has not made any decision as to who would be nominated for appointment. Gandel Metals may also seek to add to, replace or reorganise the roles of a proportion of the members of the Alliance board of directors to reflect the proportionate ownership interest of Gandel Metals (and its Associates) and other Alliance Shareholders.
- (d) Gandel Metals may seek to remove Alliance from the Official List of ASX. In the event that Gandel Metals does not acquire the required level of acceptances under the bid to delist Alliance without shareholder approval, Gandel Metals may in the future find itself in a situation where it has accumulated Voting Power above 75% in Alliance due to transactions allowed under section 611 of the Corporations Act (such as via acquisitions under entitlement offers). At that time Gandel Metals may be in a position to pass a special resolution to approve the delisting of the Target.
- (e) Gandel Metals may, at some later time, acquire further Alliance Shares in a manner consistent with the Corporations Act.
- (f) If Gandel Metals becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.
- (g) Gandel Metals intends to undertake the activities referred to in Section 4.6 to the extent permitted by its control of Alliance.

#### **4.5 Gandel Metals' intentions upon controlling 50% or less of Alliance Shares**

If Gandel Metals does not achieve a Relevant Interest in, or Voting Power of, more than 50% of Alliance, to the extent possible through its non-controlling holding of Alliance Shares, Gandel Metals will endeavour to give effect to the intentions set out in Section 4.4. However, Gandel Metals considers that its ability to effect the intentions set out in Section 4.4 will be significantly limited if Gandel Metals is unable to achieve a Relevant Interest or Voting Power in Alliance of more than 50%. As at the date of the Bidder Statement, Gandel Metals has a Voting Power of approximately 32.3%.

Gandel Metals may consider acquiring additional Alliance Shares under the 'creep' provisions of Item 9 in section 611 of the Corporations Act (which provides that Gandel Metals and its Associates may acquire up to 3% of Alliance Shares every six months) until it achieves a majority Voting Power. Gandel Metals has not yet decided whether it will acquire further Alliance Shares as this will depend upon the extent to which Gandel Metals has the capacity to acquire further Alliance Shares and market conditions at that time.

Gandel Metals may also not wish to participate in further capital raisings if it does not agree with the existing Alliance Strategy, however Gandel Metals reserves its right to make such decisions at the relevant time. If Gandel Metals does not participate in further capital raisings, and Alliance is unable to secure adequate underwriting for such capital raisings, Gandel Metals considers that Alliance may incur significant difficulties in maintaining its operations and further development of its mining programs.

#### **4.6 Intentions generally**

Except for the changes and intentions set out in this Section 4, Gandel Metals intends, based on the information presently known to it:

- (a) to continue the Alliance business; and
- (b) not to make any major changes to the business of Alliance; and
- (c) not to make any changes to the employment terms of Alliance's employees.

#### **4.7 Limitations on intentions**

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and 'related party' transactions;
- (b) the legal obligation of the Alliance directors at the time, including any nominees of Gandel Metals, to act in good faith and in the best interests of Alliance and for proper purposes and to have regard to the interest of all Alliance Shareholders (in which regard the role of independent directors of Alliance will also be important); and
- (c) the outcome of the Review.

## **5. Sources of Offer consideration**

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### **5.1 Consideration under the Offer**

The total amount that Gandel Metals would be required to pay for Alliance Shares if Gandel Metals acquires all of the Alliance Shares on issue on the date of this Bidder's Statement in which it and its Associates do not have a Relevant Interest at the Offer Price is approximately \$14.5 million.

The total cash consideration payable by Gandel Metals as described in this Section 5 excludes any costs payable by Gandel Metals in relation to the Offer.

### **5.2 Gandel Metals funding**

The Offer is not subject to a financing condition.

Gandel Metals estimates that the total transaction costs associated with the Offer (other than the Offer Price payable for all Alliance Shares) are not expected to exceed \$200,000.

Gandel Metals intends to fund the cash consideration under the Offer using available cash reserves.

As at the date of this Bidder Statement, Gandel Metals has approximately \$14.75 million of cash earmarked in a special purpose bank account established with ANZ for the purpose of providing cash consideration under the bid. Gandel Metals' cash reserves are sufficient for Gandel Metals to fund the total cash consideration under the Offer.

