



Demerger Update and Notice of Meeting & Prospectus

ASX RELEASE
1 June 2018

ASX:TAW

CORPORATE DIRECTORY

Non-Executive Chairman
Robert Benussi

Managing Director
Mark Calderwood

Non-Executive Directors
Robert Vassie
Mark Turner
Wei (Vicki) Xie

Chief Financial Officer
Craig Hasson

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Tawana Resources NL (ASX:TAW) ("**Tawana**") is pleased to update shareholders on the proposed demerger of Tawana's non-core assets, as first announced to ASX on 22 March 2018 ("**Demerger**").

The Demerger involves a capital reduction and distribution which will be satisfied by an in specie distribution of 85% of the shares in Cowan Lithium Limited ("**Cowan Lithium**"). Cowan Lithium will hold all of the interests in the Cowan Lithium Project, the Yallari Lithium Project, the Mofe Creek Iron Ore Project and certain South African interests ("**Projects**").

A General Meeting of shareholders will be held on **Friday, 6 July 2018** ("**Meeting**") at which shareholders will be asked to approve the Demerger and associated resolutions.

Further details on the Demerger are provided in the attached Notice of Meeting, Explanatory Statement and Short Form Prospectus ("**Meeting Materials**"). The Meeting Materials were lodged with ASIC today, 1 June 2018, and will be despatched to Tawana shareholders on 6 June 2018.

Key dates for the Demerger are outlined below.

Despatch of the Notice of Meeting and announcement on SENS	Wednesday, 6 June 2018
Meeting to approve the Demerger Tawana notifies ASX that Shareholders have approved the Demerger and announced on SENS	10.30am Friday, 6 July 2018
Ex date for the capital reduction – the date on which trading on JSE commences without the entitlement to participate in the distribution	Wednesday, 11 July 2018
Ex date for the capital reduction – the date on which trading on ASX commences without the entitlement to participate in the distribution	Thursday, 12 July 2018
Record Date for capital reduction	Friday, 13 July 2018
Completion of Demerger including in specie distribution of shares in Cowan Lithium to eligible Shareholders	Wednesday, 18 July 2018
Share certificates for shares in Cowan Lithium are posted to Cowan Lithium shareholders	Monday, 23 July 2018



The timetable above (other than the date of the Meeting) is indicative only, and may be changed at the discretion of the Directors (subject to the Listing Rules), or as required by ASX. The full ASX timetable is set out in section 3.2 of the Notice of Meeting and further information for JSE shareholders is set out in section 3.11 of the Notice of Meeting.

Tawana option holders wishing to participate in the Demerger will need to exercise their options in advance of the Record Date.

The Tawana Board retains ultimate discretion as to whether to proceed with the proposed Demerger, even if the Demerger is approved by shareholders. In the event shareholders do not approve the Demerger, Tawana will not transfer its interest in the Projects to Cowan Lithium, the Demerger will not be effected, and Shareholders will not receive any shares in Cowan Lithium.

Alexei Fedotov
Company Secretary
Tawana Resources NL

TAWANA RESOURCES NL

ACN 085 166 721

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting will be held at:

TIME: 10.30am WST

DATE: Friday, 6 July 2018

PLACE: BDO Australia, 38 Station Street, Subiaco, Western Australia

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

This Notice of Meeting including the Explanatory Statement should be read in their 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 5.00pm (WST) on Wednesday, 4 July 2018.

SA Holders eligible to direct a vote in connection with the Meeting are those who are recorded as having an entitlement as at 5.00pm (SAST) on Friday, 29 June 2018.

BUSINESS OF THE MEETING

AGENDA

1 RESOLUTION 1 – AUTHORISATION OF DISPOSAL OF PROJECTS

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

“That, for the purposes of Listing Rule 11.4 and for all other purposes, Shareholders approve and authorise the Company to dispose of the Projects to Cowan Lithium Limited pursuant to the Share Exchange Agreement on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by Cowan Lithium Limited or its 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.

2 RESOLUTION 2 – APPROVAL OF EQUAL CAPITAL REDUCTION

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

“That, subject to Resolutions 1 and 3 being passed, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce its share capital by the Company making a pro rata in specie distribution of 85% of the market value of the share capital of Cowan Lithium Limited less a Demerger Distribution (if any) to Shareholders on the basis of 1 Cowan Share for every 11.1 Shares held at the Record Date on the terms and conditions set out in the Explanatory Statement.”

3 RESOLUTION 3 – AMENDMENT TO CONSTITUTION

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

“That for the purposes of article section 136(2) of the Corporations Act and for all other purposes, the constitution of the Company is amended by inserting the following immediately after the existing clause 20.8:

20.9 Power to reduce capital

The Company may return capital by a reduction of capital in any manner, including by distributing securities (including shares) of any other body corporate to Shareholders.”

20.10 Distribution of specific assets

Where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate:

- (a) the Shareholders are deemed to have agreed to become members of that body corporate and are bound by the constitution of that body corporate;
- (b) each Shareholder appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder; and
- (c) any binding instruction or notification between the Shareholder and the Company (including any instructions relating to payment of dividends or to communications from the Company) will be deemed to be a similarly binding instruction or notification to the other body corporate until that instruction or notification is revoked or amended in writing addressed to the other body corporate (to the maximum extent permitted under Australian law, or the other body corporate's constitution)."

20.11 Ancillary powers regarding distributions

Instead of making a distribution or issue of specific assets, shares, debentures or other securities to a particular Shareholder, the Directors may make a cash payment to that Shareholder, or allocate some or all of the assets, shares, debentures or other securities to a trustee or nominee to be sold (at the Shareholders' risk and expense, including as to brokerage and withholding tax) on behalf of, and for the benefit of, or in respect of, that Shareholder, if:

- (a) the distribution or issue would otherwise be illegal or unlawful;
- (b) the distribution or issue would give rise to parcels of securities which do not constitute a Marketable Parcel;
- (c) in the Directors' discretion, the distribution or issue would be unreasonable having regard to:
 - (i) the number of Shareholders in the place where the distribution or issue would be made; and/or
 - (ii) the number and value of securities that would be offered; and/or
 - (iii) the cost of complying with the legal requirements, and requirements of a regulatory authority, in the place; or
- (d) the Shareholder so agrees."

Dated: 1 June 2018
By order of the Board



Alexei Fedotov
Company Secretary

Voting in person

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

Voting by proxy

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.

Please follow the instructions on the Proxy Form if you wish to appoint a proxy.

Where the name of the proxy is not specified, the Chair will be appointed as the Shareholder's proxy.

A Shareholder may direct their proxy how to vote by marking the relevant box next to each Resolution in the Proxy Form (that is, 'for', 'against' or 'abstain'). Shareholders are encouraged to direct their proxy how to vote. If a Shareholder does not mark a voting box in respect of a Resolution, their proxy can vote or abstain as they choose, subject to any voting exclusions that apply to the proxy.

Proxy Forms must be received by no later than 10.30am (WST) Wednesday, 4 July 2018. Proxy Forms received after this time will not be effective. Please follow the instructions on the Proxy Form for lodgement.

Forms of proxy to be delivered or given by Certificated SA Holders must be delivered by no later than 10.30am (SAST) Wednesday, 4 July 2018. Forms of proxy delivered by Certificated SA Holders after this time will not be effective.

Jointly held shares

Where shares are held jointly and more than one joint holder votes (either personally or by proxy, attorney or representative) in respect of a Resolution, the vote of the holder named first in the Register of Members will be accepted to the exclusion of the votes of other joint holders.

Appointing an attorney

A Shareholder may appoint an attorney to act on their behalf at the Meeting. If you wish to appoint an attorney, such appointment must be made by a duly executed power of attorney. If the power of attorney has not previously been provided to the Company or its share registry, Computershare, a copy must be provided before the Meeting.

Body corporates

Where a Shareholder is a body corporate or a body corporate is appointed as proxy, the body corporate will need to ensure that:

- it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers at the Meeting. A "Certificate of Appointment of Corporate Representative" signed in accordance with section 127 of the Corporations Act or by a duly appointed attorney can be used for this purpose. A copy of the certificate is available from the Share Registry
- the instrument appointing the corporate representative must be provided to the Company or its share registry, Computershare, before the Meeting.

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

EXPLANATORY STATEMENT

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.

1 OVERVIEW OF DISPOSAL OF INTEREST IN THE PROJECTS AND IN SPECIE DISTRIBUTION

1.1 Background to the Demerger

Tawana owns the following assets (collectively the **Projects**):

- (a) 100% of the Cowan Lithium Project comprising exploration licences E15/1205, E15/1377, E15/1446, E15/1502, E15/1503, E28/2702 and miscellaneous licence application L15/379 (**Cowan Project**), which Tawana holds through its wholly owned subsidiary, Mount Belches;
- (b) 100% of the Yallari Lithium Project comprising exploration licences E15/1401 (application) and E15/1526 (**Yallari Project**), which Tawana holds through its wholly owned subsidiary, Mount Belches;
- (c) 100% of the Mofe Creek Iron Ore Project in Liberia comprising mineral exploration licences MEL 12029 and MEL 1223/14 (**Mofe Creek Project**) which Tawana holds through its wholly owned subsidiaries, Tawana Liberia and Kenema-Man; and
- (d) a 26% interest in Rakana Consolidated, which itself holds a 26% interest in the Avontuur Manganese Project in South Africa (**South Africa Asset**).

Tawana is focussed on its flagship Bald Hill Lithium Project, which recently commenced production. It is apparent to the Board of Tawana that the value of the Projects may be better recognised by the market by demerging them from Tawana to a new standalone exploration company. Accordingly, the Board announced its intention to effect a demerger of an 85% interest in the Projects into a newly incorporated public entity, Cowan Lithium, on Thursday, 22 March 2018, and the Notice of Meeting and this Explanatory Statement is issued to give effect to that intention.

The Board is proposing the Demerger with a view to delivering the following benefits to Shareholders:

- (i) Whilst they continue to be held by Tawana, the Projects are unlikely to garner the appropriate management focus and budgetary allocation which they warrant and require for advancement in the short term. Following the proposed Demerger, and subject to the availability of funding, Cowan Lithium will be better placed to advance these Projects with a view to unlocking value for Shareholders.
- (ii) The underlying value of the Projects can be unlocked over time, initially benefitting from the low overheads associated with an unlisted structure and thereafter with the benefits of capital raised for the purpose of advancing the Projects.
- (iii) Following the Demerger, Tawana will be free to pursue new business opportunities, in addition to continuing its focus on the Bald Hill Lithium Project.

In addition, on Thursday, 5 April 2018, Tawana announced a proposal to merge with Alliance Mineral Assets Limited (**Alliance**) by way of a scheme of arrangement (**Alliance Merger**). The consideration payable under the Alliance Merger has been determined in a manner that does not ascribe any value to the Projects. In order for Shareholders to retain the exclusive benefit of the Projects (rather than have their collective interest in the Projects diluted by approximately 50% pursuant to the Alliance Merger), it is necessary to give effect to the Demerger prior to the implementation of the Alliance Merger (as is currently intended), however, these are independent transactions and will be voted on separately

To effect the Demerger, Tawana has incorporated a new subsidiary, Cowan Lithium. Subject to Shareholders approving Resolutions 1, 2 and 3 and the Board making a final determination to proceed with the Demerger, 100% of Tawana's shareholding interests in Mount Belches, Kenema-Man and Rakana Consolidated (**Demerger Entities**) will be transferred to Cowan Lithium in return for the issue of Cowan Shares to Tawana. This will have the effect of delivering 100% of Tawana's interests in the Projects to Cowan Lithium. Tawana will then distribute 85% of all Cowan Shares on issue to Eligible Shareholders on a 1 for 11.1 basis (as an in specie distribution).

1.2 Cowan Project

The Cowan Project is located 50km south east of Kambalda, Western Australia and approximately 75km south east of the Mt Marion lithium project currently jointly-owned by Neometals Ltd, Mineral Resources Limited, Ganfeng Lithium Co., Ltd and others.

The Cowan Project covers a 26km strike of two belts containing rare element Lithium-Caesium-Tantalum (**LCT**) pegmatites. About 10km of the Mt Belches – Bald Hill belt and a significant portion of the Claypan Dam – Madoonia Belt is covered by the Cowan Project area.

Prior exploration at the Cowan Project focused on tantalum and tin and was limited to wide-spaced shallow RAB drilling, rock chip sampling, shallow auger/vacuum drilling and soil sampling, and RC drilling. Prior production within the Cowan Project comprised small amounts of lithium and tin.

Further information in respect of the Cowan Project is set out in Schedule 1.

1.3 Yallari Project

The Yallari Project is located 25km southeast of Coolgardie and about 6km west of the Mt Marion lithium project. The project area covers portions of the greenstone sequence that hosts the Mt Marion and Londonderry pegmatite fields. Numerous pegmatites have been mapped by nickel and base metal explorers however there are no records on the rare element content of the pegmatites. Based on their mineralogy, these pegmatites are probably derived from a peraluminous and possible 'fertile' granite.

Sampling is required to define the pegmatite type(s) and their potential for mineralisation of the Yallari Project. Based on the currently known pegmatite mineralogy the most prospective area for lithium enriched pegmatites will be further from the Mt Marion pegmatite group source granite.

Further information in respect of the Yallari Project is set out in Schedule 2.

1.4 Mofe Creek Project

The Company, through its wholly owned subsidiaries, Kenema-Man and Tawana Liberia, has a 100% beneficial interest in mineral exploration licences MEL 12029 and MEL 1223/14 which comprise the Mofe Creek Project. The Mofe Creek Project is located in Liberia, approximately 20km from the coast and 85km from the capital city Monrovia. The Mofe Creek Project covers an area of 475km², and is considered highly prospective for iron ore.

