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Alliance Aviation Services Limited (ASX code: AQZ) ("Alliance")

Alliance to Increase Regional Queensland and Wet Lease Services

Alliance today announces the expansion of its Regional Queensland operations following the execution of a Heads of Agreement with Virgin Australia. From 17 July 2017 Alliance Airlines will launch services on the following routes previously operated by Virgin Australia:

- Brisbane – Bundaberg
- Brisbane – Gladstone
- Brisbane – Moranbah
- Brisbane – Port Macquarie

These routes will be sold as Virgin Australia codeshare flights with full network connectivity and Velocity Frequent Flyer benefits.

Subject to consultation with Isaac Regional Council and BHP Billiton Mitsubishi Alliance (with respect to Moranbah only), Alliance Airlines plans to operate all four services using jet aircraft, which will substantially reduce travel times. The indicative flight schedule for the four routes appears below.

Any guests who have booked travel with Virgin Australia on the above routes from 17 July 2017 onwards will be re-accommodated on the Alliance Airlines services.

Additionally, Alliance Airlines will operate flights for Virgin Australia on the following routes on a wet lease basis for 12 months:

- Brisbane – Cloncurry
- Brisbane – Mt Isa
- Brisbane – Rockhampton

Alliance Airlines will also continue to operate all Virgin Australia services on the Brisbane – Emerald route. All flights on these routes will be operated as Virgin Australia services.

The operation of the Regional Queensland and wet lease flights will require an additional three operational aircraft that have already been acquired from Austrian Airlines.

In aggregate the additional services announced above will increase the company's fleet by 11% and total flying activity by up to 45%.

The Heads of Agreement is subject to a number of commercial in confidence conditions precedent.

Alliance will announce its current full year financial results on 10th August 2017.

Indicative Alliance Airlines Schedules:**Brisbane - Gladstone Schedule**

Flight No	MO	TU	WE	TH	FR	SA	SU	SEATS	FROM	DEP	TO	ARR
VA2901	•	•	•	•	•			80	BNE	06:00	GLT	07:10
VA2905						•	•	80	BNE	08:50	GLT	10:00
VA2905	•		•	•	•			80	BNE	09:10	GLT	10:20
VA2911	•	•	•	•	•		•	80	BNE	15:00	GLT	16:10
VA2900	•	•	•	•	•			80	GLT	07:35	BNE	08:40
VA2904						•		80	GLT	10:25	BNE	11:30
VA2904							•	80	GLT	10:30	BNE	11:35
VA2904	•		•	•	•			80	GLT	10:45	BNE	11:50
VA2910	•	•	•	•	•		•	80	GLT	16:40	BNE	17:45

Brisbane - Bundaberg Schedule

Flight No	MO	TU	WE	TH	FR	SA	SU	SEATS	FROM	DEP	TO	ARR
VA2973	•	•	•	•	•	•	•	80	BNE	12:55	BDB	13:55
VA2972	•	•	•	•	•	•	•	80	BDB	14:20	BNE	15:20

Brisbane - Port Macquarie Schedule

Flight No	MO	TU	WE	TH	FR	SA	SU	SEATS	FROM	DEP	TO	ARR
VA2981	•	•	•	•	•	•		80	BNE	09:45	PQQ	10:55
VA2983							•	80	BNE	16:30	PQQ	17:40
VA2980	•	•	•	•	•	•		80	PQQ	11:20	BNE	12:25
VA2982							•	80	PQQ	18:15	BNE	19:20

Brisbane - Moranbah Schedule

Flight No	MO	TU	WE	TH	FR	SA	SU	SEATS	FROM	DEP	TO	ARR
VA2941	•		•					80	BNE	05:50	MOV	07:20
VA2943	•	•	•	•	•			80	BNE	09:45	MOV	11:15
VA2945	•	•	•	•	•		•	80	BNE	14:30	MOV	16:00
VA2940	•		•					80	MOV	08:05	BNE	09:35
VA2942	•	•	•	•	•			80	MOV	12:00	BNE	13:30
VA2944	•	•	•	•	•		•	80	MOV	16:30	BNE	18:00

ENDS

About Alliance

Alliance Aviation is Australasia's leading provider of contract, charter and allied aviation services currently employing 434 full time staff in Australia, New Zealand and Europe.

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. In addition a wide range of specialised aviation services including aircraft trading, parts sales and engine leasing are provided in Australia and internationally.

The Australian business currently operates a fleet of 16 Fokker F100, 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 operational bases in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

In November 2015, Alliance entered into a contract with Austrian Airlines AG for the purchase of 21 Fokker aircraft to allow for revenue diversification with aircraft and part sales.

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