

Tawana Resources NL
(Incorporated in Australia)
(Registration number ACN 085 166 721)
Share code on the JSE Limited: TAW
JSE ISIN: AU0000TAWDA9
Share code on the Australian Securities Exchange Limited: TAW
ASX ISIN: AU000000TAW7
("the Company" or "Tawana")

Tawana Fully Funded after Securing \$25 Million for Bald Hill Lithium Mine and Lifting of Trading Halt

PLEASE NOTE: ALL GRAPHICS HAVE BEEN REMOVED FOR SENS PURPOSES. PLEASE REFER TO TAWANA WEBSITE FOR THE COMPLETE ANNOUNCEMENT.

Highlights

- **Tawana fully funded** to start production in Q1 2018 at the Bald Hill Lithium and Tantalum Mine, and through to first product sales.
- **A\$20 million equity investment** at a premium to 10-day VWAP at favourable terms from new strategic lithium industry specialist involved in the production of lithium battery cathode materials and electric vehicles, and \$5 million loan at favourable terms from its nominee.
- **Amendments to offtake agreement** with Burwill Commodity Limited (**Burwill**), including repayment of prepayment at a rate of 15% from the value of each lithium concentrate shipment (down from 20%) reflects **long term support for Bald Hill and the Joint Venture**¹.
- **Lithium processing facility currently in construction, first lithium shipment targeted for Q1 2018.**
- **Canaccord Genuity acted as lead manager and arranger of the funding package.**

Tawana Resources NL (ASX:TAW) (Tawana) is pleased to announce it is fully funded to start production at the Bald Hill Lithium and Tantalum Mine, located in the Eastern Goldfields, Western Australia, after securing a \$25 million funding package.

The package comprises equity and debt from German company Weier Antriebe und Energietechnik GmbH (**Weier**) which is a 100% owned subsidiary of lithium industry specialist Jiangte Special Electric Motor Co. Ltd (**JSMC**), a company listed on the Shenzhen Stock Exchange.

The issue price of the placement was completed at \$0.35 cents per share which represents a 2.7% discount to the last traded price of \$0.36 and a premium of 5.4% to the volume weighted average price of Tawana shares traded on the ASX during the 10 days up to and including 17 October 2017.

Commenting on the funding package, Tawana's Managing Director, Mark Calderwood said: *"We are very pleased to complete the funding for our share of the development and construction costs of the Bald Hill Lithium Mine.*

We are exceptionally placed to benefit from the favourable long term demand dynamics for the lithium sector based on electric vehicles. The raw materials required for Li-ion and other next generation batteries have become a critical focus for the global automotive sector who wish to secure these materials from high quality, clean, reliable and low-risk supply chains.

We are delighted by the ongoing support of our offtake partner Burwill and the involvement of an established, profitable electric motor company of Weier's calibre. The backing from Burwill and Weier is a very strong endorsement of the potential at Bald Hill. We look forward to being one of the next Australian lithium producers with production commencing in the first quarter of 2018."

Equity Funding

The placement to Weier will be completed in two tranches:

- The first tranche will consist of 14,285,714 shares at an issue price of \$0.35, to be settled on 25 October 2017; and
- The second tranche will consist of 42,857,143 shares at an issue price of \$0.35, to be settled on 15 November 2017.

The placement is all within the Company's 15% placement capacity and Weier will hold approximately 11.5% of the issued capital of Tawana. Weier also has the right to appoint a nominee to the Board of Directors of Tawana.

Financing

The financing is A\$5 million³ with the following material terms:

- Interest of 11% per annum payable quarterly in arrears;
- Maturity date of 31 December 2019;
- Tawana may repay the debt at any time before maturity without penalty; and
- Security over the DMS plant only.

Use of Funds

The Company will use the funds for development and exploration at the Bald Hill Project and working capital.

Offtake Amendments

Tawana has received a \$12,500,000 prepayment from Burwill Commodity Limited (**Burwill**), a 100%-owned subsidiary of Burwill Holdings Ltd., a company listed on the main Board of The Stock Exchange of Hong Kong Limited (stock code 0024).

The terms of the prepayment are that no interest is payable in respect of the prepayment and is to be repaid from 20% of the value of each shipment of lithium concentrate until such time as Burwill has been reimbursed in full for the aggregate amount of the Advance Payments.

Tawana has re-negotiated some terms of the prepayment, with the most material item being that the repayment of the prepayment has reduced to 15% of the value of each shipment of lithium concentrate. Given the rapid payback of the Project, this enhances the cash flow in the first year of production.

About Weier Antriebe Und Energietechnik Gmbh

Weier Antriebe und Energietechnik GmbH (**Weier**) was founded in Germany in 1945. The Company was initially focused on electric motor manufacturing, and at the beginning of the 1980s, Weier supplemented its classic electromotor product range by manufacturing generators for wind power plants, therefore becoming one of the first German companies involved in the production of renewable energy equipment. Today, Weier covers primarily three segments: renewable energy, shipbuilding, and mechanical engineering. Weier is a 100% subsidiary of Jiangte Special Electric Motor Co., Ltd.

About Jiangte Special Motor Co., Ltd.

Jiangxi Jiangte Mining Development Co., Ltd (**Jiangte Mining**) is a wholly-owned subsidiary of Jiangxi Special Electric Motor Co., Ltd. (**JSMC**), a company listed on the Shenzhen Stock Exchange (stock code 002176) with a market capitalisation of 20.6 billion CYN (A\$3.9 billion). JSMC is a veteran special electric motor manufacturing company and a national high-tech enterprise, and has been actively participating in the development of the new energy - lithium battery industry in recent years. The industry chain of lithium battery includes mining and processing of lepidolite, and production of lithium battery cathode materials and electric vehicles. JSMC currently possesses a lithium carbonate production line of 5,000 tons per year, and another production line of 10,000 tons per year for production of lithium carbonate will soon be established.

