

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")

## NOTICE OF MEETING

***PLEASE REFER TO TAWANA'S WEBSITE FOR THE INDEPENDENT EXPERT REPORT.***

Tawana Resources NL ("Tawana" or the "Company") announces that the Notice of Meeting of Shareholders to approve the acquisition of Lithco No.2 Pty Ltd, which has earn in rights to the Bald Hill Mine has been despatched.

Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (Refer to Resolutions 1 and 2). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of these Resolutions to the non-associated Shareholders. The Independent Expert has determined the Acquisition is fair and reasonable to the non-associated Shareholders.

For and on behalf of the Board

Michael Naylor

Director and Company Secretary

23 November 2016

Sponsor PricewaterhouseCoopers Corporate Finance (Pty) Ltd

## **NOTICE OF GENERAL MEETING**

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**TIME:** 10.00am (WST)  
**DATE:** 23 December 2016  
**PLACE:** 288 Churchill Avenue, Subiaco, Western Australia

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9489 2600.***

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10.00am (WST) on 23 December 2016 at 288 Churchill Avenue, Subiaco, Western Australia.

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (WST) on 21 December 2016.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – THE ACQUISITION OF LITHCO NO. 2 PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 2, for the purposes of ASX Listing Rules 7.1, 10.1 and 11.1.2 and for all other purposes, approval is given for the Company to issue up to 39,540,000 Shares in consideration for the acquisition of Lithco No. 2 Pty Ltd on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and a party to the transaction and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – THE ACQUISITION OF LITHCO NO. 2 PTY LTD – RELATED PARTY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 1, for the purposes of ASX Listing Rules 10.1, 10.11 and 11.1.2 and for all other purposes, approval is given for the Company to issue up to 10,460,000 Shares in consideration for the acquisition of Lithco No. 2 Pty Ltd on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a party to the transaction, Mr Mark Calderwood (or his nominee) and any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and a party to the transaction and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### Resolutions 1 and 2

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders. The Independent Expert has determined the Acquisition is **fair and reasonable** to the non-associated Shareholders. A copy of the Independent Expert's Report is available on the Company's website (<http://www.tawana.com.au/>). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

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**3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES – TRANCHE 1 OF CAPITAL RAISING**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 29,628,825 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**4. RESOLUTION 4 – ISSUE OF SHARES – TRANCHE 2 OF CAPITAL RAISING**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 30,371,175 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 – ISSUE OF SHARES IN CONSIDERATION FOR MILESTONE PAYMENTS FOR THE UIS TAILINGS PROJECT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 10,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES – PURCHASE OF LITHIUM AFRICA NO 1 PTY LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Dated: 23 November 2016**

**By order of the Board**

**Michael Naylor  
Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. BACKGROUND

#### 1.1 Summary of the Resolutions

Resolutions 1 and 2 are interconditional and relate to the acquisition of 100% of the issue share capital in Lithco No 2 Pty Ltd (**Lithco**) (**Acquisition**) including the issue of 50,000,000 Shares (**Consideration Shares**) as consideration. **Resolution 1** seeks Shareholder approval for the Acquisition and issue of Consideration Shares to parties who are not related parties of the Company (**Unrelated Vendor Shares**). **Resolution 2** seeks Shareholder approval for the Acquisition and issue of Consideration Shares to a related party (Mark Calderwood) of the Company (**Calderwood Shares**).

In conjunction with the Acquisition, the Company is undertaking a capital raising to raise \$7,200,000 by the issue of 60,000,000 Shares at an issue price of \$0.12 per Share, to be completed in two tranches (**Capital Raising**). **Resolution 3** seeks Shareholder approval for the ratification of the issue of Shares under Tranche 1 of the Capital Raising and **Resolution 4** seeks Shareholder approval for the issue of Shares under Tranche 2 of the Capital Raising.