## **6. Tax considerations**

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### **6.1 General**

The following is a summary of the principal Australian tax consequences generally applicable to Alliance Shareholders who dispose of their Alliance Shares under the Offer for cash consideration.

The comments set out below are relevant only to those Alliance Shareholders who hold their Alliance Shares as capital assets for the purpose of investment and who do not (or would not) hold those Alliance Shares on revenue account or in connection with the conduct of a business.

These consequences will depend on the individual circumstances of Alliance Shareholders. You should make your own inquiries and seek independent professional advice on your circumstances.

The outline below does not apply to Alliance Shareholders who hold their Alliance Shares as a revenue asset, or who are banks, insurance companies, tax exempt entities, superannuation funds, or persons who acquired their Alliance Shares in the course of their employment with Alliance. Such Alliance Shareholders must obtain their own separate tax advice on the tax consequences of accepting the Offer.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Alliance Shareholder. Alliance Shareholders should seek independent professional advice regarding the taxation consequences of disposing of Alliance Shares in the light of their own particular circumstances.

### **6.2 Australian resident Alliance Shareholders**

If you accept the Offer, your disposal of your Alliance Shares will be a capital gains tax (**CGT**) event for CGT purposes.

In general, you should realise a capital gain on your Alliance Shares if the proceeds you receive (i.e. the cash consideration received from Gandel Metals) exceeds your cost base for your Alliance Shares. The cost base of your Alliance Shares is generally your cost of acquisition or deemed cost of acquisition. Your cost base may include amounts associated with acquisition and disposal, such as brokerage or stamp duty. For some shareholders the cost base may have been reduced by previous capital returns made on 28 October 2015 and/or 30 November 2016.

In general, you should realise a capital loss on your Alliance Shares if the proceeds you receive (i.e. the cash consideration received from Gandel Metals) is less than your reduced cost base of your Alliance Shares.

You are encouraged to speak to your tax advisor to confirm the cost base of your Alliance Shares.

You must include any net capital gain you derive in your income tax return. Your net capital gain is calculated by taking your gross capital gain, subtracting your capital losses in that year or carried forward from previous years, and applying any other concessions or discounts.

An Alliance Shareholder who is an individual, complying superannuation fund or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their Alliance Shares at least 12 months before the time they accept the Offer. Broadly, the discount is 50% for individuals and trusts, and 33.3% for complying

superannuation funds. The CGT Discount is not available to companies, nor does it apply to Alliance Shares owned (or deemed to be owned) for less than the relevant 12 month period.

### **6.3 Non-resident Alliance Shareholders**

Alliance Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences under the laws of their country of residence, Australian law, and any applicable tax treaty. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'.

Your Alliance Shares will only constitute as taxable Australian property if Alliance passes the principal asset test, and you have a non-portfolio interest in Alliance.

Broadly, the principal asset test is passed if the total market value of Alliance's Australian real property is more than the market value of its other assets. This requires a detailed calculation.

You will have a non-portfolio interest in Alliance if your total Alliance Shares (and any Alliance Shares held by your associates) represents at least 10% of the total shares, voting rights, or distributions rights in Alliance.

If you, together with your associates, hold 10% or more of the total shares or voting rights in Alliance, and you are not an Australian resident for tax purposes, you should seek advice from your taxation adviser.

You should also seek advice on the tax consequences of accepting the Offer in your country of residence.

### **6.4 Stamp duty and GST**

Any stamp duty payable pursuant to the Offer will be the liability of Gandel Metals and will be paid by Gandel Metals. Alliance Shareholders may be charged GST on costs (such as advisor fees) that relate to their acceptance of the Offer. Alliance Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

## **7. Information on Alliance Shares**

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### **7.1 Alliance capital structure**

As at the date of this Bidder's Statement, there are 153,038,332 Alliance Shares on issue.

### **7.2 Alliance Share trading**

In the four months prior to the Bidder's Statement, Abbotsleigh (an Associate of Gandel Metals) acquired 16,478,719 Alliance Shares at \$0.095 per share on 3 May 2019 under the Entitlement Offer announced to ASX on 18 March 2019.

In the six months prior to the Announcement Date, the highest closing price and lowest closing price of Alliance Shares traded on ASX were as follows:

- (a) High: 11.0 cents
- (b) Low: 8.5 cents

### **7.3 Gandel Metals and its Associates' interests in Alliance**

As at the date of this Bidder's Statement, Gandel Metals does not have a relevant interest in Alliance Shares. However its Associate, Abbotsleigh has a Relevant Interest in a total of 49,436,157 Alliance Shares (see Section 3.4 for details).