On 31 March 2014, Tawana announced a maiden mineral resource estimate of 61.9 million tonnes at an in-situ iron ore grade of 33% Fe which included an indicated mineral resource of 16.2 million tonnes at 35.4% Fe and the remaining 45.7 million tonnes classified as inferred mineral resource.¹

The Company has undertaken minimal exploration work at the Mofe Creek Project since declaring the maiden mineral resource, pending the response to the Mineral Development Agreement in relation to mineral exploration licence MEL 12029 (**MDA**) which is currently under review by Liberia's Ministerial Concessions Committee. Tawana received the first draft of the MDA on 7 September 2016. At the time of this Explanatory Statement, the MDA review process remains on foot but is not currently progressing for a variety of reasons. If the MDA review process is terminated without an alternate arrangement being made with the Liberian government authorities, mineral exploration licence MEL 12029 would be at risk of forfeiture.

In relation to mineral exploration licence MEL 1223/14, the Company has recently been notified by the Liberian Ministry of Mines and Energy of certain deficiencies in relation to work programs, budgets and reporting. Tawana is exploring ways to rectify these deficiencies (including obtaining waivers given the contribution of force majeure type events), but if the government does not accept Tawana's submissions then mineral exploration licence MEL 1223/14 will be at risk of forfeiture.

On Friday, 11 May 2018, Tawana, Cowan Lithium and others entered into the Mofe Creek Option Agreement. If the option contemplated in that agreement is exercised, and completion under the resulting sale agreement occurs, Cowan Lithium will dispose of its interests in the Mofe Creek Project in exchange for the monetary and royalty consideration described in Section 1.6 under the heading "Mofe Creek Option Agreement".

Shareholders should be aware that there is no guarantee that the Mofe Creek Project will be sold in accordance with the Mofe Creek Option Agreement. However, Shareholders must take into account the possibility that the future exposure of Cowan Lithium to the risks and rewards of the Mofe Creek Project will be limited to those contemplated in sale documentation that may be entered into pursuant to the Mofe Creek Option Agreement.

Further information in respect of the Mofe Creek Project is set out in Schedule 3.

¹ See Tawana ASX announcement dated 31 March 2014 for a detailed description of the maiden mineral resource estimate. For more information on the Resource estimate, refer to ASX announcement dated 31 March 2014. Tawana Resources is not aware of any new information or data that materially affects the information included in the said announcement.

1.5 South Africa Asset

Tawana owns 26% of the shares in Rakana Consolidated with the remaining 74% being owned by Seven Falls Trading 155 (Proprietary) Limited. In turn, Rakana Consolidated has a 26% interest in a joint arrangement with Aquila Steel (South Africa) (Proprietary) Limited in the Avontuur Manganese Project in South Africa. The Avontuur Manganese Project is the subject of South African Court proceedings which, depending on the outcome, may result in Rakana Consolidated's interest in the Avontuur Manganese Project being impaired and potentially rendered valueless.

The Rakana Consolidated and Aquila Steel (South Africa) (Proprietary) Limited joint arrangement also recently entered into an agreement to sell their interests in the Thabazimbi Iron Ore Project, in consideration for an immaterial cash payment and a right to deferred consideration in the nature of a royalty.

1.6 Agreements

Share Exchange Agreement

The Company has entered into the Share Exchange Agreement dated 11 May 2018. The Share Exchange Agreement provides that, subject to Shareholder approval of the Resolutions and the Board making a final determination to proceed with the Demerger, Tawana will:

- (a) sell to Cowan Lithium 100% of the shares Tawana holds in each of the Demerger Entities; and
- (b) pay \$750,000 to Cowan Lithium,

in consideration for which Cowan Lithium will issue a to-be-determined number of shares in Cowan Lithium to Tawana (or its nominee).

On completion under the Share Exchange Agreement (but following the transfer of the shares in the Demerger Entities to Cowan Lithium), Tawana intends to direct that 85% of the Cowan Shares to which it is entitled under the Share Exchange Agreement be issued directly to Eligible Shareholders, by way of an in specie distribution in satisfaction of the capital reduction and Demerger Distribution (if any).

Under the Share Exchange Agreement, Cowan Lithium has agreed to indemnify Tawana against any liability incurred in relation to the Projects and Tawana has agreed to indemnify Cowan Lithium against any liability incurred in relation to all projects, assets and business owned, operated or conducted by Tawana, other than the Projects.

A diagram showing the corporate structure of the Tawana Group and Cowan Group both pre and post completion under the Share Exchange Agreement and the Demerger is set out in Schedule 5.

Under the Share Exchange Agreement, Tawana is also given the right to:

- participate in issues of securities in Cowan Lithium, with a view to Tawana maintaining its shareholding interest in Cowan Lithium; and
- appoint a nominee to the Cowan Board,

for so long as Tawana holds at least 10% of the issued share capital in Cowan Lithium.

Services Agreement

The Company has also entered into the Services Agreement dated 11 May 2018. The Services Agreement outlines the transitional services that Tawana will provide to Cowan Lithium for a 6 month period (or potentially longer if the parties agree) after the Demerger becomes effective.

The services to be provided by Tawana include:

- (a) a non-exclusive licence to access and use the office space at Level 3, 20 Parkland Road, Osborne Park, Western Australia;
- (b) geological services; and
- (c) corporate support, including reception, secretarial and office administration support.

Cowan Lithium will pay Tawana the sum of A\$1,500 per month for the office licence plus the amount of any outgoings directly attributable to Cowan Lithium. Cowan Lithium will pay Tawana for the geological and corporate services at cost plus 15% (plus GST).

Access Deed

Mount Belches (which will be a wholly owned subsidiary of Cowan Lithium following the Demerger) and Lithco (a wholly owned subsidiary of Tawana, but acting in its capacity as manager of the Bald Hill Joint Venture) have entered into an Access Deed dated 11 May 2018. The Access Deed provides that Mount Belches grants to Lithco an irrevocable licence for Lithco to access the land the subject of Exploration Licence 15/1502, Exploration Licence 15/1503 and miscellaneous licence application 15/379 to search for and extract water for its Bald Hill lithium and tantalum operations.

Mofe Creek Option Agreement

Tawana, Cowan Lithium, Kenema-Man, Tawana Liberia Inc and Al Rawda Resources Limited (Registration No. 143 433) (**ARRL**) have entered into a heads of agreement dated 11 May 2018 under which ARRL will pay to Cowan Lithium a total of \$500,000, reimbursement of tenement expenditure during the option period and a 1.25% royalty on the FOB value of iron ore product shipped from MEL12029 and MEL1223/14 to acquire 100% of the issued shares in Tawana Liberia Inc (**Mofe Creek Option**). ARRL must exercise the Mofe Creek Option on or before Friday, 9 November 2018 or it will lapse.

ARRL will pay the purchase price of \$500,000 as follows:

- (a) \$20,000 to acquire the Mofe Creek Option, which is non-refundable if the Mofe Creek Option lapses;
- (b) if the Mofe Creek Option is exercised, ARRL will pay \$230,000 upon the transfer of the shares in Tawana Liberia Inc; and
- (c) if the Mofe Creek Option is exercised, ARRL will pay \$250,000 on the earlier

of 18 months after satisfaction of the conditions precedent and the date on which Tawana Liberia Inc enters into a Mineral Development Agreement.

In order to give effect to the exercise of the Mofe Creek Option, the parties are required to enter into good faith negotiations in respect of the terms of the sale documentation.

1.7 ATO Ruling

Tawana has sought a class ruling from the ATO on behalf of Shareholders to confirm the taxation outcomes of the Demerger for them (the **ATO Ruling**). This has included seeking confirmation from the ATO as to what component of the distribution of Cowan Shares to Shareholders is to be treated as a demerger dividend (if any) for tax purposes, and therefore not assessable income of Tawana Shareholders, and what component will be treated as a Capital Reduction Amount, which will not constitute a taxable dividend to Tawana Shareholders.

The method to be applied by the Board to determine the Capital Reduction Amount of the distribution of the Cowan Shares will be in accordance with the ATO Ruling, which Tawana considers should be based on the market value of the Cowan Shares and the Tawana Share price shortly after the Demerger. As those values are not able to be determined now it is not possible to specify in this Notice of Meeting the exact proportion of the distribution on Cowan Shares that will occur by way of capital reduction and what portion by demerger dividend, if any, for tax purposes.

For the avoidance of doubt, Tawana may proceed with the Demerger notwithstanding that an ATO Ruling is not obtained, or is obtained on terms that the Tawana Board does not consider favourable.

1.8 Cowan Lithium

Cowan Lithium is a public unlisted company incorporated on Friday, 23 March 2018 in Western Australia for the specific purpose of holding the Projects.

Following completion of the Demerger, the Demerger Entities will be 100% subsidiaries of Cowan Lithium (other than Rakana Consolidated in which Cowan Lithium will have a 26% shareholding) and will comprise the only assets of Cowan Lithium.

Each of the companies in the Cowan Group has been funded by Tawana and currently have no cash. Following completion of the Demerger, Cowan Lithium will have \$750,000 in cash pursuant to the terms of the Share Exchange Agreement.

Please refer to Schedules 4 and 5, which set out the financial and ownership structure of Cowan Lithium pre and post Demerger.

Given Cowan Lithium will not be listed on the ASX immediately following the Demerger, ongoing disclosure of information to shareholders will mostly be by shareholder updates communicated directly to shareholders, and by statutory returns. If and when Cowan Lithium is admitted to the ASX, Cowan Lithium will be subject to the ASX disclosure requirements.

In due course, Cowan Lithium intends to replicate Tawana's corporate governance arrangements to the extent appropriate for a non-listed entity.

1.9 Advantages and disadvantages of the Demerger

The Directors are of the view that the following non-exhaustive list of advantages and disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1, 2 and 3:

Advantages

- (a) Shareholders will retain their current shareholding in Tawana and be entitled to the consideration under the Alliance Merger (if approved), and (other than Overseas Shareholders – refer to Section 3.10) also receive a proportional shareholding in Cowan Lithium with a fair value of 0.95 cents per Tawana Share held (if no Options are exercised) in circumstances where the Alliance Merger ascribes no value to 85% of Cowan Lithium or the Projects.
- (b) Tawana will be free to pursue new business opportunities, in addition to continuing its focus on the Bald Hill Lithium Project, without diluting Shareholder's interests in the Projects.
- (c) Whilst they continue to be held by Tawana, the Projects are unlikely to garner the appropriate management focus and budgetary allocation which they warrant and require for advancement in the short term. Following the proposed Demerger, and subject to the availability of funding, Cowan Lithium will be better placed to advance these Projects with a view to unlocking value for Shareholders.
- (d) The underlying value of the Projects can be unlocked over time initially benefitting from the low overheads associated with an unlisted structure and thereafter with the benefits of capital raised for the purpose of advancing the Projects.

Disadvantages

- (a) For so long as Cowan Lithium is an unlisted company, there will not be a liquid market for Cowan Shares and will therefore not be readily tradeable. Whilst every effort will be made to unlock the value of the Projects and establish liquidity in the Cowan Shares (likely through an ASX listing in due course), there is no guarantee that this will be achieved.
- (b) Although Cowan Lithium intends to provide regular shareholder updates, for so long as Cowan Lithium is not listed on ASX it will not be subject to ASX continuous disclosure rules.
- (c) Cowan Lithium will have limited cash available to it for the advancement of the Projects. Unless alternate arrangements can be achieved (eg. farm-out or joint venture), Cowan Lithium will need to obtain adequate funding to continue its stated business objectives and exploration programs, which may not be achieved.

1.10 Future of the Company following completion of the Demerger

Following completion of the Demerger, the Company will continue to pursue development of its flagship Bald Hill Project (which it owns as to 50%, and operates) and otherwise continue to implement the Alliance Merger. As disclosed in the Company's announcement dated 5 April 2018, the Alliance Merger will result in

Tawana becoming a wholly-owned subsidiary of Alliance with Alliance shareholders holding 51% of the merged group and Shareholders holding 49% of the merged group, with the merged group collectively owning 100% of the Bald Hill Project.

There are no changes proposed to the Board of the Company as a result of the Demerger.

Tawana will retain a 15% shareholding in Cowan Lithium upon completion of the Demerger, and will have a right to maintain this percentage shareholding under the terms of, but subject to, the Share Exchange Agreement.

The Board considers it appropriate and beneficial to retain a 15% interest in Cowan Lithium, including for the following reasons:

- Given the proximity of Cowan Lithium's lithium tenements to the Bald Hill Project, Tawana wishes to retain a strategic exploration and corporate relationship with Cowan Lithium and maintain an economic exposure to the Projects;
- Tawana's shareholding will allow it to have representation on Cowan Lithium's Board and have the ability to maintain its 15% shareholding level in future capital raisings; and
- Tawana's proposed 15% shareholding has been taken into consideration in calculating the commercial terms for the Alliance Merger.

1.11 Future of the Company if the Demerger is not approved

In the event Shareholders do not approve the Demerger, the Company will not transfer its interest in the Projects to Cowan Lithium and the Demerger will not be effected. Shareholders will not receive any Cowan Shares.

If the Alliance Merger proceeds but the Demerger is not approved, Shareholders will become shareholders in Alliance in accordance with the terms of the Alliance Merger and no value for the Projects will have been released exclusively for the benefit of Shareholders. Instead, the collective interest of Shareholders in the Projects will be diluted by approximately 51% without the consideration under the Alliance Merger having attributed any value to the Projects.

