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Alliance Aviation Services Limited (ASX code: AQZ)

Alliance Aviation Fokker Fleet Strategy

- Alliance to add 3 aircraft to its Australasian Fleet
- Acquires 16 Rolls Royce engines to support its Fokker 70 aircraft.

Fleet Expansion

Alliance Aviation Services Ltd (Alliance) has resolved to add three additional aircraft to its Australasian aircraft fleet with the first of the former Austrian Airlines aircraft being delivered to Alliance Engineering in Brisbane early this morning after a three day flight from Bratislava.

The additions will consist of one Fokker 100 and two Fokker 70 jet aircraft that will enter the operational fleet over the remainder of this calendar year.

The Fokker 100 and one Fokker 70 were originally acquired from Austrian Airlines AG as part of the transaction announced on 25 November 2015 and were funded via a placement on 2 December 2015. Following this placement, Austrian Airlines AG is a 12% shareholder in Alliance. These aircraft will now be transferred to the Australasian operations.

Whilst not originally intended for the Australasian operation, market opportunities consisting of existing and future FIFO contracts, general and tourism charter services and geographic expansion has led to this amended strategy.

The second F70 is already owned by Alliance having been acquired in October 2014 and kept in storage at the company's Adelaide facility.

Engine Acquisitions

Separately, the company has entered into a purchase agreement with KLM Cityhopper to acquire 16 Rolls Royce Tay 620-15 engines that will ultimately be used as spare engines and spare parts for the company's fleet of Fokker 70 aircraft or on-sold.

This is the largest single global inventory of these engines and will provide additional opportunities to support the company's Fokker 70 fleet, lower operating costs and open opportunities to continue to develop the sales of parts to other Fokker operators.

These engines will be delivered progressively over the next 24 months

Both the aircraft and the engines will be funded from operating cash flow and not funded by debt.

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About Alliance

Alliance Aviation is Australasia's leading provider of contract and ad hoc air charter services.

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

Alliance currently operates a fleet of 15 Fokker 100, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at world leading on time performance and despatch reliability.

The Company has an Australasian footprint with operations based in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

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