As at the date of this Bidder's Statement, Gandel Metals and its Associates have a Voting Power of 32.3% in Alliance.

## **8. Other material information**

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### **8.1 No collateral benefits**

Neither Gandel Metals nor any of its Associates has, during the period of four months ending on the day immediately before the date of this Bidder's Statement, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of Alliance Shares,

which benefit was not offered to all Alliance Shareholders under the Offer.

### **8.2 No escalation agreements**

Neither Gandel Metals nor any Associate of Gandel Metals has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### **8.3 No dealings in Alliance Shares**

Other than as described in Section 7.2 above, in the four months prior to the date of this Bidder's Statement, neither Gandel Metals nor any of its Associates has dealt in any Alliance Shares, except for an off-market in-specie transfer of 323,150 Alliance Shares at \$0.095 per share between two trusts to which Abbotsleigh (an Associate of Gandel Metals) is trustee, being a transfer to the Abbotsleigh Superannuation Fund from the I Gandel Share Investment Trust (as announced to the market on 20 June 2019 via Appendix 3Y Change of Director's Interest Notice).

### **8.4 Material contracts**

Gandel Metals is not aware of the terms of any contracts to which Alliance or any of its controlled entities are a party that contain provisions entitling the contract counterparty to terminate the contract in the event of a change of control of Alliance.

Gandel Metals has not engaged in any discussions with any party with whom Alliance or a controlled entity of Alliance has a substantive contract for the provision of goods or services to assess the impact of a change of control of Alliance on any contract.

### **8.5 Regulatory approvals**

There are no regulatory approvals that Gandel Metals needs to obtain before acquiring Alliance Shares before or under the Offer.

## **8.6 Consents**

Gadens Lawyers (**Gadens**) has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as legal advisor to the Offer in the form and context in which it is named.

Gadens:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section;
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

## **8.7 Date for determining holders of Alliance Shares**

For the purposes of section 633 of the Corporations Act, Gandel Metals is making an offer in the form of this Offer to each holder of Alliance Shares registered in the register of members of Alliance at the Register Date.

## **8.8 Potential for waiver of Prescribed Occurrences Condition**

The Offer is subject only to the prescribed occurrences condition set out in Section 9.7. Under the terms of the Offer and the Corporations Act, any or all of those Conditions may be waived by Gandel Metals.

If an event occurs which results (or would result) in the non-fulfilment of the Condition, Gandel Metals might not make a decision as to whether it will either rely on that non-fulfilment, or instead waive the Condition, until the date for giving notice as to the status of the Condition of the Offer under section 630(3) of the Corporations Act.

If Gandel Metals decides that it will waive the Condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act. If the Condition is not fulfilled, and Gandel Metals decides to rely on the non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant Alliance Shares will be returned to the holder.

## **8.9 Status and effect of the Condition**

As at the date of this Bidder's Statement, Gandel Metals is not aware of any events or circumstances which would result in the non-fulfilment of the Condition in Section 9.7.

## **8.10 ASIC modifications and exemptions**

ASIC has published various other Class Order instruments providing for modifications and exemptions that apply generally to all persons, including Gandel Metals.

## **8.11 On-market acquisitions by Gandel Metals**

Subject to the requirements of the Corporations Act, Gandel Metals may acquire Alliance Shares on market at prices at or below the Offer Price during normal trading on the ASX.

Any such purchases by Gandel Metals will be disclosed to the ASX in substantial shareholder notices which Gandel Metals is required to lodge under the Corporations Act.

Alliance Shareholders who sell their Alliance Shares on the ASX will receive payment from their Broker. Settlement of trades on the ASX is on a T+2 basis (being two business days after the date of the transaction).

Alliance Shareholders who sell Alliance Shares on the ASX cannot subsequently accept the Offer in respect of their Alliance Shares sold on the ASX. In addition, Alliance Shareholders who sell Alliance Shares on the ASX may incur brokerage charges which they may not incur if they accept the Offer.