1.12 Future of Cowan Lithium if the Demerger is approved, including ASX listing

Following completion of the Demerger, ongoing activities of Cowan Lithium will be to:

- (a) continue to develop the Projects, subject to any corporate, divestment or co-funding opportunities involving the Projects that the Cowan Board considers deliver better value (for example, the transaction contemplated in the Mofe Creek Option Agreement);
- (b) pursue other opportunities in the resources sector including pursuing any acquisition opportunities that may arise; and
- (c) raise capital and pursue a listing on the ASX.

Although the Demerger is not contingent on an ASX listing, the Cowan Board is proposing to pursue an ASX listing in the near term following completion of the Demerger, with a view to raising the capital it will need to pursue its objectives. Please refer to Section 2.2 for the potential parameters and impact of the ASX listing.

1.13 Voting intentions

The following Shareholders currently holding approximately 184.4 million Shares (representing approximately 33% of all Shares) have confirmed to Tawana their intention to vote in favour of the Demerger all of the Shares held by them at the time of the General Meeting, in the absence of a superior proposal:

- (a) Merriwee Pty Ltd – 30,900,000 Shares (as at 21 May 2018);
- (b) Tribeca Global Natural Resources Fund – 41,731,903 Shares (as at 5 April 2018);
- (c) Weier Antriebe und Energietechnik GmbH – 76,167,857 Shares (as at 17 April 2018);
- (d) Corporate & Resource Consultants Pty Ltd – 13,721,696 (as at 5 April 2018);
and
- (e) Mark Calderwood – 21,880,000 Shares (as at 5 April 2018).

1.14 Directors' recommendation

After considering all relevant factors including voting intentions summarised in Section 1.13, subject to Section 1.15, the Directors unanimously recommend the Shareholders vote in favour of Resolutions 1, 2 and 3 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed Demerger of the Projects is in the best interests of the Shareholders and the Company;
- (b) in the opinion of the Directors, the advantages of the Demerger outweigh its disadvantages as set out in Section 1.9; and
- (c) the Directors are satisfied that the Demerger is the best option available to realise the value of the Projects in the current circumstances, taking account of the lack of value ascribed to the Projects as part of the proposed Alliance Merger.

1.15 The Board retains ultimate discretion whether to proceed with the Demerger

The Board retains discretion whether to proceed with the proposed Demerger. Even if the Shareholders approve Resolutions 1, 2 and 3, the Board may still resolve not to proceed with the Demerger should market conditions and other factors impacting on the Demerger (including whether or not the ATO grants the ATO Rulings) cause the Directors to believe that proceeding with the Demerger would not be in the best interests of Shareholders.

2 RESOLUTION 1 – AUTHORISATION OF DISPOSAL OF PROJECTS

2.1 Overview

As detailed in Section 1, the Company is proposing to dispose of a collective 85% interest in the Projects to Shareholders via the Demerger. Resolution 1 seeks Shareholder approval of the disposal of the Projects for the purposes of Listing Rule 11.4.

Listing Rule 11.4 provides that a company may not dispose of a major asset without the approval of shareholders if, at the time of the disposal, it is aware that the person acquiring the asset intends to issue securities with a view to becoming listed. The disposal of a major asset requires the approval by way of an ordinary resolution of shareholders.

Tawana does not necessarily consider that the Projects (individually or collectively) constitute 'major assets' for the purposes of Listing Rule 11.4. However, for the purposes of good corporate governance, the Company has decided to seek Shareholder approval of the disposal of the Projects in any event due to the likelihood of Cowan Lithium seeking a listing on the ASX in the near term following completion of the Demerger.

Refer to Section 1 for further information on the proposed disposal of the Projects via the Demerger.

Resolution 1 is an ordinary resolution.

2.2 Impact of an ASX listing

If Cowan Lithium pursues an ASX listing following completion of the Demerger, it will also raise capital through an initial public offering on the ASX (**IPO**).

Cowan Lithium has not yet determined what the parameters of any potential IPO would be, but it is expected that it will have the following features:

- (a) there will be no IPO participation priority afforded to Shareholders (in their capacity as either shareholders in Tawana or in Cowan Lithium), but Shareholders will have an opportunity to participate in the IPO along with all other investors;
- (b) the price of Cowan Shares issued in the IPO will be \$0.20; and
- (c) the IPO will seek to raise no more than \$10 million.

The table below sets out the impact of the IPO on Cowan Lithium's capital structure, and the level of dilution of Cowan Shareholders, if the Company raises \$5 million or \$10 million at \$0.20 per share in the IPO (assuming no Options are exercised and no Cowan Lithium shareholders (other than Tawana) participate in the IPO).

	\$5m IPO at \$0.20	%	\$10m IPO at \$0.20	%
Balance prior to the IPO				
- Tawana	9,064,920	15%	9,064,920	15%
- Shareholders (collectively)	51,367,879	85%	51,367,879	85%
Balance following the IPO				
- Tawana	12,814,920 ¹	15%	16,564,920 ¹	15%
- Shareholders (collectively)	51,367,879	60%	51,367,879	47%
- New shareholders (collectively)	21,250,000	25%	42,500,000	38%
TOTAL	85,432,799	100%	110,432,799	100%

¹ Assuming Tawana maintains its 15% shareholding interest, which it is entitled to do under the terms of the Share Exchange Agreement.

Shareholders should take into account these IPO parameters, and the dilutionary impact on their proposed shareholdings in Cowan Lithium, when deciding how to vote on Resolution 1 and whether to approve the disposal of the Projects to Cowan Lithium for the purposes of ASX Listing Rule 11.4.

Shareholders (and investors generally) should be aware that the commentary above regarding a possible IPO and ASX listing does not constitute an offer of Cowan Lithium securities, and any such offering will be the subject of a disclosure document to be made available when the securities are so offered. Anyone wishing to acquire shares in the potential IPO will need to complete an application form that will accompany the requisite disclosure document.

3 RESOLUTION 2 – APPROVAL OF EQUAL REDUCTION IN CAPITAL

3.1 General

As detailed in Section 1.6 above, the Company and Cowan Lithium have entered into the Share Exchange Agreement pursuant to which, subject to Shareholders approving Resolutions 1, 2 and 3 and the Tawana Board making a final determination to give effect to the Demerger, the Company will transfer all of the shares in the Demerger Entities held by Tawana and pay \$750,000 in cash to Cowan Lithium in exchange for Cowan Lithium issuing Cowan Shares to the Company.

On completion under the Share Exchange Agreement, and following the transfer of the shares in the Demerger Entities to Cowan Lithium, the Company will direct Cowan Lithium to issue a certain number of the Cowan Shares by way of consideration directly to the Eligible Shareholders. Accordingly, following Shareholders approving Resolutions 1, 2 and 3 and the other conditions to the Share Exchange Agreement being satisfied, the Company will transfer its interest in the Demerger Entities to Cowan Lithium and the Company will arrange for the

distribution of the appropriate number of Cowan Shares to the Shareholders (collectively comprising an 85% interest in Cowan Lithium) pursuant to an equal reduction of capital. In addition to the capital reduction, the Demerger may also consist of a Demerger Distribution component.

Each of the Company's Eligible Shareholders will receive 1 Cowan Share for every 11.1 Shares held on the Record Date (with fractional entitlements to be rounded down to the nearest whole Cowan Share).

The proposed Demerger will deliver to Shareholders (as at the Record Date) 85% of the issued capital of Cowan Lithium, which in turn will own the Projects. Tawana will retain the remaining 15% of the issued capital of Cowan Lithium.

Relevant general information in respect of the Demerger is set out in Section 1. In addition, the following specific information is provided.

3.2 Timetable

The anticipated timetable for the capital reduction and in specie distribution is set out below (assuming a draft ruling from ATO is received prior to the Meeting).

If you are an SA Holder, please also refer to the information set out in Section 3.11.

Despatch of this Notice of Meeting and announcement on SENS	Wednesday, 6 June 2018
Proxy Forms must be submitted by registered Shareholders	10.30am Wednesday, 4 July 2018
Meeting to approve disposal of the Projects, the capital reduction and the constitutional amendment at 10:30 (WST) Company notifies ASX that Shareholders have approved the Resolutions and announced on SENS	Friday, 6 July 2018
<i>The following dates are indicative only and will depend on the timing of the satisfaction of the conditions precedent to the Share Exchange Agreement, including the Board making a final determination to proceed with the Demerger.</i>	
Ex date for the capital reduction – the date on which trading on JSE commences without the entitlement to participate in the distribution	Wednesday, 11 July 2018
Ex date for the capital reduction – the date on which Shares commence trading on ASX without the entitlement to participate in the distribution	Thursday, 12 July 2018
Record Date for capital reduction for both ASX and JSE	Friday, 13 July 2018
Completion of Demerger including in specie distribution of Cowan Shares to Eligible Shareholders	Wednesday, 18 July 2018
Share certificates for Cowan Shares are posted to Eligible Shareholders	Monday, 23 July 2018

The timetable above (other than the date of the Meeting) is indicative only, and may be changed at the discretion of the Directors (subject to the Listing Rules) or as required by ASX.

Tawana will notify Option holders following the Demerger, and once it receives the ATO Ruling, of any adjustments to the exercise price of Options as a result of the Demerger.

3.3 Cowan Shares not immediately listed on ASX

Cowan Lithium is an unlisted Australian public company. The Cowan Shares will not be listed on the ASX or any other securities exchange at the time of the distribution to Eligible Shareholders.

In the near term, following the distribution of Cowan Shares to Eligible Shareholders, Cowan Lithium is proposing to pursue a capital raising with a view to listing on the ASX. There is no guarantee that this proposal will be successful. Please refer to Section 2.2 for the potential parameters and impact of an ASX listing.

3.4 Requirements under section 256B and section 256C of the Corporations Act

The in specie distribution of Cowan Shares to Eligible Shareholders by way of capital reduction is an equal reduction of capital under the Corporations Act and (if so determined) partly by way of Demerger Distribution. Under section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

Section 256B of the Corporations Act provides that the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act.

For the reasons set out in this Explanatory Statement, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

3.5 The effect of the proposed equal reduction of capital on the Company

A pro forma balance sheet of the Company as at 31 December 2017 is contained in Schedule 4 which shows the financial impact of the capital reduction on the Company (assuming that no further Shares are issued other than the Placement and Conditional Placement).

3.6 The effect of the proposed equal reduction of capital on Shareholders

85% of all issued Cowan Shares will be distributed to Eligible Shareholders on a pro-rata basis, with fractional entitlements to be rounded down to the nearest whole Cowan Share. Eligible Shareholders will not be required to pay any additional consideration for the Cowan Shares. The terms of the capital reduction are the same for each Eligible Shareholder (subject to Section 3.10).

As at the date of this Notice of Meeting, the Company has 557,988,335 Shares and 26,596,940 Options on issue. As at the date of the Meeting, it is anticipated that there will be 570,183,457 Shares on issue following the proposed issue of 12,195,122 Shares to be issued as part of the \$5,000,000 conditional placement announced to ASX on Thursday, 5 April 2018 (**Conditional Placement**).

Excluding any Shares issued on the exercise of Options, no additional Shares will be issued as a result of the Demerger.

The Directors propose to distribute 1 Cowan Share for every 11.1 Shares held by Shareholders on the Record Date. Therefore, the number of Cowan Shares distributed will depend on the number of Shares on issue as at the Record Date.

Assuming that the Conditional Placement completes and:

- (a) all Options are exercised prior to the Record Date, there will be 596,780,397 Shares on issue on the Record Date and the 1:11.1 ratio will result in 53,763,999 Cowan Shares being available for distribution to Shareholders; and
- (b) no Options are exercised prior to the Record Date, there will be 570,183,457 Shares on issue on the Record Date and the 1:11.1 ratio will result in 51,367,879 Cowan Shares being available for distribution to Shareholders.

A summary of the financial impact of the Demerger is set out in Schedule 4.

The number of Shares held by Shareholders will not change, and Shareholders will retain their current percentage shareholding interest in the Company, after the Demerger. However, if the Demerger is implemented, the value of the Shares is expected to be less than the value of the Shares held prior to the Demerger because, after the Demerger, the Company's interest in Cowan Lithium and in the Projects will be reduced from 100% to 15%. The rights attaching to Shares will not be altered by the Demerger.

Given the capital reduction is equal and the Company will still have positive net assets following the Demerger, the Directors consider the capital reduction is fair and reasonable to Shareholders as a whole.

3.7 The effect of the proposed equal reduction of capital on Option holders

In order to receive Cowan Shares pursuant to the Demerger, Option holders must exercise their Options and be registered on the Company's share register on the Record Date.

Rule 7.5(d)(iii) of the Employee Option Rules provides that all Options held by employees may be exercised at any time after the announcement of a proposed capital reconstruction, which includes a reduction or return of the issued capital of Tawana. Therefore, all employee Option holders are able to exercise their Options prior to the Record Date and receive Cowan Shares pursuant to the Demerger.

In addition, all non-employee Options have vested and are currently able to be exercised by Option holders.

In accordance with Listing Rule 7.22.3 and Rule 7.5(l) of the Employee Option Rules, the number of Options on issue following the Demerger (ie. if they have not been

exercised) will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned in relation to each Share.

As of the date of this Notice of Meeting, the Company has the following Options on issue (all of which are unlisted):

Number of Options	Exercise Price Pre Demerger	Expiry
3,000,000	6 cents	30/06/2019
1,000,000	6 cents	30/06/2019
1,250,000	13 cents	07/01/2020
1,000,000	16 cents	15/03/2020
500,000	18 cents	5/5/2020
500,000	23 cents	27/03/2020
3,000,000	20 cents	12/04/2020
3,000,000	25 cents	12/04/2020
3,000,000	30 cents	12/04/2020
500,000	20 cents	15/06/2020
6,346,940	30.625 cents	19/07/2020
250,000	22 cents	21/08/2020
250,000	24 cents	21/08/2020
2,000,000	20 cents	20/12/2020
1,000,000	50 cents	6/5/2021

The amount of capital returned will be determined by reference to the tax allocation which is expected to be supported by an ATO ruling. Tawana will notify Option holders following the Demerger, and once it receives the ATO Ruling, of any adjustments to the exercise price of Options as a result of the Demerger.