Resolutions 5 and 6 relate to the Company's acquisition of Lithium Africa No. 1 Pty Ltd (**LA1**) as announced on 23 September 2016. **Resolution 5** seeks Shareholder approval for the issue of Deferred Consideration Shares agreed as part of the consideration for the acquisition of LA1. **Resolution 6** seeks Shareholder approval for the ratification of the prior issue of Shares issued at settlement of the acquisition of LA1 on 29 September 2016.

#### 1.2 Summary of the Acquisition

As announced on 24 October 2016, the Company entered into an option agreement in relation to the Acquisition (**Lithco Option**). The Lithco Option expires at 5:00pm (WST) on 31 December 2016 and exercise of the option is, unless waived by the Company in its sole discretion and where permitted in compliance with applicable laws, conditional upon the Company obtaining all necessary Shareholder and regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act and any other relevant law.

The consideration for the Acquisition will be satisfied by the issue of the Consideration Shares. Mark Calderwood who was the Chief Executive Officer of the Company at the time of agreeing the terms of the Acquisition (now the Managing Director) will receive 10,460,000 of the Consideration Shares. All other recipients of the Consideration Shares are not related parties of the Company.

#### ***Lithco-AMAL Agreement***

Lithco has entered into a binding term sheet with Singapore Exchange listed Alliance Mineral Assets Limited (**AMAL**) with respect to AMAL's Bald Hill Project in Western Australia (**Bald Hill Project**) for the purpose of joint exploration and exploitation of lithium and other minerals (**Binding Term Sheet**).

The commercial terms require Lithco:

- (a) to spend, by 31 December 2017 (or such later date as may be agreed between the parties), a minimum of \$7.5 million on exploration, evaluation and feasibility (including administrative and other overhead costs in relation thereto) (**Expenditure Commitment**); and
- (b) to spend, \$12.5 million in capital expenditure required for upgrading and converting the plant for processing ore derived from the Bald Hill Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs (**Capital Expenditure**).

Lithco may, at its sole discretion, withdraw from the Binding Term Sheet at any time prior to completing the Expenditure Commitment, in which case, Lithco shall have no interest in the Bald Hill Project.

Upon completion of the Expenditure Commitment, Lithco shall be entitled to 50% of all rights to lithium minerals from the tenements comprising the Bald Hill Project (**Tenements**).

After completion of the Expenditure Commitment the parties will constitute a joint venture committee with equal representation of and voting rights for each party to plan and manage activity on the Bald Hill Project.

If after completing the Expenditure Commitment, Lithco does not complete the Capital Expenditure, then both parties acting reasonably shall use their best endeavours to monetise the lithium minerals comprised in the Tenements for mutual benefit.

Upon completion of the Expenditure Commitment and Capital Expenditure, Lithco will be entitled to a 50% interest in the Bald Hill Project (being all minerals from the Tenements and the processing plant and infrastructure at the Bald Hill Project).

Upon completion of the Expenditure Commitment and Capital Expenditure and subject to entering into binding definitive farm-in and joint venture agreements, a joint venture between Lithco and AMAL will be formed and funded 50:50 by Lithco and AMAL.

#### **Formal Farm-in and Joint Venture Agreements**

As at the date of this Notice the binding definitive farm-in and joint venture agreements have not been entered. Lithco and AMAL have agreed that the definitive binding agreements shall be consistent with the terms of the Binding Term Sheet and shall contain additional terms and conditions that are customary for arrangements of this nature in the Western Australian mining industry and which terms are approved by the boards of Lithco and AMAL, including, in relation to:

- (a) Co-existence of rights and access;
- (b) Committee – functions and voting rights;
- (c) Manager of the Project – appointment, functions, powers and duties;
- (d) Work programmes, budgets and funding;
- (e) Accounts, audits and access;
- (f) Dilution and withdrawal;

- (g) Assignment; and
- (h) Dispute resolution.