#### **8.12 Other material information**

There is no other information material to the making of a decision by an offeree (other than information for which there is no reasonable basis) whether or not to accept an Offer (being information that is known to Gandel Metals and has not previously been disclosed to the holders of Alliance Shares) other than as disclosed in this Bidder's Statement.

#### **8.13 ASIC modifications and exemptions**

This Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out in Section 3.8.

In accordance with your right to obtain a copy of the above documents free of charge under ASIC Class Order 13/521, please contact Gandel Metals on (03) 9697 9000.

Gandel Metals has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

#### **8.14 Costs and expenses**

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty payable on transfer of your Alliance Shares will be paid by the Bidder.

### **9. Offer Terms**

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#### **9.1 Gandel Metals' Offer**

- (a) Gandel Metals offers to acquire your Alliance Shares on the terms and conditions of this Offer. You may accept this Offer in respect of your Alliance Shares.
- (b) The consideration being offered by Gandel Metals is 14 cents for every Alliance Share you own.
- (c) If you accept this Offer and Gandel Metals acquires your Alliance Shares, Gandel Metals is also entitled to any Rights in respect of your Alliance Shares.

#### **9.2 Offer Period**

Unless withdrawn, this Offer remains open for acceptance during the period commencing on the date of this Offer and ending at 7pm (AEST) on 2 October 2019, subject to any extension of that period in accordance with the Corporations Act.

#### **9.3 Who may accept**

- (a) An offer in the form of this Offer is being made to:

- (i) each holder of Alliance Shares registered, or entitled to be registered, in the register of members of Alliance on the Register Date; and
  - (ii) each other holder of Alliance Shares who becomes so registered before the end of the Offer Period.
- (b) If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of, or entitled to be registered as the holder of, some or all of your Alliance Shares (transferred shares), Gandel Metals is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
- (i) to the other person, relating to the transferred shares; and
  - (ii) to you, relating to your Alliance Shares other than the transferred shares (if any).
- (c) If at any time during the Offer Period and before this Offer is accepted, you hold your Alliance Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of section 653B of the Corporations Act:
- (i) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your Alliance Shares;
  - (ii) to accept any of those corresponding Offers, you must specify:
    - (A) by written notice accompanying your Acceptance Form; or
    - (B) if the notice relates to Alliance Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,

that your Alliance Shares consist of distinct portions and the number of the Alliance Shares to which the acceptance relates; and
  - (iii) otherwise, section 653B of the Corporations Act applies to this Offer in respect of your Alliance Shares and any acceptance of this Offer by you.

#### **9.4 How to accept this Offer**

- (a) You may only accept this Offer in respect of all of your Alliance Shares.
- (b) You may only accept this Offer during the Offer Period.
- (c) If your Alliance Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.
- (d) To accept this Offer, you should proceed as follows:
  - (i) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it (together with any documents required by the instructions on it), so that the envelope in which they are sent is received by Gandel Metals in accordance with the Acceptance Form before the end of the Offer Period; or
  - (ii) if your Alliance Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:

- (A) instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (B) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

## 9.5 Effect of acceptance

- (a) By accepting the Offer in accordance with Section 9.4, you will have:
  - (i) accepted this Offer in respect of all of your Alliance Shares;
  - (ii) agreed to transfer your Alliance Shares to Gandel Metals (subject to this Offer and the contract resulting from your acceptance of it becoming unconditional);
  - (iii) represented and warranted to Gandel Metals that your Alliance Shares will at the time of acceptance of this Offer and at the time of their transfer to Gandel Metals be fully paid up and that Gandel Metals will acquire good title to and beneficial ownership of your Alliance Shares free from all Encumbrances and other adverse third party interests of any kind;
  - (iv) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, irrevocably appointed Gandel Metals and each of its director, secretary and officers severally as your attorney to do all things which you could lawfully do in relation to your Alliance Shares or in exercise of any right derived from the holding of such Alliance Shares, including without limitation:
    - (A) attending and voting at any general meeting of Alliance;
    - (B) notifying Alliance that your address in the records of Alliance for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by Gandel Metals; and
    - (C) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of Gandel Metals as the registered holder of your Alliance Shares.

