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**TAWANA RESOURCES NL**

**ACN 085 166 721**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 9.00am (WST)

**DATE:** 12 December 2017

**PLACE:** Level 7, 20 Parkland Road, Osborne Park, WA, 6017

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

*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.*

*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 9:00am (WST) on 10 December 2017.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 SHARES

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, approval is given for the issue of 14,285,714 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of that person or 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 – RATIFICATION OF PRIOR ISSUE – TRANCHE 2 SHARES

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, approval is given for the issue of up to 42,857,143 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of that person or 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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#### 3. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – ROBERT VASSIE

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 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Robert Vassie (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Robert Vassie (or his nominee) and any of their associates. 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 4. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – MARK TURNER

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 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Mark Turner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mark Turner (or his nominee) and any of their associates. 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – AGENT OPTIONS

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, approval is given for the issue of 8,000,000 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of that person or 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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Dated: 7 November 2017

By order of the Board

A handwritten signature in black ink, appearing to read "Craig Hasson", followed by a short horizontal line.

Craig Hasson  
Company Secretary

## **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. Proxy forms can also be completed online. Refer Proxy Form for instructions.

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 each proxy may exercise, 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 a proxy holder votes, 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.

***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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## 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 TO RESOLUTIONS 1 AND 2

On 20 October 2017, the Company announced it had signed a subscription agreement to raise \$20,000,000 through the issue of 57,142,857 Shares at an issue price of \$0.35 per Share (**Placement**) to German company Weier Antriebe und Energietechnik GmbH (**Weier**).

An initial tranche of 14,285,714 Shares was issued on 24 October 2017 without prior Shareholder approval under the Company's placement capacity provided by ASX Listing Rule 7.1 (**Tranche 1**) and the second tranche of 42,857,143 Shares is expected to be issued on or around 15 November 2017 (prior to the Meeting) without prior Shareholder approval under the Company's placement capacity provided by ASX Listing Rule 7.1 (**Tranche 2**).

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### 2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – TRANCHE 1 SHARES

#### 2.1 General

The Company issued 14,285,714 Shares at an issue price of \$0.35 per Share to raise \$5,000,000 pursuant to Tranche 1 of the Placement. Settlement was 24 October 2017.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares under Tranche 1 of the Placement (**Tranche 1 Ratification**).

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.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made without approval under ASX Listing Rule 7.1 (provided that the previous issue did not breach ASX Listing Rule 7.1) the issue is 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.

#### 2.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Tranche 1 Ratification:

- (a) 14,285,714 Shares were issued prior to the Meeting;
  - (b) the issue price was \$0.35 per Share;
  - (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
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- (d) the Shares were issued to Weier. Weier is not a related party of the Company; and
- (e) the Company intends to use the funds raised from this issue to advance the Bald Hill Lithium and Tantalum Project in order to meet the projected start of commissioning in the first quarter of 2018, and for working capital and corporate costs. In particular, the funds will be used to complete resource drilling, EPC contractor payments, mining contractor payments and other development and operational costs.

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### **3. RESOLUTION 2 – ISSUE OF TRANCHE 2 SHARES**

#### **3.1 General**

The Company intends to issue 42,857,143 Shares at an issue price of \$0.35 per Share to raise \$15,000,000 pursuant to Tranche 2 of the Placement. Settlement is expected to occur on or around 15 November 2017 (prior to the Meeting).

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares under Tranche 2 of the Placement (**Tranche 2 Ratification**).

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.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made without approval under ASX Listing Rule 7.1 (provided that the previous issue did not breach ASX Listing Rule 7.1) the issue is 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 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Tranche 2 Ratification:

- (a) 42,857,143 Shares are to be issued prior to the Meeting;
- (b) the issue price will be \$0.35 per Share;
- (c) 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;
- (d) the Shares will be issued to Weier. Weier is not a related party of the Company; and
- (e) the Company intends to use the funds raised from this issue to advance the Bald Hill Lithium and Tantalum Project in order to meet the projected start of commissioning in the first quarter of 2018, and for working capital and corporate costs. In particular, the funds will be used to complete resource drilling, EPC contractor payments, mining contractor payments and other development and operational costs.