Lithco and AMAL also intend to extend the area the farm-in and joint venture arrangements will relate to include the area enclosed by the external boundaries of any additional tenements acquired by either party (or their affiliates) within a 10 km radius of the Tenements unless the non-acquiring party elects not to have them included (collectively the **Tenement Area**).

### 1.3 Summary of the Bald Hill Project

The Bald Hill Project is located approximately 60km south east of Kambalda and 50km east of Widgiemooltha in the Coolgardie Mineral Field of Western Australia. The Bald Hill Project encompasses ten exploration licences, one general purpose licence, eight miscellaneous licences, five mining leases, one mining lease application, eight prospecting licences and one retention licence.

The Bald Hill Project historically has been a tantalum mining and recovery operation. Lithium minerals such as spodumene were not recovered in previous processing operations for tin and tantalum.

Due to the focus of previous companies on tin and tantalum very little information in terms of lithium mineral (spodumene) quantity and geochemical analyses for lithium are available in key areas of current focus by the Company. There is sufficient prospectivity indicated by the visual presence of spodumene either in surface outcrops, or logged in a limited number of drill holes by previous operators, and geochemical analytical values for lithium, to warrant further investigation by the Company.

For further information in relation to the Bald Hill Project, refer to the Independent Technical Assessment and Valuation Report prepared by CSA Global Pty Ltd and included as Appendix 4 to the Independent Expert's Report.

### 1.4 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition and the Capital Raising and issues of all Shares contemplated by this Notice is set out in section 10.1 of the Independent Expert's Report.

### 1.5 Pro forma capital structure

The capital structure of the Company following completion of the Acquisition and the Capital Raising and issues of all Shares contemplated by this Notice is:

#### Shares

	Number
As at the date of this Notice	293,654,327
To be issued pursuant to the Acquisition	50,000,000
To be issued pursuant to Tranche 2 of the Capital Raising	30,371,175
<b>On completion of the Acquisition and the Capital Raising</b>	<b>374,025,502</b>
Deferred Consideration Shares issued pursuant to Resolution 5	10,000,000
<b>Total Shares on issue assuming satisfaction of the milestones</b>	<b>384,025,502</b>

<b>relating to the Deferred Consideration Shares</b>	
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## Options

	Number
On issue as at the date of this Notice <sup>1</sup>	9,625,000
To be issued pursuant to the Resolutions	Nil
<b>On completion of the Acquisition and Capital Raising</b>	<b>9,625,000</b>

### Notes:

- 500,000 Options exercisable at \$0.36 each on or before 12 December 2016.
- 75,000 Options exercisable at \$0.30 each on or before 12 December 2016.
- 550,000 Options exercisable at \$0.178 each on or before 26 May 2018.
- 2,500,000 Options exercisable at \$0.035 each on or before 15 June 2018.
- 3,000,000 Options exercisable at \$0.06 each on or before 30 June 2019 (vest after 6 months of employment by Mark Calderwood. i.e 11 January 2017).
- 3,000,000 Options exercisable at \$0.06 each on or before 30 June 2019.

## 1.6 Disclosure of interests

The recipients of the Consideration Shares have confirmed to the Company that they are not associates (as defined in the Corporations Act) of one another.

The relevant interest in securities in the Company of the recipients of the Consideration Shares and Deferred Consideration Shares:

Shares held by/to issued to:	Date of Notice	Consideration Shares	Deferred Consideration Shares <sup>2</sup>	Total (%) <sup>3</sup>
Corporate & Resource Consultants Pty Ltd	12,330,000	14,540,000	5,000,000	31,870,000 (8.30%)
Chalmsbury Nominees Pty Ltd	16,875,000	18,750,000	3,750,000	39,375,000 (10.25%)
Merriwee Pty Ltd Merriwee Superfund A/C	25,225,000	6,250,000	1,250,000	32,725,000 (8.52%)
Mark Calderwood <sup>1</sup>	11,420,000	10,460,000	Nil	21,880,000 (5.70%)
<b>Total</b>	<b>65,850,000</b>	<b>50,000,000</b>	<b>10,000,000</b>	<b>125,850,000</b>

### Notes:

- Mark Calderwood also has a relevant interest in 3,000,000 Options each exercisable at \$0.06 on or before 30 June 2019 subject to Mr Mark Calderwood being employed by the Company until 11 January 2017.
- The milestones required to be satisfied before the Deferred Consideration Shares will be issued are set out in Section 5.1.
- Assumes no Shares are issued other than as contemplated by Resolution 4, whether from the exercise of Options or otherwise.