Gandel Metals must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Section 9.5;
  - (v) agreed that in exercising the powers conferred by the power of attorney under Section 9.5 the attorney may act in the interests of Gandel Metals as the intended registered holder and beneficial holder of those Alliance Shares;
  - (vi) agreed not to attend or vote in person at any general meeting of Alliance or to exercise or purport to exercise any of the powers conferred on an attorney under Section 9.5;
  - (vii) represented and warranted to Gandel Metals that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law

which applies to you, to the making of this Offer or to your acceptance of this Offer;

- (viii) agreed to indemnify Gandel Metals and Alliance fully in respect of any claim, demand, action, suit or proceeding made or brought against Alliance and any loss, expense, damage or liability whatsoever suffered or incurred by Gandel Metals or Alliance or both Gandel Metals and Alliance, in each case as a result of any representation or warranty made by you not being true; and
  - (ix) irrevocably authorised and directed Alliance to pay to Gandel Metals or to account to Gandel Metals for all dividends and other distributions and entitlements which are declared, paid or made or which arise or accrue after the date of this Offer in respect of the Alliance Shares which Gandel Metals acquires pursuant to this Offer, subject to your acceptance of this Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void, to Gandel Metals accounting to you for any such dividends, distributions and entitlements received by it.
- (b) By completing, signing and returning the Acceptance Form, you will also have:
- (i) authorised Gandel Metals and each of its director, secretary, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
    - (A) to make the Acceptance Form an effectual acceptance of this Offer; and
    - (B) to enable registration of the transfer to Gandel Metals of your Alliance Shares; and
  - (ii) authorised Gandel Metals and each of its director, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.
- (c) Gandel Metals may at any time in its absolute discretion:
- (i) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance in respect of your Alliance Shares even if a requirement for acceptance has not been complied with; and
  - (ii) where you have satisfied the requirements for acceptance in respect of only some of your Alliance Shares, treat the acceptance as a valid acceptance only in respect of those Alliance Shares.
- (d) In respect of any part of an acceptance treated by Gandel Metals as valid, Gandel Metals must provide you with the relevant Cash Consideration in accordance with Section 9.6.

## **9.6 Consideration for your Alliance Shares**

- (a) The obligation of Gandel Metals to pay to you the amount to which you are entitled as Cash Consideration under the Offer will be satisfied by Gandel Metals dispatching or procuring the dispatch to you a cheque made payable to you by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the Register (or such other address as you may notify in writing to Gandel Metals).

- (b) Subject to Section 9.6(c) of this Offer, if the contract resulting from your acceptance of this Offer becomes unconditional, Gandel Metals will provide the cash consideration to which you are entitled on acceptance of this Offer on or before the earlier of:
- (i) one month after the date this Offer is validly accepted by you or, if this Offer is subject to the Condition when accepted, within one month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.

Under no circumstances will interest be paid on the consideration for the accepted Shares under this Offer, regardless of any delay in making payment or any extension of this Offer.

- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is given with your acceptance, Gandel Metals will provide the consideration in accordance with paragraph (b);
  - (ii) if that document is given after your acceptance and before the end of the Offer Period while the Offer is subject to the Condition, Gandel Metals will provide the consideration one month after the Offer becomes unconditional;
  - (iii) if the document is given after your acceptance and before the end of the Offer Period while the Offer is not subject to the Condition, Gandel Metals will provide the consideration 21 days after the document is received; or
  - (iv) if that document is received after the end of the Offer Period, Gandel Metals will provide the consideration within 21 days after that document is received.
- (d) If Gandel Metals becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Gandel Metals all documents necessary to vest those Rights in Gandel Metals or otherwise to give Gandel Metals the benefit or value of those Rights. If you do not give those documents to Gandel Metals, or if you have received the benefit of those Rights, then Gandel Metals may reduce the total amount of cash consideration to which you are otherwise entitled under this Offer by the amount (or value, as reasonably assessed by Gandel Metals) of those Rights. For the avoidance of doubt, Gandel Metals will not be entitled to deduct the value of any franking credits attaching to any dividends or capital distributions declared or paid by Alliance.
- (e) If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:
- (i) the *Banking (Foreign Exchange) Regulations 1959* (Cth);
  - (ii) Part 4 of the *Charter of the United Nations Act 1945* (Cth);
  - (iii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth);
  - (iv) Part 9 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth);

- (v) any other regulations made under Part 4 of the Charter of the *United Nations Act 1945* (Cth); or
- (vi) any other law of Australia that would make it unlawful for Gandel Metals to provide Consideration for your Alliance Shares,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