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## 4. RESOLUTIONS 3 AND 4 – ISSUE OF OPTIONS TO RELATED PARTIES

### 4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 2,000,000 Options (**Related Party Options**) to Robert Vassie and Mark Turner (or their nominees) (**Related Parties**) on the terms and conditions set out below.

The terms of the Related Party Options were negotiated at the time the Directors were appointed on 1 August 2017.

Resolutions 3 and 4 seeks Shareholder approval for the grant of the Related Party Options to the Related Parties.

### 4.2 Chapter 2E of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a 'financial benefit' (including an issue of shares or rights) to a 'related party' of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

As Directors, Robert Vassie and Mark Turner are related parties of the Company within the meaning specified under section 228 of the Corporations Act. Further, the grant of the Related Party Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit issue of the Related Party Options under Resolutions 3 and 4 to the Related Parties as related parties of the Company.

### 4.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (i) the related parties to whom the proposed Resolutions would permit financial benefits to be given are Robert Vassie and Mark Turner and they are related parties by virtue of being Directors;
- (ii) the nature of the financial benefit is the issue of the Related Party Options to the Related Parties;
- (iii) the Related Party Options will be issued to Robert Vassie (or his nominee) and Mark Turner (or his nominee);
- (iv) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is 2,000,000 as follows:
  - (A) 1,000,000 Related Party Options to Robert Vassie (or his nominee); and
  - (B) 1,000,000 Related Party Options to Mark Turner (or his nominee).
- (v) the Related Party Options will be granted to the Related Parties 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) and it is intended that all of the Related Party Options will be issued on the same date;

- (vi) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised in connection with the issue of the Related Party Options;
- (vii) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (viii) the value of the Related Party Options independently valued by Stantons International Securities and the pricing methodology is set out in Schedule 3;
- (ix) using the pricing methodology, and based on the variables and assumptions, set out in Schedule 3, Stantons International Securities has calculated the estimated value of each Related Party Option to be between \$0.2177 and \$0.2807 per Related Party Option, or an aggregate value of between \$217,700.00 and \$280,700.00 per Related Party;
- (x) the relevant interests of the Related Parties in securities of the Company are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Robert Vassie	Nil	Nil
Mark Turner	Nil	Nil

- (xi) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Robert Vassie	\$56,940*	Nil
Mark Turner	\$56,940*	Nil

\* This is an annual figure. Both Related Parties commenced on 1 August 2017.

- (xii) if the Related Party Options granted to the Related Parties are exercised, a total of 2,000,000 Shares would be issued. Assuming the maximum of Shares are issued under Resolution 2 prior to the Meeting, the exercise of the Related Party Options will increase the number of Shares on issue from 503,280,941 to 505,280,941 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of approximately 0.4%, comprising approximately 0.2% by Robert Vassie and 0.2% by Mark Turner.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

As at the date of this Notice, the Shares are trading on ASX at a price greater than the exercise price of the Related Party Options. The Board resolved to issue the Related Party Options, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price lower than the exercise price of the Related Party Options, but Shareholder approval has not been able to be obtained until the date of the Meeting. Offer letters to Robert Vassie and Mark Turner which included the issue of options (subject to shareholder approval) were sent on 25 July 2017 when the closing price of Shares on ASX was 19 cents (i.e. the exercise price then represented an increase in the closing price).

- (xiii) As at the date of this Notice, the Company had 460,423,798 Shares on issue and 29,770,000 Options on issue. There were no other equity based securities on issue as at the date of this Notice. The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	40.0 cents	20 October 2017
Lowest	7.7 cents	24 November 2016
Last	34.0 cents	3 November 2017

- (xiv) the Board acknowledges the grant of Related Party Options to Robert Vassie and Mark Turner is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Robert Vassie and Mark Turner reasonable in the circumstances for the reason set out in paragraph (xvi);
- (xv) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (xvi) each of the Directors, other than Robert Vassie in relation to Resolution 3 and Mark Turner in relation to Resolution 4 (who each decline to make a recommendation due to their respective material personal interests in the outcome of those respective Resolutions) recommend that Shareholders vote in favour of Resolutions 3 and 4 for the following reasons:
- (A) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (B) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;

- (xvii) in forming their recommendations, each Director considered the experience of each other Related Party, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (xviii) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 3 and 4.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **4.4 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained before an entity issues, or agrees to issue, equity 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 the grant of the Related Party Options involves the issue of securities 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.