3.8 Capital structure of the Company

Below is a table showing the Company's capital structure pre and post Demerger (assuming all of the Options are exercised and none of the Options are exercised).

	All Options exercised	No Options exercised
Balance at the date of this Notice	557,988,335	557,988,335
Issue of shares pursuant to Conditional Placement	12,195,122	12,195,122
Exercise of Options	26,596,940	-
Balance following completion of the Demerger	596,780,397	570,183,457

3.9 Capital Structure of Cowan Lithium

Below is a table showing Cowan Lithium's capital structure pre and post Demerger, (assuming none of the Options are exercised and assuming all of the Options are exercised).

	Cowan Shares (all Options exercised)	Cowan Shares (no Options exercised)	%
Balance at the date of this Notice			
- Tawana	1	1	100%
Balance following completion of the Demerger			
- Tawana	9,487,765	9,064,920	15%
- Shareholders (collectively)	53,763,999	51,367,879	85%
- TOTAL	63,251,764	60,432,799	100%

3.10 Overseas Shareholders

The distribution of Cowan Shares under the reduction of capital and Demerger Distribution (if any) to Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions.

The Company has determined that it would be unreasonable to issue Cowan Shares under the Demerger to those Shareholders on the Record Date with an address outside Australia (**Overseas Shareholders**) having regard to:

- (a) the number of shareholders with addresses outside these countries;
- (b) the number and value of the shares those shareholders would otherwise have been entitled; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in each of the countries concerned.

Shareholders who have a registered address outside Australia as at the date of this Notice are able to update their registered address on Tawana's share register prior to the Record Date by contacting the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or the Company Secretary. If a Shareholders' registered address remains outside Australia as at the Record Date they will be treated as an Overseas Shareholder for the purposes of the Demerger.

Accordingly, Overseas Shareholders on the Record Date will not be issued the Cowan Shares to which they would otherwise be entitled and instead their Cowan Shares will be issued to Tawana to be held on their behalf, pending a liquidity opportunity. Such an opportunity may arise pre ASX listing and the Board will consider whether it is in the interest of Overseas Shareholders to sell the relevant Cowan Shares at that time. In any event, the Board will make arrangements to sell the relevant Cowan Shares on ASX following ASX listing of Cowan Lithium.

Following sale of the Cowan Shares, Tawana will then pay the net proceeds from the sale of any such Cowan Shares to the Overseas Shareholder (net of fees and brokerage). The proceeds will be paid to SA Holders in South African Rand and to all other Overseas Shareholders in Australian Dollars. Tawana will deal with the Overseas Shareholders' Cowan Shares on a best efforts only basis with a view to delivering value to the Overseas Shareholder. Tawana does not accept any liability to the Overseas Shareholders for any loss that may be suffered as a result, including in connection with foreign exchange rates.

As the return of capital and Demerger Distribution (if any) is being represented and satisfied by the distribution of Cowan Shares and there is no guarantee as to the value that might be obtained, the net proceeds of sale to such Overseas Shareholders may be more or less than the notional dollar value of the reduction of capital.

3.11 SA Holders

If you are an SA Holder, you will be an Overseas Shareholder and will not be issued the Cowan Shares to which you would otherwise be entitled. Instead, Cowan Shares to which SA Holders would otherwise be entitled will be issued to Tawana to be dealt with in the manner described in Section 3.10 above, and SA Holders will also have the opportunity described in Section 3.12.

The anticipated timetable for SA Holders is set out below.

Record date for Despatch of Notice of Meeting	Friday, 1 June 2018
Despatch of this Notice of Meeting and announcement on SENS	Wednesday, 6 June 2018
Last day to trade in order to be recorded in the share register to vote at the general meeting	Tuesday, 26 June 2018
Record date for voting	Friday, 29 June 2018
Form of proxy must be submitted by Certificated SA Holders by 10.30am (SAST)	10.30am Wednesday, 4 July 2018
Meeting to approve disposal of the Projects, the capital reduction and the constitutional amendment at 10:30 (WST) Company notifies ASX that Shareholders have approved the Resolutions and announced on SENS	Friday, 6 July 2018
Last date to trade in order to participate in the capital reduction	Tuesday, 10 July 2018
Ex date for the capital reduction – the date on which trading on JSE commences without the entitlement to participate in the distribution	Wednesday, 11 July 2018
Record Date for capital reduction for JSE (this is the same for ASX)	Friday, 13 July 2018
Completion of Demerger including in specie distribution of Cowan Shares to Eligible Shareholders*	Wednesday, 18 July 2018

* Three business days allows sufficient time for Tawana’s share registry, Computershare, to complete the distribution of Cowan Shares.

SA Holder’s share certificates may not be Dematerialised or rematerialised from Wednesday, 11 July 2018 to Friday, 13 July 2018, both days inclusive. Additionally, no transfers of shareholdings to and from South Africa will be permitted between Friday, 6 July 2018 and Friday, 13 July 2018, both days inclusive.

Holders of dematerialised shares with a Central Securities Depository Participant (**CSDP**) or broker and who have not selected “own-name” registration must arrange with their CSDP or broker to provide them with the necessary letter of representation to attend the Meeting or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the holder of Dematerialised shares and the CSDP or broker.

Please follow the instructions on the forms of proxy for lodgement.

3.12 Trading Cowan Shares

Following the Demerger and prior to the proposed IPO of Cowan Lithium (refer to Section 2.2), Cowan Lithium will be an unlisted company and there will not be a liquid market for Cowan Shares. Nevertheless, Eligible Shareholders will be permitted to sell and trade their Cowan Shares, at their own risk, during this period.

Eligible Shareholders may contact the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or the Company Secretary to request a share transfer form, which is necessary to give effect to any transfer of Cowan Shares that they may wish to undertake.

As outlined in Sections 3.10 and 3.11 above, Overseas Shareholders (including SA Holders) on the Record Date will not be issued the Cowan Shares to which they would otherwise be entitled and instead their Cowan Shares will be issued to Tawana to be held on their behalf, pending an IPO or other liquidity opportunity.

If, before the IPO or other liquidity event, an Overseas Shareholder (including an SA Holder) has identified a buyer and wishes to obtain value for the Cowan Shares to which they would otherwise have been entitled if they were an Eligible Shareholder, Tawana will act on their instructions to transfer such Cowan Shares to the buyer nominated by the Overseas Shareholder. This has the effect of affording Overseas Shareholders substantially the same opportunity to derive value from Cowan Shares as Eligible Shareholders in the period prior to the proposed IPO.

In order to take advantage of this opportunity, an Overseas Shareholder will be required to submit a share transfer form to Tawana, together with an executed direction form (setting out the terms on which Tawana is instructed to execute the share transfer form). Overseas Shareholders can obtain a share transfer form and associated direction form from Tawana by contacting the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or the Company Secretary.

Overseas Shareholders wishing to take advantage of this opportunity do so on the same basis as Eligible Shareholders that wish to sell their Cowan Shares, namely that:

- (a) all arrangements between the Shareholder and the transferee, including as to transfer price and settlement arrangements, will be a matter for the Shareholder and the transferee, and neither Tawana nor Cowan Lithium will have or assume any risk or liability in that regard;
- (b) compliance with all applicable laws and regulations in all relevant jurisdictions will be a matter for the Shareholders and the transferee (including compliance by SA Holders with any applicable laws under the *South African Exchange Control Regulations 1961*), and neither Tawana nor Cowan Lithium will have or assume any risk or liability in that regard; and
- (c) any costs, fees or duty associated with a transfer of Cowan Shares will be for the account of the Shareholder or the transferee (as the case may be), and neither Tawana nor Cowan Lithium will assume any liability in that regard.

3.13 Board of directors of Cowan Lithium

The Board of Cowan Lithium comprises the following:

(a) **Mark Calderwood**

Mr Calderwood is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy, a Non-Executive Director of Amani Gold Limited and Non-Executive Chairman of Manas Resources Limited.

Previously, Mr Calderwood spent more than a decade with Mt Edon Gold Mines, before moving onto Border Gold, a junior gold explorer which later became Moto Gold Mines. In 1995 he moved to Ghana to run gold explorer Leo Shield Exploration NL's Ghana office. Leo Shield Exploration NL ultimately created Perseus Mining in 2003.

Mr Calderwood was Managing Director of ASX 100-listed gold producer Perseus Mining Limited, a West African Gold producer and explorer from its inception in 2003 until January 2013. Mr Calderwood steered Perseus from an exploration company to a +200,000 oz per year producing gold company. Under Mr Calderwood's leadership Perseus discovered more than 6.8 million ounces of gold, built the Edikan Gold Mine in Ghana, on time and on budget and started commercial production in January 2012.

Mr Calderwood is the Managing Director of Tawana.

(b) **Michael Naylor**

Mr Naylor has 22 years' experience in corporate advisory and public company management since commencing his career and qualifying as a chartered accountant with Ernst & Young. Mr Naylor has been involved in the financial management of mineral and resources focused public companies serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development.

He has previously worked as the Chief Financial Officer of ASX listed Gryphon Minerals Limited before it merged via scheme of arrangement with TSX listed Teranga Gold Corp in 2016 and was also the Chief Financial Officer of ASX listed Cobalt One Limited before it merged via scheme of arrangement with TSX listed First Cobalt Corporation in 2017.

He was recently a Director of Tawana Resources NL where he was intimately involved in transforming the company from an iron ore explorer to a lithium producer and growing the Company's market capitalisation from \$2m to over \$250m in the space of 18 months.

He is currently the Company Secretary and CFO of Draig Resources Limited, Company Secretary of First Cobalt Corporation, Cygnus Gold Limited and Blackstone Limited. He also serves as the local Director on Teranga Gold Corporation subsidiaries.

Mr Naylor has worked in Australia and Canada and has extensive experience in financial reporting, capital raisings, debt financings and treasury management of resource companies.

(c) Mark Turner

Mr Turner is a Mining Engineer with more than 30 years of experience in the resources sector. He has been responsible for the start-up and operation of mines in Australia, Africa and Asia. He was previously General Manager Operations of Resolute Mining Ltd, one of Australia's largest gold producers and Chief Operating Officer of CGA Mining, before its takeover by B2 Gold for C\$1.1 billion in 2010. He is currently the Chief Operating Officer of RTG Mining Inc.

Mr Turner holds a degree in Mining Engineering from the University of New South Wales and is a Fellow of the AUSIMM.

Mr Turner is a non-executive director of Tawana Resources and is proposed to be the chairman of the board of the combined Tawana and Alliance entity following the Alliance Merger.

3.14 Directors' interests

Set out in the table below are details of Directors' relevant interests in the securities of the Company at the date of this Notice and the Cowan Shares that they will receive if the Demerger is approved and all Options (including those held by Directors and identified below) are exercised prior to the Record Date:

Director	Shares	Options	Cowan Shares
Robert Benussi	2,650,000	1,500,000	373,873
Mark Calderwood	21,880,000	3,000,000	2,241,441
Mark Turner	-	1,000,000	90,090
Robert Vassie	-	1,000,000	90,090
Vicki Xie	-	-	-

3.15 Directors' remuneration

(a) Company remuneration

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$300,000 per annum to be paid as non-executive Directors' fees. It is currently resolved that non-executive Directors are entitled to receive total fees of \$220,820 per annum (inclusive of superannuation).

Mark Calderwood currently receives a salary of \$400,000 per annum (inclusive of superannuation and Director's fees) for his role as Managing Director and CEO of the Company.

Directors have received the following remuneration for the preceding two financial years:

Directors	Year (to 31 December)	Salary & Fees (\$)	Share Based Payments	Total (\$)
R Benussi	2017	108,773	94,777	203,550
	2016	41,248	84,643	125,891
B Vassie	2017	26,054	240,664	266,718
	2016	-	-	-
M Turner	2017	26,054	240,664	266,718
	2016	-	-	-
V Xie	2017	6,590	-	6,590
	2016	-	-	-
M Calderwood	2017	308,316	-	308,316
	2016	124,620	71,926	196,546
M Naylor	2017	125,580	189,554	315,134
	2016	136,526	84,643	221,169

(b) Cowan Lithium remuneration

Since Cowan Lithium's incorporation on Friday, 23 March 2018, no Cowan Director has received any remuneration for their role as a director of Cowan Lithium.

The Cowan Constitution specifies an aggregate amount of up to \$500,000 per annum to be paid as non-executive director fees, however, no directors' fees have been paid (or will be paid) by Cowan Lithium until after the Demerger as described above.

3.16 Rights attaching to Cowan Shares

Refer to Schedule 6 for a summary of the rights attaching to Cowan Shares.

3.17 Risk factors

On completion of the Demerger, the Shareholders will become direct shareholders in Cowan Lithium and should be aware of the general and specific risks that may affect Cowan Lithium and the value of its securities. These risk factors are outlined in Schedule 7.

3.18 Tax consequences

Tawana considers the proposed Demerger should qualify for demerger tax relief (**Demerger Relief**). However, Tawana has applied to the Commissioner of Taxation (**Commissioner**) for a class ruling in connection with the Demerger. Tawana considers that a decision from ATO not to grant Demerger Relief should not impact the Demerger and the Demerger may still proceed, if approved by Shareholders.