In 2016, sales of vehicles of JSMC reached a sales revenue of over 1.8 billion CYN (A\$347 million). In the first half of 2017, Zhuhai Granton Automobile Co., Ltd. contracted with JSMC for the purchase of business electric vehicles

and logistics vehicles with a single contract sum of over 2.6 billion CYN (A\$501 million), and Shenzhen National Transport Capacity Transportation Services Co., Ltd had purchased business vehicles of pure electric coaster models etc. from JSMC.

Relationship between Jiangte and Burwill

Weier's parent entity Jiangte has a downstream lithium joint venture with Tawana's offtake partner Burwill.

Burwill Commodity Limited (a subsidiary of Burwill Holdings Limited) in July 2017, formed a joint venture with Jiangte Mining (a subsidiary of JSMC). The 50:50 joint venture will principally engage in the processing of lithium concentrates at Yichun, Jiangxi Province, China and sales of lithium carbonate and lithium hydroxide. The JV Company Jiangxi Bao Jiang Lithium Industrial Limited, plans to establish production lines with annual production scale of up to 10,000 tons of lithium carbonate and 5,000 tons of lithium hydroxide utilising Bald Hill spodumene concentrates.

About the Bald Hill Project

The Bald Hill Lithium and Tantalum Mine (**Bald Hill Mine** or **the Project**) is owned by Singapore Exchange-listed Alliance Mineral Assets Limited (**AMAL**), with ASX-listed Tawana Resources NL (**Tawana**) holding 50% of the lithium rights. The project is subject to a 50% earn-in to existing infrastructure and tantalum rights by Tawana through the expenditure of A\$12.5m on development costs.

A Pre-Feasibility Study (**PFS**)⁴ finalised in July 2017 confirmed the technical and financial viability of a low capital cost 1.2Mtpa lithium Dense Media Separation circuit (**DMS**) adjacent to the existing tantalum processing facility (**TPF**) at Bald Hill. Key findings from the study included initial annual production of 155,000tpa of spodumene concentrate from the DMS, and 260,000Lbs of tantalum pentoxide from the TPF. Further feasibility work is being undertaken on a lithium fines circuit (**LFC**) to treat stockpiled fines and middlings which has potential to add significantly to production and reduce costs.

The first shipment of lithium concentrate is scheduled for March 2018.

EPC Group Primero mobilised to the Bald Hill Mine in July 2017 and construction work commenced, with bulk earthworks completed and initial cement foundations being poured.

Each of Tawana and AMAL executed an offtake agreement in April 2017 for the supply of lithium concentrate from Bald Hill over a five-year term with pricing for 2018 and 2019 of US\$880/t (FOB Esperance) for 6% Li₂O. The prepayments from the aforesaid offtake agreement will be used towards the capital costs of the Project.

The Project is located 50km south east of Kambalda in the Eastern Goldfields of Western Australia. It is located approximately 75km south east of the Mt Marion Lithium project. Refer Figure 1.

The Project comprises four mining leases, one mining lease application, twelve exploration licenses, eight prospecting licenses and one general purpose lease totalling 790.1km.

A current Indicated and Inferred lithium Mineral Resource of 18.9 million tonnes at 1.18% Li₂O, and 149ppm Ta₂O₅ at a 0.5% Li₂O cut-off for the Project was calculated by CSA Global Pty Ltd.²

Forward Looking Statement

This report may contain certain forward looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon as representation or warranty, express or implied, of Tawana Resources NL and/or Alliance Mineral Assets Limited. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Tawana Resources NL and/or Alliance Mineral Assets Limited. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

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End Notes

1. Through Tawana's 100% owned subsidiary Lithco No. 2 Pty Ltd (Lithco), Tawana entered into a Farm-In Agreement on 23 February 2017 with AMAL with respect to the Bald Hill Project for the purpose of joint exploration and exploitation of lithium and other minerals. In May 2017, Tawana earned its 50% rights to all lithium minerals from the tenements comprising the Project, and Tawana and AMAL are now governed by the Lithium Rights Joint Venture Agreement which was entered into on 10 April 2017.
Tawana is required to spend \$12.5 million in capital expenditure for upgrading and converting the existing plant on the Bald Hill tenements for processing ore derived from the Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs (Capital Expenditure) by 31 December 2019.
Upon completion of the Capital Expenditure, Tawana (through Lithco) will be entitled to a 50% interest in the Project (being all minerals from the tenements and the processing plant and infrastructure at Bald Hill). The portfolio of mineral tenements, comprising mining leases, exploration licences, prospecting licences, miscellaneous licences, a general-purpose lease, and a retention lease are in good standing.
AMAL and Lithco entered into the Bald Hill Joint Venture Agreement ("Bald Hill JVA") on 18 April 2017. The Bald Hill JVA has not come into effect as at the date of this announcement, but will take effect upon completion of the Capital Expenditure.
2. All material assumptions and technical parameters underpinning the Mineral Resource estimates in the ASX announcement dated 11 October 2017 continue to apply and have not materially changed since it was last reported. The Indicated Resource is 8.0Mt @ 1.18% and the Inferred Resource is 10.9Mt @1.18%.
3. The loan is currently non-binding and subject to formal documentation. The loan agreement is referenced in the Weier subscription agreement and to be signed on or around the subscription agreement date.
4. Refer ASX announcement dated 11 July 2017. All material assumptions underpinning the Production Targets detailed in this report (including all financial information derived from those production targets) are detailed in the ASX announcement dated 11 July 2017 and Tawana confirms those assumptions continue to apply and have not materially changed.

20 October 2017

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd