

Tawana Resources NL
(Incorporated in Australia)
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("the Company" or "Tawana")

Lithium Concentrate Offtake Signed for Bald Hill Lithium and Tantalum Project

Tawana Resources NL (ASX: TAW "Tawana") is pleased to announce it has signed a binding long-term exclusive lithium concentrate offtake agreement (**Agreement**) with a 100% owned subsidiary of Burwill Holdings Ltd (**Burwill**), a company listed on the main Board of The Stock Exchange of Hong Kong Limited (stock code 0024).

The Agreement is for the supply of lithium concentrate from the Bald Hill Project in Western Australia over an approximate initial five year term.

Highlights

- A fixed price for all production from no later than 15 March 2018 up to 31 December 2019 of US\$880/t (FOB Esperance) for 6% Li₂O. The offtake agreement provides for an attractive fixed price in US dollars per dry metric tonne for the first 2 years of the Agreement, subject to adjustments for grade.
- A\$12,500,000 prepayment, of which A\$3,750,000 has been received with the final two instalments to be received on 15 July 2017 and 15 September 2017 respectively.
 - Funds to be used towards the capital and operational costs of the Bald Hill Project.
 - Prepayment is interest free and to be repaid from 20% of each lithium concentrate shipment until the prepayment has been repaid.
 - Joint Venture Partner Alliance Mineral Assets Limited (**AMA**) has executed a separate offtake agreement with Burwill on the same terms making the total prepayment A\$25,000,000.
- First deliveries targeted for first quarter of 2018.
- Year's three to five sales price will be by agreement based upon prevailing market conditions at the time.
- Tantalum concentrates are excluded and separate discussions are underway with potential off take parties. Bald Hill has a proven track record of producing high grade non Class 7 tantalum concentrates with low levels of impurities.

Tawana's Managing Director Mark Calderwood said the offtake agreement with Burwill delivered multiple benefits for all parties: "We are extremely pleased to have Burwill partner us at the Bald Hill Project. We have received a strong long-term price for our Offtake Agreement and a significant amount of funds required to build the spodumene lithium concentrator. This early funding and price certainty allows us to push forward with developing the Bald Hill Mine for commencement of commissioning in late 2017."

Terms of the Offtake Agreement

Tawana and AMA has sold its 2018 and 2019 lithium ore concentrate that comes from the planned Bald Hill Lithium and Tantalum Project which is located 50km south of Kambalda in Western Australia. The key terms of the offtake are as follows:

- A fixed price for all production for 2018 and 2019 of US\$880/t (FOB Esperance) for 6% Li₂O with price adjustment increment/decrement of US\$/15t based on grade variation of 0.1%. The minimum accepted grade is 5.5%.
- From 2020 to 2023, the sales price and volumes are to be negotiated and will be by agreed based upon prevailing market conditions at the time.
- The parties may extend the agreement beyond 31 December 2022 each year provided a price and quantity can be agreed by both parties.

A condition precedent of the prepayment is that by 31 July 2017, Tawana and/or AMA completing a JORC compliant mineral resource of not less than 12,000,000 tonnes at not less than 1.1% Li₂O (for the Project on a 100% basis). This condition precedent is for the benefit of both Tawana and Burwill.

In addition, Tawana must have earned its 50% interest in the Bald Hill Project as outlined in the Farm-in Agreement between Lithco No 2 Pty Ltd and AMA.

Terms of the Prepayment

Burwill has agreed to advance Tawana and AMA a combined amount of A\$25,000,000 in total (“Advance Payment Amount”) in the amounts and on the dates set below:

- A\$3,750,000 (to each Tawana and AMA) was received on signing the Agreement;
- On 15 July 2017, A\$4,375,000 to each of Tawana and AMA; and
- On 15 September 2017, A\$4,375,000 to each of Tawana and AMA.

The Advance Payments shall be used for the development and operational costs of the Bald Hill Project.

Repayment and Interest

No interest is payable in respect of the Advance Payment Amount. The Parties shall repay the outstanding Advance Payment Amount through 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.

About Burwill Holdings Ltd

Burwill Holdings Limited (“Burwill”), incorporated in 1949, has been publicly listed company on the main board of The Stock Exchange of Hong Kong Limited (stock code: 0024) since 1983.

Based in China, Burwill and its subsidiaries (“Burwill Group”) have businesses spanning across various segments of the infrastructure and logistics industries. The Group has been involved in international commodity trading, Iron ore mining, steel refining and steel processing businesses for over sixty years. Commodities and in particular, metals, have been the main area of interest and focus for the Group.

As an example of its involvement in the mining business, in 2005 Burwill made a USD30 million pre-payment to Australian iron ore company, Fortescue Metals Group Limited (FMG), for a five-year contract, valued at USD500 million to supply iron ore, this contract has been completed. They have also made export pre-finance arrangements for large steel plants in China, to enhance their steel sourcing and iron ore sales.

Burwill has well-developed and long-standing business relationships with various large and medium corporations both in China and internationally. Burwill also boasts an extensive sales network within China and internationally, with representatives and subsidiaries in Europe, the Middle East, and Asia.

Burwill announced on 20 April 2017 its intention to invest in a lithium carbonate plant and engage in lithium carbonate processing and sales.

Bald Hill Project (AMA 100%, TAW Earning 50%)

The Bald Hill project (Project) area 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 and is adjacent to Tawana's Cowan Lithium project. The Project, owned by Alliance Mineral Assets Limited (AMA), includes a permitted tantalum (pegmatite) mine, processing facility and associated infrastructure.

Through Tawana's 100% owned subsidiary Lithco No. 2 Pty Ltd (**Lithco**), Tawana entered into a Farm-In Agreement on 23 February 2017 with Alliance Mineral Assets Limited with respect to AMA's Bald Hill project in Western Australia for the purpose of joint exploration and exploitation of lithium and other minerals.

The commercial terms require Tawana:

- i. 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 ("Expenditure Commitment"); and at its election
- ii. to spend, \$12.5 million in capital expenditure required for upgrading and converting the plant 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 Expenditure Commitment, Tawana shall be entitled to 50% of all rights to lithium minerals from the tenements comprising the Project ("Tenements"). AMA and Lithco had on 10 April 2017 entered into a lithium rights joint venture agreement.

Upon completion of the Expenditure Commitment and Capital Expenditure, Tawana 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. AMA and Lithco had on 18 April 2017 entered into a Bald Hill Joint Venture Agreement.

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. 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. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

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