Australian taxation consequences for Australian resident Shareholders

On the assumption that a favourable class ruling is obtained from the ATO, the following is a general summary of the Australian taxation consequences for Australian resident Shareholders who receive Cowan Shares in respect of the capital reduction. The taxation information below is applicable to Australian residents who hold their Shares on capital account and are not subject to the taxation of financial arrangement provisions contained in Division 230 of the Income Tax Assessment Act (1997) (**ITAA 1997**).

The information below is not a complete analysis of all taxation implications relevant to the proposed Demerger and all Shareholders should obtain independent tax advice regarding the income tax and capital gains tax implications specific to their circumstances. Specifically, Shareholders who hold their Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors), and Shareholders who are not residents of Australia for income tax purposes, should all seek independent taxation advice. The information below does not consider the future tax implications associated with holding or selling the Shares or Cowan Shares following implementation of the Demerger.

The information below has been prepared based on the taxation laws, regulations, rulings and administrative guidance and judicial interpretations as at Tuesday, 17 April 2018. It is important to note the ultimate interpretation of taxation law rests with the courts and that the law, and the way the revenue authorities seek to administer the law, may change over time. Accordingly, information below represents an interpretation of existing law based upon generally accepted interpretations of that law.

Australian Tax laws are complicated and subject to legislative and interpretive change both prospectively and (occasionally) retrospectively. Changes in the tax law or interpretation of the tax law subsequent to the date of this Explanatory Statement may alter the tax treatment of the Demerger.

There could also be implications for Shareholders in addition to those described above. The information provided below is general in nature and the individual circumstances of each shareholder may affect the tax implications of the Demerger for that shareholder. Shareholders should seek appropriate independent professional advice that considers the tax implications in respect of their own specific circumstances.

(a) Demerger tax relief

The information below has been prepared on the basis that shareholders who are residents of Australia and who hold their Shares on capital account for tax purposes should be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any CGT consequences from the transaction may be deferred, and that the dividend component (if any) of a distribution is not taxed in the hands of the Shareholders.

(b) CGT Consequences

The capital reduction will give rise to a CGT event for Shareholders representing the distribution of Cowan shares. The CGT event will happen at the time Tawana completes the Capital Reduction.

Shareholders can choose whether or not to obtain demerger roll-over relief.

(i) **Where demerger roll-over relief is chosen**

(A) **Capital gain is disregarded**

If Demerger Relief is available, for Shareholders who choose demerger roll-over relief, any capital gain made arising from the CGT event happening to their Shares under the Capital Reduction will be disregarded.

(B) **CGT cost base in Shares and Cowan Shares**

Shareholders will need to apportion the CGT cost base of their original Shares between their original Shares and new Cowan Shares in accordance with the market values of the Shares and Cowan Shares (or a reasonable approximation of these market values) just after the Demerger.

Further information in relation to the apportionment of costs bases will be provided by Tawana subsequent to the Demerger being implemented.

(C) **Time of acquisition of Cowan Shares**

For Shareholders who choose demerger roll-over relief, their Cowan Shares will have the same CGT characteristics as the underlying Shares. For the purposes of determining the availability of the CGT discount on a subsequent sale of Cowan Shares, Cowan Shares should be taken to have been acquired at the time the shareholder acquired their original Shares. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

(ii) **Where demerger roll-over relief is not chosen**

(A) **Capital gain is not disregarded**

If Demerger Relief is available, for Shareholders who do not choose to obtain demerger roll-over relief, any capital gain made arising from the Capital Reduction under the Demerger will not be disregarded.

Shareholders may be entitled to discount CGT treatment. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

If the capital component of the Capital Reduction Amount does not exceed the CGT cost base in the Shares, no capital gain should be made. Shareholders will not make a capital loss as a result of the return of capital under the Demerger.

(B) **CGT cost base in Shares and Cowan Shares**

Shareholders who do not choose to obtain demerger roll-over relief should apportion the first element of the CGT cost base in their Shares between those Shares and Cowan Shares received under the Demerger. The method of apportionment is the same as the method for Shareholders who choose to obtain demerger roll-over relief as discussed above.

(C) **Time of acquisition of Cowan Shares**

Where demerger roll-over relief is not chosen, all of the Cowan Shares transferred to Shareholders will be treated as having been acquired at the time they are transferred to the Shareholders. This will be relevant to Shareholders in determining the availability of the CGT discount on a subsequent sale of Cowan Shares. Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

Application of demerger tax integrity measures

In certain circumstances part of an in specie distribution can be treated as a dividend for Australian tax purposes. The dividend component would be that amount of the in specie distribution by which Tawana does not reduce share capital. Tawana expects to determine the Capital Reduction Amount by reference to the allocation required by the ATO class ruling. The dividend component should therefore be that amount by which the market value of the in specie distribution exceeds the Capital Reduction Amount. Where Demerger Relief is available, this dividend would not be assessable to Shareholders.

However, the Commissioner may make a determination under Section 45B of the Income Tax Assessment Act 1936 (**ITAA 1936**) to deem certain payments to be treated as taxable dividends for taxation purposes. Having regard to the circumstances of the Demerger, Tawana does not consider the Commissioner should apply Section 45B to the proposed Demerger. For completeness, the following is an outline of the potential Australian income tax implications for Australian resident Shareholders who hold their shares on capital account should the Commissioner make a determination under Section 45B in respect of the Demerger:

- Shareholders may make a capital gain to the extent that the Capital Reduction Amount exceeds the particular Shareholder's cost base.
- All or part of the Capital Reduction Amount may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (generally at the rate of 30% on the gross amount, subject to any applicable double tax agreement).
- The CGT cost base in the Shares may not change as a result of the Demerger.
- The CGT cost base in Cowan Shares should be equal to the Capital Reduction Amount.

- Cowan Shares should be treated as having been acquired at the time they are transferred to Shareholders.

Taxation implications for the Company

The transfer of shares in Cowan from Tawana to the Shareholders is not expected to have any material adverse tax implications for Tawana.

3.19 Lodgement with ASIC

The Company has lodged with ASIC a copy of this Notice of Meeting and the Explanatory Statement in accordance with section 256C(5) of the Corporations Act. The Company has also lodged with ASIC a copy of the Prospectus that accompanies this Notice of Meeting at the same time the Notice of Meeting was lodged with ASIC.

ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

3.20 Disclosure to the ASX and ASIC

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

3.21 Other material information

There is no information material to the making of a decision by Shareholders whether or not to approve the Resolutions (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement, the accompanying Prospectus and information the Company has previously disclosed to Shareholders.

3.22 Other legal requirements

Under ASIC Regulatory Guide 188, an invitation to Shareholders to vote on Resolution 2 for the in specie distribution of Cowan Shares to Shareholders constitutes an offer of securities under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies. As no exemption applies, the Company has prepared a short-form prospectus that contains information in relation to Cowan Lithium (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their Cowan Shares within the first 12 months after receiving them, without disclosure under Chapter 6D of the Corporations Act.

4 RESOLUTION 3 – AMENDMENT TO CONSTITUTION

4.1 General

Under the Corporations Act, a member must give consent to becoming a member of a company. Accordingly, in order to give effect to the Demerger, each Shareholder must give its consent to becoming a member of Cowan Lithium and for the Company to be its agent in the execution of any documents required to give effect to the Demerger. The Constitution does not currently contain such an express consent.

Approval is being sought from Shareholders for the insertion of clauses 20.9 and 20.10 of the Constitution so that where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate (as it is doing under the Demerger):

- (a) Shareholders are deemed to have agreed to become members of that body corporate and are bound by the constitution of that body corporate;
- (b) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder; and
- (c) any binding instruction or notification between the Shareholder and the Company will be deemed to be a similarly binding instruction or notification to Cowan Lithium.

Consenting to become a member of Cowan Lithium does not impose any specific liabilities upon a Shareholder, nor does it prohibit a Shareholder from subsequently selling or otherwise dealing with the Cowan Shares to be received under the Demerger.

Additionally, approval is being sought from Shareholders for the insertion of clause 20.11 of the Constitution so that on a distribution the Directors may determine to make a cash payment to certain Shareholders rather than a distribution of specific assets. This facilitates the proposed treatment of Overseas Shareholders in Section 3.10 and ensures that the Company will be able to sell the Cowan Shares to which Overseas Shareholders would otherwise be entitled and distribute the proceeds to the respective Shareholders.

A copy of the Constitution is available on request from the Company Secretary.

No other changes are being made to the Constitution.

4.2 Demerger conditional on amendment of Constitution

Resolution 2 (to effect the Demerger) is conditional on Shareholders approving Resolution 1 (to approve the disposal of the Projects) and Resolution 3 (to amend the Constitution). This means that in order to implement the Demerger, Shareholders need to approve both Resolution 1 and Resolution 3.

4.3 Special resolution

Resolution 3 is a special resolution, and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (in person, by proxy, by attorney or corporate representative) on the resolution.

GLOSSARY

A\$ and \$ means Australian Dollars.

Alliance Merger has the meaning given in Section 1.1.

ARRL has the meaning given in Section 1.6.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ATO Rulings has the meaning given in Section 1.7.

Board means the board of directors of Tawana.

Capital Reduction means a reduction of the share capital of Tawana as set out in the Capital Reduction Resolution.

Capital Reduction Amount means an amount equal to the value of 85% of the share capital of Cowan Lithium less a Demerger Distribution (if any).

Capital Reduction Resolution means the ordinary resolution to approve the Capital Reduction to be considered at the general meeting set out in the Notice of Meeting.

Certificated SA Holder means certificated or Dematerialised holders who have selected "own name" registration on the South African register only.

Company or Tawana means Tawana Resources NL ACN 085 166 721.

Conditional Placement means the conditional placement of 12,195,122 Shares as described in Section 3.6.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Cowan Constitution means the constitution of Cowan Lithium.

Cowan Group means Cowan Lithium and each of its subsidiaries from time to time.

Cowan Lithium means Cowan Lithium Limited ACN 625 128 770.

Cowan Project means the Cowan Project as described in Schedule 1.

Cowan Share means a fully paid ordinary share in the capital of Cowan Lithium.

Cowan Shareholder means a holder of a Cowan Share following the Demerger.

Dematerialise means the process whereby share certificates and any other documents of title to shares in a tangible form are dematerialised into electronic records for the purposes of Strate and **Dematerialised** will have a corresponding meaning.

Demerger means, collectively:

- (a) the transfer of the Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset to Cowan Lithium; and
- (b) the subsequent capital reduction and distribution by way of in specie distribution of 85% of all Cowan Shares to Shareholders, with 15% of Cowan Shares being retained by Tawana.

Demerger Distribution means the difference between the value of 85% of the share capital of Cowan Lithium Limited and the Capital Reduction Amount (if any).

Demerger Entities has the meaning given in Section 1.1.

Directors means the directors of the Company.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date, other than an Overseas Shareholder.

Employee Option Rules means the Rules of the Tawana Resources NL Employee Incentive Option Plan.

Explanatory Statement means this explanatory memorandum which accompanies the Notice.

FOB means Free On Board as per Incoterms 2010.

IPO means initial public offering.

JSE means the Johannesburg Stock Exchange.

Kenema-Man means Kenema-Man Holdings Liberia Pty Ltd ACN 147 140 823.

Listing Rules means the official listing rules of ASX.

Lithco means Lithco No.2 Pty Ltd ACN 612 726 922.

Meeting has the meaning in the introductory paragraph of the Notice.

Mofe Creek Project means the Mofe Creek Iron Ore Project as described in Schedule 3.

Mofe Creek Option has the meaning given in Section 1.6.

Mofe Creek Option Agreement means the heads of agreement dated 11 May 2018 between Tawana, Cowan Lithium, Kenema-Man, Tawana Liberia Inc and ARRL.

Mount Belches means Mount Belches Pty Ltd ACN 612 217 704.

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

Option means an option to acquire a Share.

Overseas Shareholders has the meaning given in Section 3.10.

Placement means the placement of 48,780,488 ordinary shares for \$20,000,000 as described in section 1.4(b)(j) of Schedule 4.

Projects means the Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset.

Prospectus has the meaning given in Section 3.22.

Proxy Form means the proxy form accompanying the Notice.

Rakana Consolidated means Rakana Consolidated Mines (Proprietary) Ltd (registration number 1981/000224/07).

Record Date means the record date for the Demerger in the timetable in Section 3.2.

Related Body Corporate has the meaning it has in the Corporations Act.

SA Holder means all certificated and Dematerialised holders on the South African branch register of Tawana.

SAST means South Africa Standard Time.

Section means a section of this Explanatory Statement.

SENS means Johannesburg Stock Exchange News Services.

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

Share Exchange Agreement means the share exchange agreement dated 11 May 2018 between the Company and Cowan Lithium.

Shareholder means a holder of a Share.

South Africa Asset means Tawana's 26% interest in Rakana Consolidated.

Tawana Group means Tawana and each of its subsidiaries from time to time.

Yallari Project means the Yallari Lithium Project as described in Schedule 2.

1. Introduction

The Cowan Project is located 50km south east of Kambalda, Western Australia and approximately 75km south east of Mt Marion lithium project.

The Cowan Project covers a 26km strike of two belts containing rare element Lithium-Caesium-Tantalum (LCT) pegmatites. About 10km of the Mt Belches – Bald Hill belt and a significant portion of the Claypan Dam – Madoonia Belt is covered by the Cowan Project area.

Prior exploration at the Cowan Project focused on tantalum and tin and was limited to wide-spaced shallow RAB drilling, rock chip sampling, shallow auger/vacuum drilling and soil sampling, and RC drilling. Prior production within the Cowan Project comprised small amounts of lithium and tin from eluvials at the Mount Belches tenements.

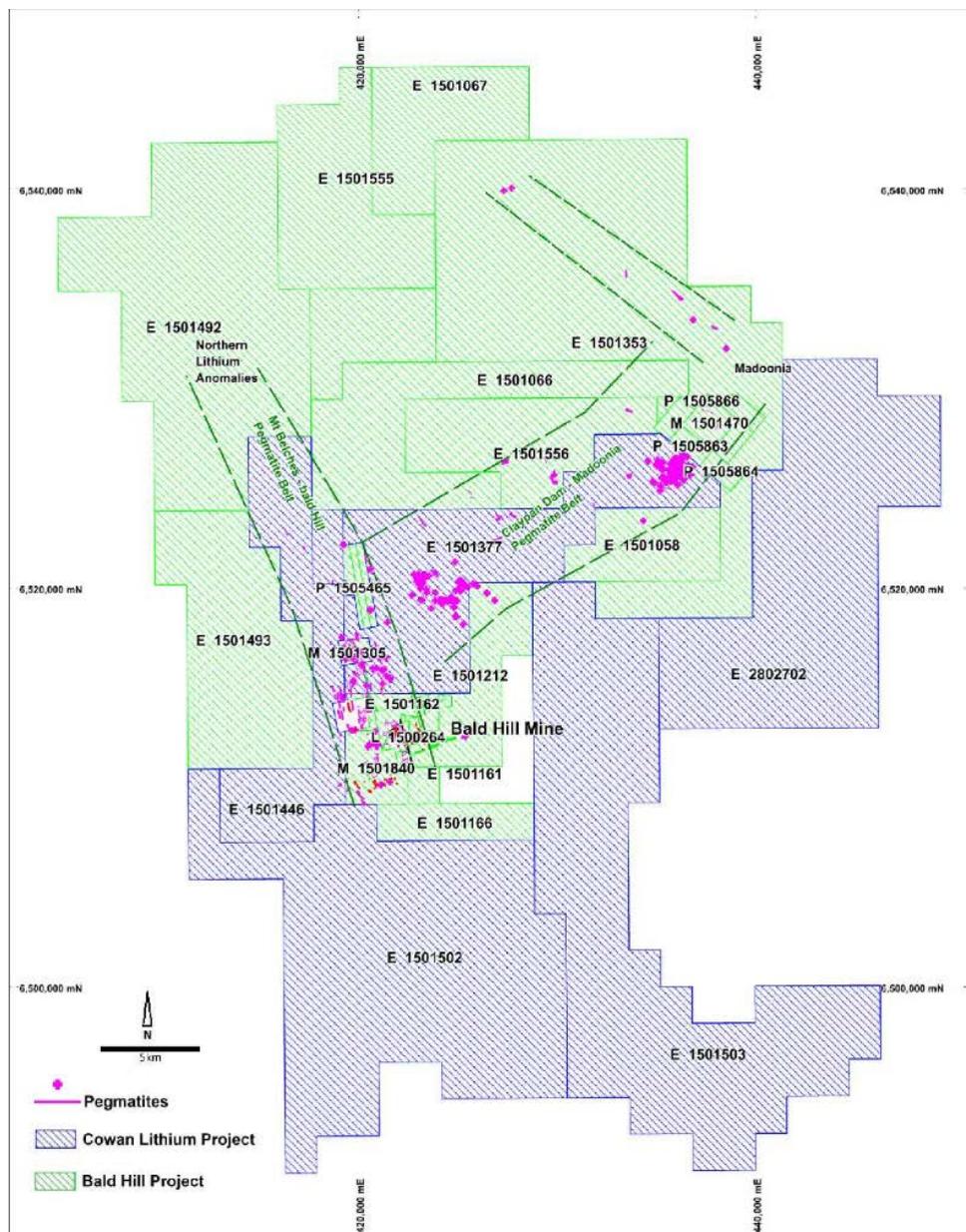


Figure 1 | Project location of Cowan Lithium in relation to the Bald Hill project

2. Tenure

The Cowan Lithium Project comprises the following mining tenements:

Tenement	Location	Registered Owner	Structure and Ownership
E15/1205*	Western Australia	Mount Belches Pty Ltd	100%
E15/1377*	Western Australia	Mount Belches Pty Ltd	100%
E15/1446*	Western Australia	Mount Belches Pty Ltd	100%
E15/1502	Western Australia	Mount Belches Pty Ltd	100%
E15/1503	Western Australia	Mount Belches Pty Ltd	100%
E28/2702	Western Australia	Mount Belches Pty Ltd	100%

* Mount Belches Pty Ltd must pay a 2% gross revenue royalty on these tenements pursuant to the terms of their acquisition.

3. Geological Setting

The Cowan Project area comprises Archaean quartz-biotite metasediments and amphibolites of the Eastern Goldfields Terrane of the Yilgarn Craton. These metasediments trend north-south and have been intruded by large numbers of pegmatites.

Two main belts of rare element LCT pegmatites are known in the Project area. LCT type pegmatites are derived from highly siliceous, peraluminous (S-Type, 'fertile' granites) as highly fractionated granitic melts. These fractionated melts contain the rare elements (Be, Rb, Cs, Sn, Nb, Ta etc) and a high volatile content (H₂O, F, B, P and Li). Petr Černý's pegmatite classification (Černý 1991) is the accepted standard. Under this pegmatite classification scheme the Project area is prospective for:

- i) LCT Albite-spodumene: These are typically unzoned, homogeneous pegmatites with subhedral spodumene in a quartz-albite matrix. The Mt Marion pegmatites (located 75km to the northwest) are examples of this subclass.
- ii) LCT Albite: Zoned albite pegmatites have a fine grained albite and quartz border zone with albite, often of the cleavelandite variety, as the central pegmatite zone. Small quartz lenses and scattered pods of coarsely crystallized quartz, microcline with accessory minerals of beryl and phosphates with mica are found irregularly within the albite central zones. Tantalum minerals are found disseminated within the albite.
- iii) LCT Complex: There are considered to be four subclasses depending upon which Li-bearing mineral is dominant in the pegmatite.
 - a) Spodumene: spodumene-dominant lithium-bearing pegmatites that are

zoned and mineralogically complex (e.g. the Greenbushes and Mt Cattlin pegmatite deposits).

- b) Petalite: Zoned pegmatites dominated by petalite and/or its alteration products (e.g. the Londonderry pegmatites, located 105km to the west-northwest).
- c) Lepidolite: Pegmatites simple or zoned with are rich in lepidolite (e.g. the Mt Deans pegmatites located 105km to the southwest).
- d) Amblygonite: Amblygonite-rich pegmatites (Ubini pegmatite, located 130km to the west-northwest).

4. Drilling results

Tawana commenced first pass exploratory drilling on the Cowan Project in September 2016, completing 189 holes totalling 14,419m to date, in five areas based on geochemical, geophysical and outcrop information. Due to shallow weathering, RC drilling was adopted over RAB drilling.

Spodumene pegmatites were intercepted in four areas with the Cotters North prospect appearing the most promising, where a total of 43 holes were drilled over an area 1.4km by 0.8km. Pegmatites were intercepted in 16 of the drill holes of which 10 contained spodumene, and seven contained elevated tantalum and tin. Significant intercepts are contained within Tables 1 and 2. Refer to December 2017 quarterly report as announced on the ASX on 31 January 2017.²

Though pegmatites intercepted to date at Cotters North are generally narrow, some are sub-horizontal, which provide the best targets for resource tonnage. The northern limit of the current footprint of the prospect is the most prospective and open to the north and west under soil cover. Pegmatite fractionation appears to be generally increasing towards the north.

Based on successful early results from the St John pegmatites on the adjoining Bald Hill tenements, a prime drill target within the Cowan Project area south of St John awaits testing.

Table 1 | Drill Summary, Cotters North Pegmatite Intercepts

Hole ID	Easting	Northing	RL	Depth	Azm	Dec.	From	To	Width	Pegmatite
TRC0046	416633	6521854	300	40	90	-60	0	2	2.0	Li, Ta
TRC0047	416680	6521880	300	79	90	-60	16.8	18	1.2	Li
TRC0048	416720	6521880	300	80	90	-60	0.8	3.6	2.8	barren
TRC0050	416620	6522000	300	80	90	-60	5.2	8	2.8	barren
TRC0055	416640	6521999	300	42	90	-60	0	4.9	4.9	Ta, Be
TRC0058	416500	6522400	300	80	90	-60	20.6	27.9	7.3	Li, Ta
TRC0067	415820	6522800	300	80	90	-60	22.5	24.1	1.6	Ta
TRC0070	416220	6522800	300	80	90	-60	19.4	20.9	1.5	Sn, Ta
TRC0071	416260	6522800	300	80	90	-60	22	24	2.0	Li, Ta
TRC0072	416300	6522800	300	80	90	-60	35	38	3.0	Li, Ta
TRC0073	416340	6522800	300	80	90	-60	61.1	66.5	5.4	Li, Ta

² For full exploration results, refer to ASX announcement dated 31 January 2017. Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

TRC0075	416420	6522800	300	80	90	-60	35.4 76.7	38.5 77.7	3.1 1.0	Li, Ta, Sn Li
TRC0078	416400	6522600	300	80	90	-60	10.1 13	11.9 16	1.8 3.0	Li Li
TRC0079	416600	6522600	300	80	90	-60	37.1 44.4	43 47	5.9 2.6	Li Li

Notes

- 1) The true width of pegmatites are generally considered 70-95% of the intercept width except for TRC0027 where the true width is likely less than 30% of the intercept width.
- 2) Holes remain to be surveyed therefore elevations are nominal

Table 2 | Significant Intercepts, Cotters North

Hole ID	From m	To m	Interval m	Li ₂ O %	Ta ₂ O ₅ ppm	Nb ₂ O ₅ ppm	SnO ₂ ppm
TRC0026 incl.	40	42	2	0.46	77	79	50
	45	50	5	0.83	57	63	63
	47	49	2	1.16	67	11	63
TRC0027 incl.	35	51	16	0.54	93	79	55
	44	48	4	0.91	114	80	58
TRC0038	0	1	1	1.69	175	72	364
	26	36	10	0.18	37	57	50
	39	49	10	0.22	27	39	71
TRC0043	19	26	7	0.30	72	92	67
	33	35	2	0.70	35	50	55
	44	48	4	0.31	9	13	63
TRC0046	0	3	3	0.65	129	69	353
TRC0047	22	23	1	0.31	11	7	17
TRC0058 incl.	18	21	3	0.24	63	39	230
	21	28	7	1.23	132	109	121
	22	27	5	1.40	126	107	119
TRC0067	23	24	1	0.01	735	64	142
TRC0070	20	21	1	0.10	258	93	1,351
TRC0072	36	38	2	0.49	194	93	184
TRC0073 incl.	62	67	5	1.09	172	103	132
	64	66	2	1.72	192	90	151
TRC0075 incl.	36	39	3	0.19	230	67	592
	37	38	1	0.42	208	57	1,125
	77	78	1	0.32	57	36	184
TRC0078 incl.	10	16	6	0.88	71	63	132
	14	15	1	2.37	68	64	95
TRC0079	36	48	12	0.83	93	72	154

Notes

- 1) Intercepts of 0.3% Li₂O or 150ppm Ta₂O₅ considered significant.
- 2) Intercepts of 0.1-0.3% Li₂O are considered anomalous in early stage exploratory drilling.

5. Future Exploration Program

Cowan Lithium intends to conduct exploration works on the Cowan Project tenure on a campaign basis comprising:

- desktop reviews of historic works and spatial data (including orthophoto, geochemistry and geophysics);
- field mapping of target areas by priority (tenure has been split by priority based on existing interpreted pegmatite and fractionation trends and desktop review of spatial data and historical works);
- rockchip sampling of identified pegmatite outcrop; and
- soil sampling in prospective areas with limited historic data.

1. Introduction

The Yallari Project is located 25km southeast of Coolgardie and about 10km west of Mt Marion. The project areas cover portions of the greenstone sequence that hosts the Mt Marion and Londonderry pegmatite fields. Numerous pegmatites have been mapped by nickel and base metal explorers however there are no records on the rare element content of the pegmatites. These pegmatites based on their mineralogy are probably derived from a peraluminous and possible 'fertile' granite. The geological setting of the pegmatites and the proximity to the Mt Marion and Londonderry lithium bearing pegmatite fields is encouraging.

Sampling is required to define the pegmatite type(s) and their potential for mineralisation. Based on the currently known pegmatite mineralogy the most prospective area for lithium enriched pegmatites will be further from the source granite.

2. Tenure

The Yallari Project comprises the following mining tenements:

Tenement	Location	Registered Owner	Structure and Ownership
E15/1401* (application)	Western Australia	ABEH Pty Ltd	100%**
E15/1526	Western Australia	Mount Belches Pty Ltd	100%

* Mount Belches Pty Ltd must pay a 2% gross revenue royalty on this tenement pursuant to the terms of its acquisition.

** Mount Belches Pty Ltd has a beneficial interest in this tenement application. Tenement is required to be transferred to Mount Belches Pty Ltd following its grant.

3. Future Exploration Program

Limited exploration has been performed on the Yallari Project and Cowan Lithium intends to conduct exploration works on a campaign basis comprising:

- desktop reviews of historic works and spatial data (including orthophoto, geochemistry and geophysics).
- field mapping of target areas by priority (tenure has been split by priority based on existing interpreted pegmatite and fractionation trends and desktop review of spatial data and historical works).
- rockchip sampling of identified pegmatite outcrop.

1. Introduction

The Company, through its wholly owned subsidiary Tawana Liberia Inc has a 100% beneficial interest in mineral exploration licences MEL 12029 and MEL 1223/14 which form the Mofe Creek Project. The Mofe Creek Project is located in Liberia, approximately 20km from the coast and 85km from the capital city Monrovia. The Mofe Creek Project covers an area of 475km², which is considered highly prospective for iron ore.