## 1.7 Additional risk factors

The risk profile of the Bald Hill Project is similar to that of the Company's existing assets which has previously been disclosed to Shareholders as the Company would be continuing with mineral exploration and the Bald Hill Project is prospective for lithium. These risks include exploration and operational risks, environmental regulations, native title regulations, commodity price and foreign currency volatility.

## 1.8 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the Bald Hill Project is highly prospective for lithium mineralisation which complements the Company's existing assets;
- (b) the Bald Hill Project is at a more advanced stage of exploration than the Company's existing assets; and
- (c) the potential increase in market capitalisation of the Company following completion of the Acquisition may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present.

## 1.9 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) current Shareholders will have their voting power in the Company diluted;
- (b) there is no guarantee that the Resource estimated for the Bald Hill Project can be economically extracted; and
- (c) current Shareholders will be exposed to the additional risks associated with the Bald Hill Project as set out in Section 1.

## 1.10 Intentions if Acquisition is not approved

If Resolutions 1 and 2 are not passed and the Acquisition is not completed, the Company will continue to explore on its Mt Belches Lithium Project that surrounds and is adjacent to the Bald Hill Mine and explore the Uis Lithium Project in Namibia.

## 1.11 Independent Expert's Report

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report annexed to this Notice sets out a detailed independent examination of the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolutions 1 and 2. The independent expert has concluded that the Acquisition is **fair and reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website (<http://www.tawana.com.au/>). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

## 1.12 Director's recommendation

The Directors (other than Mark Calderwood who does not give a recommendation due to his material personal interest in the Acquisition) unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2 as they consider the proposed Acquisition and associated issue of Shares to be in the best interests of Shareholders for the following reasons:

- (a) after assessment of the advantages and disadvantages referred to in Sections 1.8 and 1.9 the Directors are of the view that the advantages outweigh the disadvantages; and
- (b) the Independent Expert has determined the Acquisition to be **fair and reasonable** to the non-associated Shareholders.

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## 2. RESOLUTIONS 1 AND 2 – THE ACQUISITION OF LITHCO NO 1 PTY LTD

### 2.1 General

A summary of the Acquisition is set out in Section 1.2.

Resolution 1 seeks Shareholder approval for the Acquisition including the issue up to 39,540,000 of the Consideration Shares to parties who are not related parties of the Company (**Unrelated Vendor Shares**).

Resolution 2 seeks Shareholder approval for the Acquisition including the issue of 10,460,000 Consideration Shares to a related party (Mark Calderwood) of the Company (**Calderwood Shares**).

Resolutions 1 and 2 are interconditional.

### 2.2 ASX Listing Rule 11.1.2

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has advised the Company that, given the proposed change in the nature and scale of the Company's activities resulting from the Acquisition, it requires the Company to obtain Shareholder approval for the change in nature and scale of its activities but it will not be required meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

## **2.3 ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a person whose relationship to the entity is such that, in ASX's opinion, the transaction should be approved by security holders, without the prior approval of holders of the entity's ordinary shareholders.

### ***Acquisition by the Company***

Exercise of the Lithco Option will result in an acquisition by the Company.

### ***Substantial asset***

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the half-year ending 30 June 2016) were \$1,090,674.

As the value of the consideration for the Acquisition is more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the completion of the Acquisition will result in the acquisition of a substantial asset.