## 9.7 Prescribed Occurrences Condition

- (a) This Offer and the contract that results from acceptance of this Offer are each subject to the satisfaction of the following condition:

**No Prescribed Occurrences:** none of the following events occur during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate condition):

- (i) the shares of Alliance or any of the Controlled Entities of Alliance are converted into a larger or smaller number of shares;
- (ii) Alliance or a subsidiary of Alliance resolves to reduce its share capital in any way;
- (iii) Alliance or a subsidiary of Alliance:
  - (A) enters into a buy-back agreement; or
  - (B) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
- (iv) Alliance or a subsidiary of Alliance makes an issue of Shares or grants an option to subscribe for any of its Securities or agrees to make such an issue or grant such an option;
- (v) Alliance or a subsidiary of Alliance issues or agrees to issue convertible notes;
- (vi) Alliance or a subsidiary of Alliance disposes or agrees to dispose of the whole or a substantial part of its business or property;
- (vii) Alliance or a subsidiary of Alliance grants or agrees to grant an Encumbrance over the whole or a substantial part of its business or property;
- (viii) Alliance or a subsidiary of Alliance resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Alliance or of a subsidiary of Alliance is appointed;
- (x) a court makes an order for the winding up of Alliance or of a subsidiary of Alliance;
- (xi) an administrator of Alliance, or of a subsidiary of Alliance, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Alliance or a subsidiary of Alliance executes a deed of company arrangement; or

- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Alliance or of a subsidiary of Alliance.

**(Condition)**

- (b) Each paragraph of Section 9.7(a):
  - (i) is and must be construed as a separate condition; and
  - (ii) subject to the Corporations Act, operates only for the benefit of Gandel Metals and any breach or non-fulfilment of such condition may be relied upon only by Gandel Metals which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that Condition.
- (c) The Condition does not prevent a contract to sell your Alliance Shares resulting from your acceptance of this Offer but:
  - (i) breach of the Condition entitles Gandel Metals to rescind that contract by notice to you; and
  - (ii) non-fulfilment of the Condition at the end of the Offer Period will have the consequences set out in this Section 9.7.
- (d) Where an event occurs that would mean at the time the event occurs the Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, each paragraph of the Condition in Section 9.7(a) affected by that event becomes two separate Conditions on identical terms except that:
  - (i) one of them relates solely to that event; and
  - (ii) the other specifically excludes that event.

Gandel Metals may declare the Offer free under Section 9.7(a) from any paragraph of the Condition without declaring it free from the other paragraphs and may do so at different times.
- (e) Subject to the Corporations Act, Gandel Metals may declare this Offer and any contract resulting from acceptance of this Offer free from the Condition by giving written notice to Alliance not later than three business days after the end of the Offer Period.
- (f) The date for giving the notice on the status of the Condition as required by section 630(1) of the Corporations Act is 25 September 2019 (subject to extension in accordance with the Corporations Act) if the Offer Period is extended.
- (g) Your acceptance or the contract resulting from your acceptance of this Offer is void if:
  - (i) at the end of the Offer Period the Condition in Section 9.7 is not fulfilled; and
  - (ii) Gandel Metals has not declared this Offer and any contract resulting from the acceptance of it free of the Condition in accordance with Section 9.7(e).

## 9.8 Withdrawal of Offers

- (a) This Offer, if not previously accepted, may be withdrawn by Gandel Metals, but only with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC).
- (b) Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from Gandel Metals given to Alliance.
- (c) Subject to any conditions imposed by ASIC on its consent, where Gandel Metals withdraws this Offer, if not previously accepted, it automatically becomes incapable of acceptance.

## 9.9 Variation

Gandel Metals may vary this Offer in accordance with the Corporations Act.

## 9.10 Stamp duty

Gandel Metals must pay all stamp duty payable on the transfer of your Alliance Shares to it if you accept this Offer.

## 9.11 Governing law

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in Victoria.

# 10. Definitions and interpretation

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## 10.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

**\$ or c** means Australian dollars or cents.

**Abbotsleigh** means Abbotsleigh Proprietary Limited (ACN 005 612 377).

**Acceptance Form** means the acceptance form for the Offer accompanying this Bidder's Statement.

**Alliance or Alliance Resources** means Alliance Resources Limited (ACN 063 293 336).

**Alliance Share** means a fully paid ordinary share in the capital of Alliance.

**Alliance Shareholder** means a registered holder of Alliance Shares.

**Announcement Date** means the same date as this Bidder's Statement.

**ASIC** means Australian Securities & Investments Commission.

**Associate** has the same meaning given to that term in section 9 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or the market it administers being Australian Securities Exchange (as the context requires).