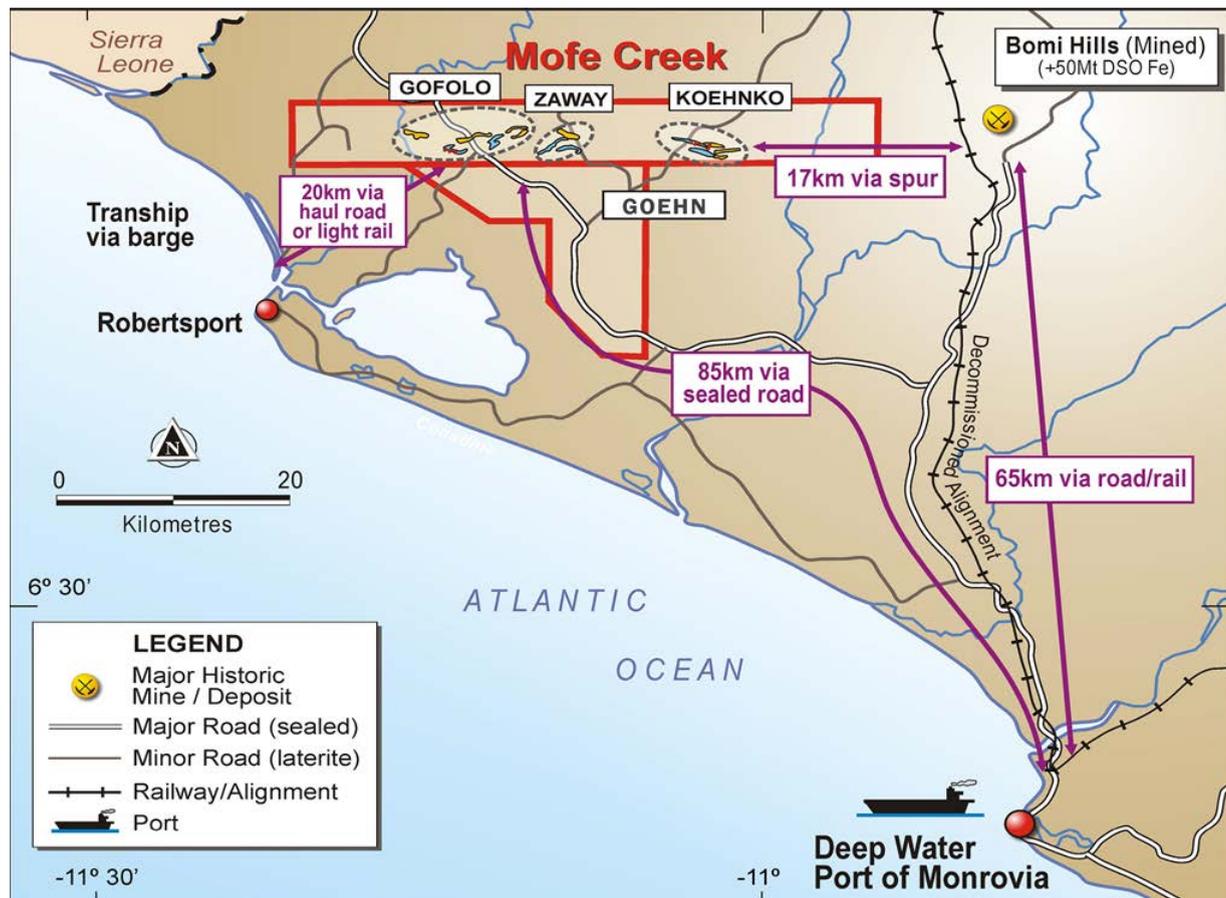


Figure 2 | Project location relative to possible infrastructure scenarios and historic resources.

On 31 March 2014, Tawana announced a maiden mineral resource estimate of 61.9 million tonnes at an in-situ iron ore grade of 33% Fe which included an indicated mineral resource of 16.2 million tonnes at 35.4% Fe and the remaining 45.7 million tonnes classified as inferred mineral resource.

More recently, the Company has undertaken minimal exploration work at the Mofe Creek Project pending the response to the Mineral Development Agreement (MDA) which is currently under review by Liberia’s Ministerial Concessions Committee. Tawana received the first draft of the MDA on 7 September 2016. At the time of this Explanatory Statement, the MDA review process remains on foot but is not currently progressing for a variety of reasons. If the MDA review process is terminated without an alternate arrangement being made with the Liberian government authorities, mineral exploration licence MEL 12029 would be at risk of forfeiture.

In relation to mineral exploration licence MEL 1223/14, the Company has recently been notified by the Liberian Ministry of Mines and Energy of certain deficiencies in relation to work programs, budgets and reporting. Tawana is exploring ways to rectify these deficiencies (including obtaining waivers), but if the government does not accept Tawana's submissions then mineral exploration licence MEL 1223/14 will be subject to forfeiture.

The Company has entered into the Mofe Creek Option (the terms of which are summarised in Section 1.6) pursuant to which it may sell its interest in the Mofe Creek Project through the sale of 100% of the issued shares in either Tawana Liberia Inc or Kenema-Man to ARRL.

2. Tenure

The Mofe Creek Project consists of the following tenure.

Tenement	Location	Registered Owner	Structure and Ownership
MEL-12029 Mofe Creek	Liberia	Tawana Liberia Inc	100%
MEL-1223/14 Mofe Ck Sth	Liberia	Tawana Liberia Inc	100%

3. Geological Setting

Liberia is dominated by a series of NE-SW trending Palaeo - to Mesoarchaeon granite greenstone faults of the Archaean Man Shield, part of the West African Craton (2.7 – 3.4 billion years old), characterised by interspersed iron-bearing formations. The Mofe Creek Project Area lies within Precambrian gneisses in the far west of the country. The tenement straddles the northwest-trending Todi Shear Zone (**TSZ**), a regional scale structure that marks the boundary between the Liberian age province (~2.7 Ga) in the east and the (re-worked) western Pan-African age province (~500Ma) along the Liberian coast. The TSZ is defined by a series of faults and broad mylonite zones.

The Mofe Creek Project is located within one of Liberia's historic iron ore mining districts, 10 km along strike from the historic Bomi Hills iron ore mine. The Bomi Hills prospect consists of a chain of magnetite banded iron formation ridges comprising coarse-grained magnetite containing roughly 20% hematite and averaging between 62% and 68% total iron.

The Project consists of a minimum of 5 prospects: Gofolo West, Gofolo Main, Gofolo North East, Zaway and Koehnko.

At the Mofe Creek Project iron mineralisation is hosted within itabirite units of Archaean or Palaeoproterozoic age with cross-cutting and interbedded mafic intrusives and interbedded quartzites, uncomfortably overlying granitic gneiss basement of the West African Archaean Craton. Three significant mixed oxide and silicate facies iron formations exist. The majority of mineralisation is hosted within oxide facies iron formation and units are folded and faulted and are locally partially re-crystallised. Re-crystallisation caused coarsening and potential enrichment of magnetite within the parent iron formation while deep tropical weathering caused surface enrichment and oxidation of magnetite to hematite and maghemite with variable hydration to goethite and limonite within weathered silicate iron facies units and

towards the surface. Depth of weathering is partially controlled by structural preparation including folding and faulting causing deeper enrichment profiles.

4. Resources

A maiden mineral resource of 61.9Mt with an in-situ iron grade of 33% (**Maiden Mineral Resource**) was calculated for the Mofe Creek Project by Coffey Mining Pty Ltd and comprises the Gofolo Main, Zaway and Koehnko deposits (MEL 12029). The Maiden Mineral Resource includes indicated mineral resources of 16.2Mt at 35.4% Fe, with the balance of the mineral resource classified as Inferred (45.7Mt at 32.1% Fe) (refer to Tawana ASX announcement dated 31 March 2014).³

The Mofe Creek Project deposits consist of a series of approximately 1km to 3km strike length semi-contiguous hills with coincident magnetic anomalies within a combined approximate 65km strike length of prospective magnetic anomalies. From the interpreted 65km of prospective strike length the Company has only drilled tested 8km of strike at various drill spacings, with the potential for expansion of the Mofe Creek Project's resource remaining extremely positive.

5. Drilling results and Potential High Grade Mineralisation

In February 2016, Tawana announced that diamond drilling had confirmed the presence of high grade DSO hematite mineralisation at Goehn, with iron grades up to 66% Fe, located a short trucking distance to the operating port of Freeport, Monrovia.

Six diamond drill holes (376.5m) were drilled over the north east section of the newly discovered Goehn prospect where there was a concentration of high grade Magnetite/Hematite mineralisation mapped and samples reported an average grade of 66% Fe (Refer to ASX announcement dated 18 February 2016).⁴

Results from XRF analysis included:

- o 14m @ 61.1% Fe from 28m.
- o 11m @ 60.2% Fe from 1m.
- o 28m @ 51.5% Fe from 1m (including 4m @ 63.3% Fe from 1m).
- o 22m @ 54.5% Fe from surface (including 12m @ 62.1% Fe from 3m).

Drilling results and rock chip samples have identified a DSO zone over 500m of strike, a width of 100m and an average thickness of 15m.

The DSO mineralisation defined within the Goehn prospect falls within 6km of the bitumen road between the Mofe Creek Project area and the operational port of Monrovia; only 85km away (Refer Figure 2). This discovery represents a strategic opportunity to structure an early-start-up operation with minimal capital intensity, using the existing highway and a working port within Monrovia. The mineralisation is readily accessible and presents from surface.

³ For more information on the Resource estimate, refer to ASX announcement dated 31 March 2014. Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

⁴ For full exploration results, refer to ASX announcement dated 18 February 2016. Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

The Goehn Prospect also supports the opportunity for a potential early start-up, low-capital intensity mining and trucking operation within the initial years of production and project life cycle. Due to the hematite DSO style mineralisation discovered, a beneficiation process may not be required at start-up and will only be introduced as the mineralisation transitions from DSO into friable itabirite mineralization. This mining methodology ensures the delayed capital requirements of a processing facility and allows the wet plant to be potentially funded from cashflow and/or strategic debt, once the Company is operational and generating an income.

6. Future Exploration Program

The Company is discussing the possibility of entering into a Mineral Development Agreement (**MDA**) with the Government of Liberia. The MDA would be an agreement outlining the technical, commercial and social/environmental commitments to be undertaken to build, operate and sustain a project within Liberia, and if entered into would be a legislative document passed as a bill in parliament for a term of 25 years.

The Company also anticipated mobilising an exploration team to recommence exploration. Mapping is anticipated concentrating on the Zaway South prospects and the Goehn SW and SE.

The initial mapping to be conducted is reconnaissance mapping which will be used to identify iron ore outcrops associated with elevated magnetic anomalies within the Mofe Creek South license. After the program high priority areas were identified.

Though sections of Goehn SW was drilled resulting in obtaining DSO, much of its extension needs to be identified with strike length and width confirmation. This will be used to plan future drilling program from this phase of mapping.

1 Financial information for Tawana Post Demerger

The financial information contained in this section has been prepared by the Company in connection with the Demerger.

The financial information for Tawana includes:

- The historical balance sheet for Tawana as at 31 December 2017 (Tawana Historical Balance Sheet); and
- The pro forma historical balance sheet for Tawana as at 31 December 2017 (Tawana Pro Forma Historical Balance Sheet).

The Tawana Historical Balance Sheet and Tawana Pro Forma Historical Balance Sheet together form the "Tawana Financial Information".

The Tawana Financial Information presented in this section should be read in conjunction with the risk factors set out in Schedule 7 and other information in this Notice of Meeting. Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in this section are presented in Australian dollars.

1.1 Basis of preparation and presentation of the Tawana Financial Information

The Directors are responsible for the preparation and presentation of the Tawana Financial Information. The Tawana Financial Information included in this Notice of Meeting is intended to present potential investors with information to assist them in understanding the historical financial position of Tawana.

The Tawana Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by Australian Accounting Standards (**AAS**) applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

1.2 Preparation of Historical Balance Sheet

The Tawana Historical Balance Sheet has been prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the Australian Accounting Standards Board (**AASB**), which is consistent with Internal Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

In preparing the Tawana Historical Balance Sheet, the accounting policies of Tawana have been applied. The Tawana Historical Balance Sheet has been derived from the audited general purpose financial statements of Tawana for the year ended 31 December 2017. These general purpose financial statements of Tawana were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued an unqualified audit opinion on these financial statements.

