

8 December 2021

ASX RELEASE

Alliance Aviation Services Limited (“Alliance”) (ASX: AQZ)

Rockhampton Aircraft Maintenance Facility Approved

- Culmination of a two-year feasibility and planning process
- \$60 million facility to be built at Rockhampton Airport
- Full export replacement of base maintenance
- Material reduction in base maintenance costs

The Board of Alliance today announces final investment approval for the construction of a three bay 10,000 square metre aircraft maintenance facility at Rockhampton Airport. This facility will support Alliance’s fleet which is currently 74 Fokker and Embraer aircraft.

This facility, which will be the largest civil aircraft hangar in regional Australia, will include 500kl water harvesting and a 100kw solar array and related on-site storage.

Construction is due to conclude in November 2022 with certification and commissioning to be finalised shortly thereafter.

Alliance has already commenced secondary school visits in Central Queensland with a view to recruiting up to 25 apprentices to commence training in the fourth quarter of 2022. Much of this training will be carried out in Rockhampton.

In addition to the apprentices, Alliance will be advertising nationally for skilled personnel to relocate to the fast-growing Rockhampton region.

Alliance commenced a feasibility study on this project in late 2019, in advance of the COVID-19 pandemic. A lesson learnt by a lot of businesses in Australia since that time is that we must return to a greater reliance on domestic capability.

Currently, Alliance base maintenance is carried out in the United Kingdom, Slovakia, Singapore, and Costa Rica. Alliance has modified its base maintenance program from mid-2022 to dovetail with the commissioning of the new Rockhampton facility. This will ensure maximum efficiency and financial benefit flows through the 2023 financial year.

By onshoring 100% of the company’s base maintenance, there will be an estimated \$5-\$7 million annual reduction of base maintenance expenditure inclusive of a saving in fuel of 1.5 million litres per annum.

A significant additional advantage will be the greater availability of aircraft in service which is estimated to provide for an additional one aircraft annually with resulting improvement in revenue and profit as a result.

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Total project expenditure is expected to be \$60million and is being sourced via a combination of a grant from the Commonwealth Government to the Rockhampton Regional Council for the civil works, a grant provided by the Queensland State Government's Jobs and Regional Growth Fund and a loan facility provided by the Northern Australia Infrastructure Facility (NAIF).

Alliance will not be required to raise equity or expand existing banking arrangements to fund this project.

Rockhampton Regional Council has provided significant encouragement and financial incentives for the establishment of this operation which will be a major employer and economic contributor to Central Queensland.

It is also anticipated that this project will be the genesis for a several associated aviation suppliers to either relocate to or commence operations from Rockhampton Airport.

Alliance's Managing Director, Scott McMillan said, "With our fleet expanding to 74 aircraft we needed to think about how to bring base maintenance back onshore in a cost-effective manner. Without the support of the Federal Government, Rockhampton Regional Council, the Queensland State Government and NAIF this project would not have been possible. It is a major achievement that we have been able to work so collaboratively with all three levels of government and we sincerely thank all those personnel that have been involved in getting us to this very significant announcement. We look forward, with enthusiasm, to bringing this project to fruition and cementing Central Queensland as a great place to do business. We encourage other aviation related businesses to seriously contemplate similar commitments"

Mr McMillan commented, "Alliance is a proud Queensland based and Australasian owned company. Rockhampton has always been part of our operations over the last 20 years and was an obvious choice for us given its geographical location, weather and incredible support from all stakeholders. We are excited about bringing these skilled jobs onshore and into regional Queensland."

- Ends -

This announcement has been authorised for release by the Board of Alliance Aviation Services Limited.

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About the Alliance Group

Alliance is Australasia's leading provider of contract, charter and allied aviation and maintenance services currently employing in excess of 900 full time staff.

The Company provides essential services to mining, energy, tourism and government sectors and holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

Alliance currently operates a fleet of 11 E190, 24 Fokker F100, 14 Fokker 70LR jet aircraft and five Fokker 50 turboprop aircraft. 19 additional E190 aircraft are scheduled to be added to the fleet in 2022.

Alliance has world leading operational performance, a key attribute sought by its customers.

The Company has operational bases in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth, Darwin and Rockhampton and a dedicated engineering base located at Brisbane Airport. Alliance is locally owned with the majority of its shareholders located in Australia or New Zealand.

For more information contact:

*Marc Devine
Chief Financial Officer and Company Secretary
Alliance Aviation Services Limited
+61 (7) 3212 1201*

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