### ***Vendors***

At the time of agreement the terms of the Lithco Option none of the shareholders of Lithco were related parties of the Company or substantial holders of the Company for the purposes of ASX Listing Rule 10.1 (i.e. had a relevant interest in 10% or more in the Company in the previous 6 months), however, ASX has exercised its discretion to require shareholder approval be obtained under ASX Listing Rule 10.1.

### ***Requirement for shareholder approval***

As a result of the above conclusions, the completion of the Acquisition will result in the acquisition of a substantial asset from persons covered by ASX Listing Rule 10.1 and the Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

## **2.4 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Unrelated Vendor Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **2.5 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the maximum number of Unrelated Vendor Shares to be issued is 39,540,000;
- (b) the Unrelated Vendor Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same day;
- (c) the deemed issue price will be \$0.12 per Unrelated Vendor Share and the Unrelated Vendor Shares will be issued for nil cash consideration in satisfaction of part of the consideration for the Acquisition;
- (d) the Unrelated Vendor Shares will be issued to the entities set out in the table in Section 1.6;
- (e) the Unrelated Vendor Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than being escrowed for 12 months from the date of issue; and
- (f) no funds will be raised from the issue of the Unrelated Vendor Shares as they are being issued in satisfaction of part of the consideration for the Acquisition.

## **2.6 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As Resolution 2 involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **2.7 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (a) the Calderwood Shares will be issued to Mark Calderwood, a Director (or his nominee);
- (b) the Calderwood Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the deemed issue price will be \$0.12 per Calderwood Share and the Calderwood Shares will be issued for nil cash consideration as they will be issued in satisfaction of part of the consideration for the Acquisition;
- (d) the Calderwood Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the

Company's existing Shares other than being escrowed for 12 months from the date of issue; and

- (e) no funds will be raised from the issue of the Calderwood Shares as they are being issued in satisfaction of part of the consideration for the Acquisition.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Calderwood Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Calderwood Shares will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **2.8 Dilution**

In the event the maximum number of Shares contemplated by Resolutions 1 and 2 are issued and assuming no Options are exercised or other Shares issued, the number of Shares on issue would increase from 293,654,327 (being the number of Shares on issue as at the date of this Notice) to 343,654,327 and the shareholding of existing Shareholders would be diluted by approximately 14.55%.

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## **3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES – TRANCHE 1 OF CAPITAL RAISING**

### **3.1 General**

A summary of the Capital Raising is set out in Section 1.1.

On 1 November 2016, the Company issued 29,628,825 Shares at an issue price of \$0.12 per Share to raise \$3,555,459 (before costs) under Tranche 1 of the Capital Raising. Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in Section 2.4.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **3.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 29,628,825 Shares were issued;
- (b) the issue price was \$0.12 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to professional and sophisticated investors. None of these subscribers are related parties of the Company; and

- (e) the funds raised from this issue will be used to fund the substantial drilling program at the Cowan Lithium Project, conduct due diligence on the adjoining Bald Hill Project and complete the drilling and metallurgy at the Uis Lithium Project in Namibia.

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## **4. RESOLUTION 4 – ISSUE OF SHARES – TRANCHE 2 OF CAPITAL RAISING**

### **4.1 General**

A summary of the Capital Raising is set out in Section 1.1.

Resolution 4 seeks Shareholder approval for the issue of up to 30,371,175 Shares at an issue price of \$0.12 per Share to raise up to \$3,644,541 under Tranche 2 of the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in Section 2.4.

The effect of Resolution 4 will be to allow the Company to issue the Shares pursuant to Tranche 2 of the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **4.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Tranche 2 of the Capital Raising:

- (a) the maximum number of Shares to be issued is 30,371,175;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.12 per Share;
- (d) the Shares will be issued to professional and sophisticated investors determined by the Directors. None of these subscribers will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from Tranche 2 of the Capital Raising to advance the Bald Hill Project and Cowan Lithium Project including further drilling, metallurgical test work, engineering studies and potential development scenarios.