#### **4.5 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 Resolutions 3 and 4:

- (a) the Related Party Options will be granted to Robert Vassie (or his nominee) and Mark Turner (or his nominee);
- (b) the maximum number of Related Party Options to be issued to the Related Parties is 2,000,000, as follows:
  - (i) 1,000,000 Related Party Options to Robert Vassie (or his nominee); and
  - (ii) 1,000,000 Related Party Options to Mark Turner (or his nominee);
- (c) the Related Party Options will be granted to the Related Parties 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) and it is intended that all of the Related Party Options will be issued on the same date;
- (d) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options if approval is given under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to the Related Parties (or their nominees) will not affect the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – AGENT OPTIONS

### 5.1 General

On 19 July 2017, the Company issued 8,000,000 Options exercisable at \$0.30625 per Option on or before 19 July 2020 (**Agent Options**) to Cong Ming Limited and their nominees as consideration for acting as agent in respect of the Company's prepayment and offtake agreement with Burwill Holdings Limited, as follows:

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Agent Options (**Option Ratification**).

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.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made without prior approval under ASX Listing Rule 7.1 (provided that the previous issue did not breach ASX Listing Rule 7.1) the issue is 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.

### 5.2 Technical information required by ASX Listing Rule 7.5

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

- (a) 8,000,000 Agent Options were issued;
- (b) the Agent Options were issued on the terms and conditions set out in Schedule 2;
- (c) the Agent Options were issued to Cong Ming Limited and their nominees. None of those parties are related parties of the Company; and
- (d) no funds raised from this issue, rather the issue was in consideration for services provided in relation to agent services.

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## GLOSSARY

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**\$** means Australian dollars.

**Agent Option** means an Option granted pursuant to Resolution 5 with the terms and conditions set out in Schedule 2.

**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.

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

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

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

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

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

**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.

**Key Management Personnel** means the key management personnel (as that phrase is defined in the Corporations Act) of the Company, or, if the Company is part of a consolidated entity, of the consolidated entity.

**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.

**Optionholder** means a holder of an Option.

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

**Related Party Option** means an Option granted pursuant to Resolutions 3 to 4 with the terms and conditions set out in Schedule 1.

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

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

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

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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The terms and conditions of the Related Party Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is three years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date the Company must:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF AGENT OPTIONS

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The terms and conditions of the Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.30625 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 19 July 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date the Company must:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are not transferable.

25 October 2017

Tel: +61 8 9481 3188

Fax: +61 8 9321 1204

The Directors  
Tawana Resources NL  
288 Churchill Avenue  
SUBIACO WA 6008

ABN: 42 128 908 289

AFS Licence No: 448697

www.stantons.com.au

Attention: Michael Naylor

Dear Sirs,

At the request of Michael Naylor, Chief Financial Officer & Company Secretary of Tawana Resources NL ("Tawana" or "the Company") on 25 October 2017, Stantons International Securities Pty Ltd hereby sets out our technical valuation of Unlisted Share Options ("Options") to be granted to the Directors (1,000,000 each).

The grant of the above of Options is subject to the approval of its shareholders in Tawana's General Meeting to be held on or around 30 November 2017.

### **Options Valuations**

In arriving at the below mentioned Options valuations, we have used the following assumptions.