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of the settlement facility provided by ASX Settlement.

**Bidder's Statement** means this document, being the statement made by Gandel Metals under Part 6.5 Division 2 of the Corporations Act.

**Broker** means a person who is a share broker and participant in CHESSE.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**CGT** means capital gains tax.

**CHESSE** means the Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.

**CHESSE Holding** means a holding of Alliance Shares on the CHESSE subregister of Alliance.

**Class Order** means a Legislative Instrument issued by ASIC to modify or clarify the operation of certain provisions of the Corporations Act, exempt a person from certain provisions of the Corporations Act, or make declarations about a person(s) who is subject to a particular provision of the Corporations Act.

**Condition** means each condition set out in Section 9.7.

**Controlled Entity** has the meaning given to that word in the Corporations Act.

**Controlling Participant** has the meaning given in the ASX Settlement Operating Rules.

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

**Director** means a director of Gandel Metals, which at the time of the Bidder Statement is Ian Gandel.

**Encumbrance** means:

- (a) a Security Interest;
- (b) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money);
- (c) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase or lease);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

**Entitlement Offer** means the Entitlement Offer made by Alliance announced to ASX on 18 March 2019.

**Foreign Law** means a law, however arising, or requirement of a regulatory body of a jurisdiction other than Australia.

**Gandel Metals** means Gandel Metals Pty Ltd (ACN 102 347 955).

**Governmental Agency** means any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.

**GST** means goods and services tax.

**Insolvency Event** means with respect to Alliance or a subsidiary, an event referred to in section 652C(2) of the Corporations Act.

**Issuer Sponsored Holdings** means a holding of Alliance Shares on Alliance's sponsored subregister.

**Listing Rules** means the listing rules of ASX.

**Offer** means the offer as set out in this Bidder's Statement (or, if the context so requires, Section 9 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.

**Offer Period** means the period for which the Offer remains open as set out in Section 9.

**Offer Price** means 14 cents per Alliance Share.

**Official List** means the office list of entities that ASX has admitted and not removed.

**Official Quotation** means official quotation of a security on a market operated by ASX.

**PPSA** means *Personal Property Securities Act 2009* (Cth).

**PPS Law** means the:

- (a) PPSA and any regulation made at any time under the PPSA, including the PPS Regulations (each as amended from time to time); and
- (b) any amendment made at any time to any other legislation as a consequence of a law or regulation referred to in paragraph (a).

**PPS Regulations** means *Personal Property Securities Regulations 2010* (Cth).

**Prescribed Occurrences** means the events referred to in Section 652C(1) and (2) of the Corporations Act.

**Register Date** means 9:00 am Melbourne time on 23 August 2019, being the date set by Gandel Metals under section 633(2) of the Corporations Act.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Review** has the meaning given to that term under section 4.2.

**Rights** means all accretions, rights or benefits of whatever kind attaching to or arising from Alliance Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by Alliance or any of its Subsidiaries.

**Security** has the meaning as given in section 92 of the Corporations Act.

**Security Interest** means any:

- (a) **security interest** as defined in the PPS Law;
- (b) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements);
- (c) a thing or preferential interest or arrangement of any kind giving a person priority or preference over claims of other persons or creditors with respect to any property or asset,

and includes any agreement to create any of them or allow them to exist.

**Subsidiary** has the meaning given in the Corporations Act.

**Trading Day** has the meaning given in the ASX Listing Rules.

**Voting Power** has the same meaning given to that term in section 610 of the Corporations Act.

## 10.2 Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;

- (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
- (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to \$, A\$, Australian Dollars or dollars, c or cents is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

## **11. Approval of Bidder's Statement**

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This Bidder's Statement has been approved by Ian Gandel, the sole Director of Gandel Metals.

**Dated** 19 August 2019

**Signed for and on behalf of Gandel Metals Pty Ltd**

A handwritten signature in black ink, appearing to read 'Ian Gandel', written in a cursive style.

**Ian Gandel**