### **4.3 Dilution**

In the event the maximum number of Shares contemplated by Resolution 4 are issued and assuming the maximum number of Shares are issued under Resolutions 1 and 2 and no Options are exercised or other Shares are issued, the number of Shares on issue would increase from 343,654,327 to 374,025,502 and the shareholding of existing Shareholders would be diluted by approximately 8.12%.

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## 5. RESOLUTION 5 – ISSUE OF SHARES IN CONSIDERATION FOR THE MILESTONE PAYMENTS FOR THE UIS TAILINGS PROJECT

### 5.1 General

As announced on 23 September 2016, the Company agreed to acquire 100% of the issue share capital in Lithium Africa No 1 Pty Ltd (**LA1**) which has contractual rights to the Uis pegmatite tailings stockpile (**Uis Project**).

The Uis Project located in Namibia comprises large coarse and fine tailings stockpiles from the Uis tin mine which operated between 1924 and 1990. The Uis Project is located close to the former mining town of Uis some 165km NNE of the coast city of Swakopmund, 270km NW of the capital Windhoek.

Refer to the Independent Expert's Report at Schedule 1 for further details on the Uis Project.

The consideration for the acquisition of LA1 is as follows:

- (a) 5,000,000 Shares and \$100,000 in cash which have been issued and paid; and
- (b) Deferred consideration of:
  - (i) 5,000,000 Shares following successful completion of drilling, analysing and metallurgical test work in respect of the tailings from the Uis Project (to the Company's satisfaction) by 30 June 2017; and
  - (ii) 5,000,000 Shares following the Company (in its sole discretion) resolving to proceed to development and mining of the tailings from the Uis Project on or before 31 December 2018,(together the **Deferred Consideration Shares**).

Resolution 5 seeks Shareholder approval for the issue of the Deferred Consideration Shares.

A summary of ASX Listing Rule 7.1 is set out in Section 2.4.

The effect of Resolution 5 will be to allow the Company to issue the Deferred Consideration Shares pursuant to the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

As the end dates for satisfaction of the milestones triggering the requirement to issue the Deferred Consideration Shares are both more than 3 months after the date of this Meeting the Company intends to apply to ASX for a waiver to permit the issue of the Deferred Consideration Shares later than 3 months after the date of the Meeting.

Where the waiver is not granted and the milestones for the Deferred Consideration Shares are not satisfied in time for the Company to issue the Deferred Consideration Shares within 3 months of the date of the Meeting the Company may need to seek further Shareholder approval at an appropriate time.

In the event Shareholder approval is not obtained (or having been obtained the issue does not occur within 3 months from the date of the Meeting or such later period as permitted by ASX) the Company must either agree to issue the Deferred Consideration Shares out of its placement capacity provided by the ASX Listing Rules

at the relevant time or make a cash payment to the shareholders of LA1 (or their nominees) in satisfaction of the issue of the relevant Deferred Consideration Shares (**Cash Payment**). The Cash Payment will be equal to the quantity of Deferred Consideration Shares that would otherwise have been issued multiplied by the volume weighted average price of Shares as traded on ASX over the 10 trading days on which the Shares were traded immediately following the date of satisfaction of the relevant milestone.

## **5.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Deferred Consideration Shares:

- (a) the maximum number of Deferred Consideration Shares to be issued is 10,000,000;
- (b) subject to satisfaction of the applicable milestone, the Deferred Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Deferred Consideration Shares related to a specific milestone will occur on the same day;
- (c) the deemed issue price will be \$0.12 per Share and the Deferred Consideration Shares will be issued for nil cash consideration in satisfaction of the relevant performance milestones being achieved;
- (d) the Deferred Consideration Shares will be issued to the shareholders of LA1 (or their nominees) none of whom is a related party of the Company;
- (e) the Deferred Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Deferred Consideration Shares as they are being issued in part consideration for the acquisition by the Company of the entire issued share capital of LA1.