1. The Black and Scholes option valuation methodology has been used. This Option Valuation methodology has been used with the expectation that the majority of the Options would be exercised towards the end of the term of the Options (notwithstanding that the Options are currently "in the money").
2. The exercise price of the Options will be 20.0 cents per each.
3. These Options will be issued with an expiry date of three years from grant date. We have assumed that the Options will be deemed to be granted at the proposed General Meeting of its shareholders on or around 30 November 2017 ("deemed grant date").
4. The closing price of a listed Tawana share as at the close of 25 October 2017 2016 was 38.0 cents. We have used this share price as deemed spot price on the date of grant for the valuation purpose. This valuation is made for the purpose of its inclusion in the notice of the Annual General Meeting; hence these Options need to be re-valued on their grant date i.e. the date of the Annual General Meeting.
5. We have used a risk-free rate of a three-year Australian Government bond being as 2.062%.
6. The Options do not have any vesting conditions and will vest immediately on the grant date as confirmed per the terms and conditions of the Incentive Options. These Options are unlisted and can only be transferable subject to the approval of the Board of Directors' as per the terms and conditions of the Incentive Options. To reflect the unlisted status of the Options, a discount rate of 20% to 30% may be applicable but in this case the Options are "in the money" and under A-IFRS no discount is allowed for non-market based vesting options. You should consult your auditors before applying any discount. For the purpose of this report, we have not applied a discount rate.
7. We have assumed that no dividends are expected to be declared or paid by the Company during the term of the Options.

8. We note that the one-year low share price of a Tawana Share was 8.0 cent and the high was 40.0 cents for an annualised volatility using a volatility model of around 101%. We note that in the last six months the share price has been in the range 19.0 cents to 40.0 cents. The three months volatility to 25 October 2017 that was calculated using an option volatility calculator is approximately 51%. Tawana's share price is sensitive to ASX announcements particularly with the opportunities in relation to the Bald Hill Project in the Goldfields region of Western Australia which are highly prospective for lithium.

In our opinion after taking into account the various ASX announcements, the volatility calculators, the relatively short term of the Options (3 years), and the general trend in the shares of the companies in similar businesses and trading on the ASX over the past 12 and 6 months, we are of the opinion that the fair volatility factor for the purpose of valuation as at 25 October 2017 should be 75%. We have given our valuations for three levels of 75%, 50% and 100% for the purpose of the notice of the General Meeting.

9. The valuations noted below are not necessarily the market prices that the Options could be traded at and it is not automatically the market prices for taxation purposes. The recipients of these Options should seek their own tax advice as to the tax treatment of receiving Options in Tawana and the values for taxation purpose.

Based on the above discussion the valuations of one Tawana Option under different volatilities are as follows (preferred using a volatility of 75%):

No of Options to each Director	Expiry Date (assumed)	Exercise Price (Cents)	Volatility percentage	Value (cents) for one Option
1,000,000	30 November 2020	20.00	50	21.77
<b>1,000,000</b>	<b>30 November 2020</b>	<b>20.00</b>	<b>75</b>	<b>24.97</b>
1,000,000	30 November 2020	20.00	100	28.07

The Options are "in the money" so the range of valuations is quite high.

Should you wish to discuss the above, do not hesitate to contact the undersigned.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**  
**(Trading as Stantons International Securities)**



**John P Van Dieren - FCA**  
**Director**

**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 Chairman of the Meeting as my/our proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Tawana Resources NL to be held at Level 7, 20 Parkland Road, Osborne Park 6017, Western Australia on Tuesday, 12 December 2017 at 9.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 and 4 by marking the appropriate box below.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue – Tranche 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue - Tranche 2 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to Related Party – Robert Vassie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Related Party – Mark Turner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue – Agent Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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.

*The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.*

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

**Signature of Shareholder(s)** *This section must be completed*

**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. Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each.

**A proxy need not be a securityholder of the Company.**

### 2. 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, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

3. **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.

4. **Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

5. **Return of Proxy Form:** To vote by proxy, please complete and sign the Proxy Form overleaf and return by:

- (a) post to Tawana Resources NL, P.O. Box 2275, Churchlands, WA 6018 AUSTRALIA; or
- (b) email to the Company at [admin@tawana.com.au](mailto:admin@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.**

TAW  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Lodge your vote:**

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

**Proxy Form**

**XX**



**Vote online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 9.00am (WST) Sunday, 10 December 2017**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Tawana Resources NL hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Tawana Resources NL to be held at Level 7, 20 Parkland Road, Osborne Park 6017, Western Australia on Tuesday, 12 December 2017 at 9.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 and 4 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Ratification of Prior Issue – Tranche 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue - Tranche 2 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to Related Party – Robert Vassie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Related Party – Mark Turner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue – Agent Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

TAW

2 3 3 3 4 0 A

Computershare +