## **5.3 Dilution**

In the event the maximum number of Shares contemplated by Resolution 5 are issued and assuming the maximum number of Shares are issued under Resolutions 1, 2 and 4 and no Options are exercised or other Shares are issued, the number of Shares on issue would increase from 374,025,502 to 384,025,502 and the shareholding of existing Shareholders would be diluted by approximately 2.60%.

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## **6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES – PURCHASE OF LITHIUM AFRICA NO 1 PTY LTD**

### **6.1 General**

A summary of the acquisition of LA1 is set out in Section 5.1.

On 29 September 2016, the Company issued 5,000,000 Shares at settlement of the acquisition of LA1. Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 2.4 and 3.1 respectively.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **6.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) 5,000,000 Shares were issued;
- (b) the Shares were issued for nil cash consideration in satisfaction of settlement of the acquisition of LA1;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to shareholders of LA1 (or their nominees), none of whom were a related party of the Company; and
- (e) no funds were raised from the issue of these Shares as they were issued in consideration for the acquisition of LA1.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition** means the acquisition by the Company of 100% of the issued capital of Lithco No. 2 Pty Ltd.

**AMAL** means Alliance Mineral Assets Limited.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**Bald Hill Project** means the project of tenements located in Western Australia owned by AMAL and which Lithco has entered into a farm-in and joint venture arrangement with AMAL.

**Board** means the current board of directors of the Company.

**Calderwood Shares** means the Consideration Shares the subject of Resolution 2.

**Capital Raising** means the capital raising the subject of Resolutions 2 and 3.

**Chair** means the chair of the Meeting.

**Company** means Tawana Resources NL (ACN 085 166 721).

**Consideration Shares** means the Shares to be issued in consideration for the Acquisition.

**Constitution** means the Company's constitution.

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

**Deferred Consideration Shares** means the Shares to be issued in relation to the acquisition of LA1 subject to the milestones set out in Section 5.1.

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Independent Expert** means BDO Corporate Finance (WA) Pty Ltd.

**Independent Expert's Report** means the report prepared by the Independent Expert and annexed to this Notice at Schedule 1.

**LA1** means Lithium Africa No.1 Pty Ltd.

**Lithco** means Lithco No. 2 Pty Ltd.

**Lithco Option** means the agreement the Company has with the shareholders of Lithco to acquire 100% of the issued capital of Lithco.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Tenements** means the tenements within the Bald Hill Project as further detailed in the Independent Technical Assessment and Valuation Report prepared by CSA Global Pty Ltd and included as Appendix 4 to the Independent Expert's Report.

**Unrelated Vendor Shares** means the Consideration Shares the subject of Resolution 1.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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**SCHEDULE 1 – INDEPENDENT EXPERTS REPORT**

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**PROXY FORM**

**TAWANA RESOURCES NL  
ACN 085 166 721  
GENERAL MEETING**

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00am (WST) on 23 December 2016 at 288 Churchill Avenue, Subiaco, Western Australia, and at any adjournment thereof.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

<b>Voting on business of the Meeting</b>		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	The Acquisition of Lithco No 2 Pty Ltd			
Resolution 2	The Acquisition of Lithco No 2 Pty Ltd – Related Party			
Resolution 3	Ratification of Prior Issue of Shares – Tranche 1 of Capital Raising			
Resolution 4	Issue of Shares – Tranche 2 of Capital Raising			
Resolution 5	Issue of Shares in Consideration for the Milestone Payments for the Uis Lithium Project			
Resolution 6	Ratification of Prior Issue of Shares – Purchase of Lithium Africa No 1 Pty Ltd			

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:**

YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Tawana Resources NL, 288 Churchill Avenue, Subiaco, WA 6008; or
  - (b) facsimile to the Company on facsimile number +61 8 9287 4334; or
  - (c) email to the Company at michael.naylor@tawana.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**