1.3 Tawana Historical Balance Sheet and Tawana Pro Forma Historical Balance Sheet as at 31 December 2017

	Tawana Historical Balance Sheet 31 December 2017 \$'000	Pro Forma Adjustments			Tawana Pro Forma Historical Balance Sheet 31 December 2017 \$'000
		Placement and Conditional placement (Note 1.4 (b) (i)) \$'000	Cowan Lithium demerger (Note 1.4 (b) (ii)) \$'000	Transaction costs (Note 1.4 (b) (iii)) \$'000	
CURRENT ASSETS					
Cash and cash equivalents	16,375	23,750	(750)	(127)	39,248
Trade and other receivables	5,190	-	(192)	-	4,998
Prepayments	1,116	-	(7)	-	1,109
Inventory	27	-	-	-	27
Total current assets	22,708	23,750	(949)	(127)	45,382
NON-CURRENT ASSETS					
Mine properties	18,045	-	-	-	18,045
Exploration and evaluation expenditure	7,660	-	(7,466)	-	194
Property Plant and equipment	23,833	-	(21)	-	23,812
Deposits	73	-	-	-	73
Investment in associate	-	-	814	-	814
Total non-current assets	49,611	-	(6,673)	-	42,938
TOTAL ASSETS	72,319	23,750	(7,622)	(127)	88,320
CURRENT LIABILITIES					
Trade and other payables	9,373	-	(144)	-	9,229
Deferred revenue	9,595	-	-	-	9,595
Provisions	160	-	-	-	160
Total current liabilities	19,128	-	(144)	-	18,984
NON-CURRENT LIABILITIES					
Deferred revenue	2,905	-	-	-	2,905
Provisions	706	-	-	-	706
Total non-current liabilities	3,611	-	-	-	3,611
TOTAL LIABILITIES	22,739	-	(144)	-	22,595
NET ASSETS	49,580	23,750	(7,478)	(127)	65,725
TOTAL EQUITY	49,580	23,750	(7,478)	(127)	65,725

1.4 Tawana Pro Forma Historical Balance Sheet

a) Basis for preparation

The Tawana Pro Forma Historical Balance Sheet as at 31 December 2017 set out above is provided for illustrative purposes only and is prepared on the assumption that the transaction was implemented as at 31 December 2017. If approved, the Demerger is expected to be implemented in June 2018. The Pro Forma Historical Balance Sheet does not illustrate the financial position that may be contained in future financial statements of Tawana following the Demerger.

The Tawana Pro Forma Historical Balance Sheet has been prepared solely for inclusion in this Notice of Meeting and has been derived from the Historical Balance Sheet of Tawana as at 31 December 2017, adjusted for the effects of the pro forma adjustments described below.

The Tawana Pro Forma Historical Balance Sheet has been prepared in accordance with the recognition and measurement, but not all of the disclosure requirements, of the AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions contemplated to occur as part of the Demerger of Cowan Lithium from Tawana as if they occurred as at 31 December 2017. The Tawana Financial Information has been prepared on a historical cost basis.

In preparing the Tawana Pro Forma Historical Balance Sheet, no adjustments have been made for potential changes in cost or operating structure resulting from the Demerger of Cowan Lithium from Tawana. Additionally, no adjustments have been made for the impact of the transactions contemplated in the Mofe Creek Option Agreement.

Impact of the Demerger on accounting

Accounting for demerger transactions is addressed in the AASB Interpretation 17 '*Distributions of Non-cash Assets to Owners*'. That interpretation requires that any obligations for distributions made by a company to its shareholders should be recognised once declared and, where required, approved by the shareholders. Furthermore, the distribution payable must be measured at the fair value of the assets to be distributed.

The distribution payable is charged to equity. In this regard, the fair value of the distribution payable will be allocated between share capital (Capital Reduction) and demerger reserve (Demerger Distribution). The value of the Capital Reduction will be determined by reference to the tax allocation which is expected to be supported by an ATO ruling. The amount recorded in demerger reserve, the Demerger Distribution, will be the difference between the distribution payable and the Capital Reduction amount.

On the Record Date, Tawana will recognise a distribution payable based on the fair value of Cowan Lithium. This liability will be settled through the transfer of the Cowan Lithium shares. At that time, the difference between the historic cost of the net assets

distributed and the fair value of the distribution payables will be recognised in Tawana's income statement.

b) Pro Forma adjustments

The Pro Forma adjustments are as follows:

(i) Placement and Conditional placement

The Placement represents the placement of 48,780,488 ordinary shares for \$20,000,000 as announced to ASX on 17 April 2018.

The Conditional Placement represents the placement of 12,195,122 ordinary shares for \$5,000,000 as announced to the ASX on 5 April 2018.

Note that these pro forma adjustments are net of the 5% bookrunner and lead manager fees paid/payable to Canaccord Genuity (Australia) Limited.

(ii) Cowan Lithium Demerger

In accordance with the Notice of Meeting Tawana is distributing an 85% interest in Cowan Lithium which holds the Cowan Project, Yallari Project, Mofe Creek Project and South Africa Assets.

The Capital Reduction and Demerger Distribution will be recognised as part of the implementation of the Demerger.

The pro forma adjustment for the Cowan Lithium Demerger is based on the Pro Forma Historical Balance Sheet of Cowan Lithium at 31 December 2017 as set out in Section 2.3 of this Schedule 4.

The actual measurement of the distribution payable will be based on the fair value of Cowan Lithium shares as at the date of settlement.

Prior to the Demerger, the carrying value of exploration and evaluation expenditure has been impaired down to its estimated fair value less costs of disposal amounting to \$4,600,000 as determined by CSA Global Pty Ltd an independent external valuer based on comparable transactions of lithium exploration ground and the Kilburn method for the Cowan Project and the Yallari Project, and comparable transactions and the Yardstick cross-check, for the Mofe Creek Project.

Post Demerger, Tawana will hold a 15% equity in Cowan Lithium. The investment in associate represents the fair value of Tawana's retained interest in Cowan Lithium on the completion of the Demerger.

(iii) Transaction costs

This relates to transaction costs associated with the demerger of Cowan Lithium.

(iv) Options

In accordance with Rule 7.5(d)(iii) of the Employee Option Rules, all Options held by employees may be exercised at any time after the announcement of a

proposed capital reconstruction, which includes a reduction or return of the issued capital of Tawana. Therefore, all employee Options are vested. Furthermore, for the purpose of preparing the Tawana Pro Forma Historical Balance Sheet as at 31 December 2017, it has been assumed that none of the outstanding Options, including the vested employee options will be exercised.

(v) Issue of shares pursuant to the Metalicity Consideration

For the purpose of preparing the Tawana Pro Forma Historical Balance Sheet as at 31 December 2017, it has been assumed that none of the 153,846 shares issued as part of the consideration for the transfer of a Cowan Project tenement to Mount Belches from Metalicity Energy Pty Ltd have been issued.

(vi) Intercompany loans

For the purpose of preparing the Tawana Pro Forma Historical Balance Sheet as at 31 December 2017, intercompany loans have been disregarded and no adjustments have been made for intercompany loans or forgiveness of intercompany loans.

2 Financial information for Cowan Lithium

The financial information contained in this section has been prepared by Tawana in relation to Cowan Lithium in connection with the Demerger.

Cowan Lithium was incorporated on 23 March 2018 with \$1 in issued capital (1 share issued at \$1 per share). Cowan Lithium has been dormant since incorporation.

For the purpose of preparing the pro forma historical balance sheet for Cowan Lithium it has been assumed that it was incorporated on 31 December 2017.

The financial information for Cowan Lithium includes:

- The historical balance sheet as at 23 March 2018 (**Cowan Lithium Historical Balance Sheet**); and
- The pro forma historical balance sheet as at 31 December 2017 (**Cowan Lithium Pro Forma Historical Balance Sheet**).

The Cowan Lithium Historical Balance Sheet and Cowan Lithium Pro Forma Historical Balance Sheet together form the "Cowan Lithium Financial Information".

The Cowan Lithium Financial Information presented in this section should be read in conjunction with the risk factors set out in Schedule 7 and other information in this Notice of Meeting. Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in this section are presented in Australian dollars.

2.1 Basis of preparation and presentation of the Cowan Lithium Financial Information

The Directors of Tawana are responsible for the preparation and presentation of the Cowan Lithium Financial Information. The Cowan Lithium Financial Information included in this Notice of Meeting is intended to present potential investors with information to assist them in understanding the historical financial position of Cowan Lithium.

The Cowan Lithium Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by AAS applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

2.2 Cowan Lithium Historical Balance Sheet

The Cowan Lithium Historical Balance Sheet has been prepared in accordance with the recognition and measurement principles prescribed in AAS issued by the AASB, which is consistent with IFRS and interpretations issued by the IASB.

In preparing the Cowan Lithium Historical Balance Sheet, the accounting policies of Cowan Lithium have been applied which are consistent with those applied by Tawana.

The Cowan Lithium Historical Balance Sheet has been derived from trial balance of Cowan Lithium at 23 March 2018 (date of incorporation) which is unaudited as at the date of the Notice of Meeting. Cowan Lithium has been dormant since incorporation. As noted in above, for the purpose of preparing the Cowan Lithium Pro Forma Historical Balance Sheet, it has been assumed that Cowan Lithium was incorporated on 31 December 2017.

2.3 Cowan Lithium Historical & Pro Forma Historical Balance Sheets

	Cowan Lithium Historical Balance Sheet 23 March 2018 \$'000	Pro Forma Adjustments - Transfer of assets under Share Exchange Agreement \$'000	Cowan Lithium Pro Forma Historical Balance Sheet 31 December 2017 \$'000
CURRENT ASSETS			
Cash and cash equivalents	-	750	750
Trade and other receivables	-	192	192
Prepayments	-	7	7
Total current assets	-	949	949
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	-	4,600	4,600
Property Plant and equipment	-	21	21
Total non-current assets	-	4,621	4,621
TOTAL ASSETS	-	5,570	5,570
CURRENT LIABILITIES			
Trade and other payables	-	144	144
Total current liabilities	-	144	144
TOTAL LIABILITIES	-	144	144
NET ASSETS	-	5,426	5,426
TOTAL EQUITY	-	5,426	5,426

2.4 Cowan Lithium Pro Forma Historical Balance Sheet

a) Basis of preparation

As noted in Section 1.1, Cowan Lithium was incorporated on 23 March 2018. Cowan Lithium has been dormant since incorporation. For the purpose of preparing the

Cowan Lithium Pro Forma Historical Balance Sheet it has been assumed that Cowan Lithium was incorporated on 31 December 2017.

The Cowan Lithium Pro Forma Historical Balance sheet of the as at 31 December 2017 set out above is provided for illustrative purposes only and is prepared on the assumption that the transfer of assets under the Share Exchange Agreement was implemented on 31 December 2017. If approved, the transaction is expected to be implemented in June 2018. It does not illustrate the financial position that may be contained in future financial statements of Cowan Lithium as a result of the Demerger.

The Cowan Lithium Pro Forma Historical Balance Sheet has been prepared solely for inclusion in this Notice of Meeting and has been derived from the Cowan Lithium Historical Balance Sheet as at 23 March 2018, adjusted for the effects of the pro forma adjustments described below.

The Cowan Lithium Pro Forma Historical Balance Sheet has been prepared in accordance with the recognition and measurement, but not all of the disclosure requirements, of the AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions contemplated to occur as part of the asset transfer and Demerger as if occurred as at 31 December 2017. The Cowan Lithium Financial Information has also been prepared on a historical cost basis.

In preparing the Cowan Lithium Pro Forma Historical Financial Information, no adjustments have been made for potential changes in cost or operating structure resulting from the demerger of Cowan Lithium from Tawana. Additionally, no adjustments have been made for the impact of the transactions contemplated in the Mofe Creek Option Agreement.

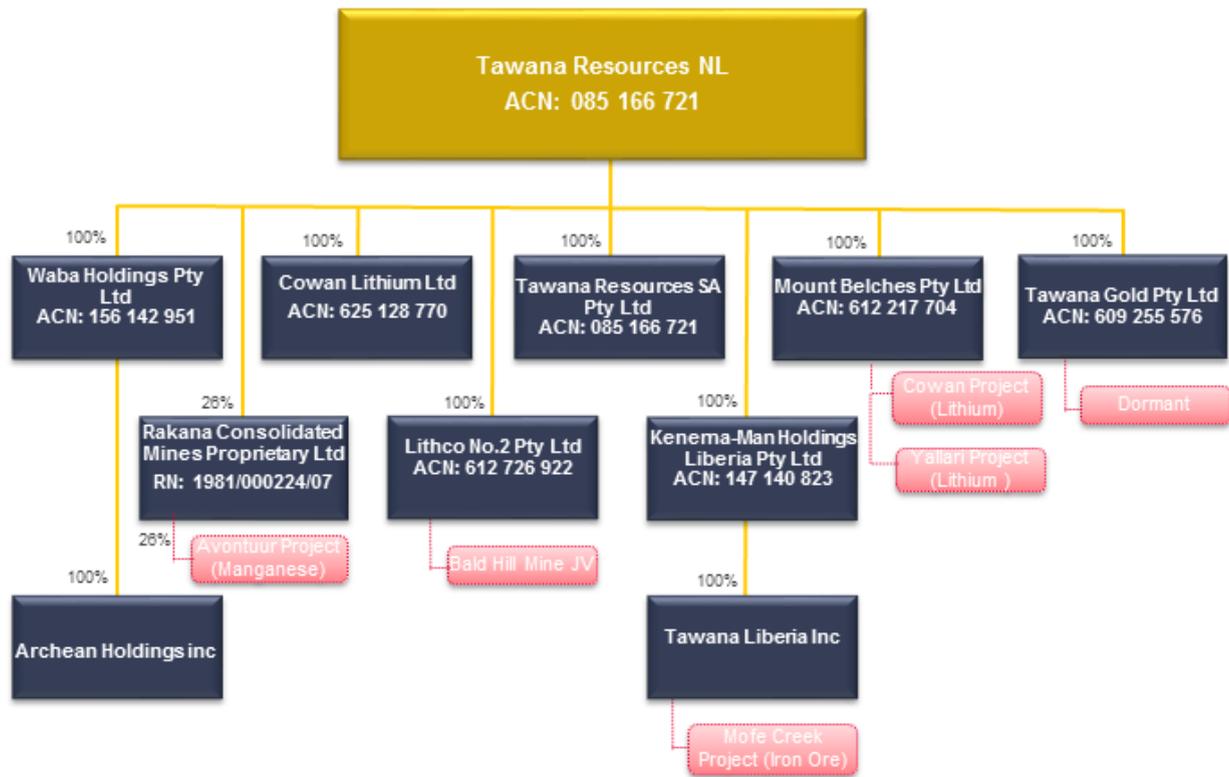
b) Pro forma adjustments

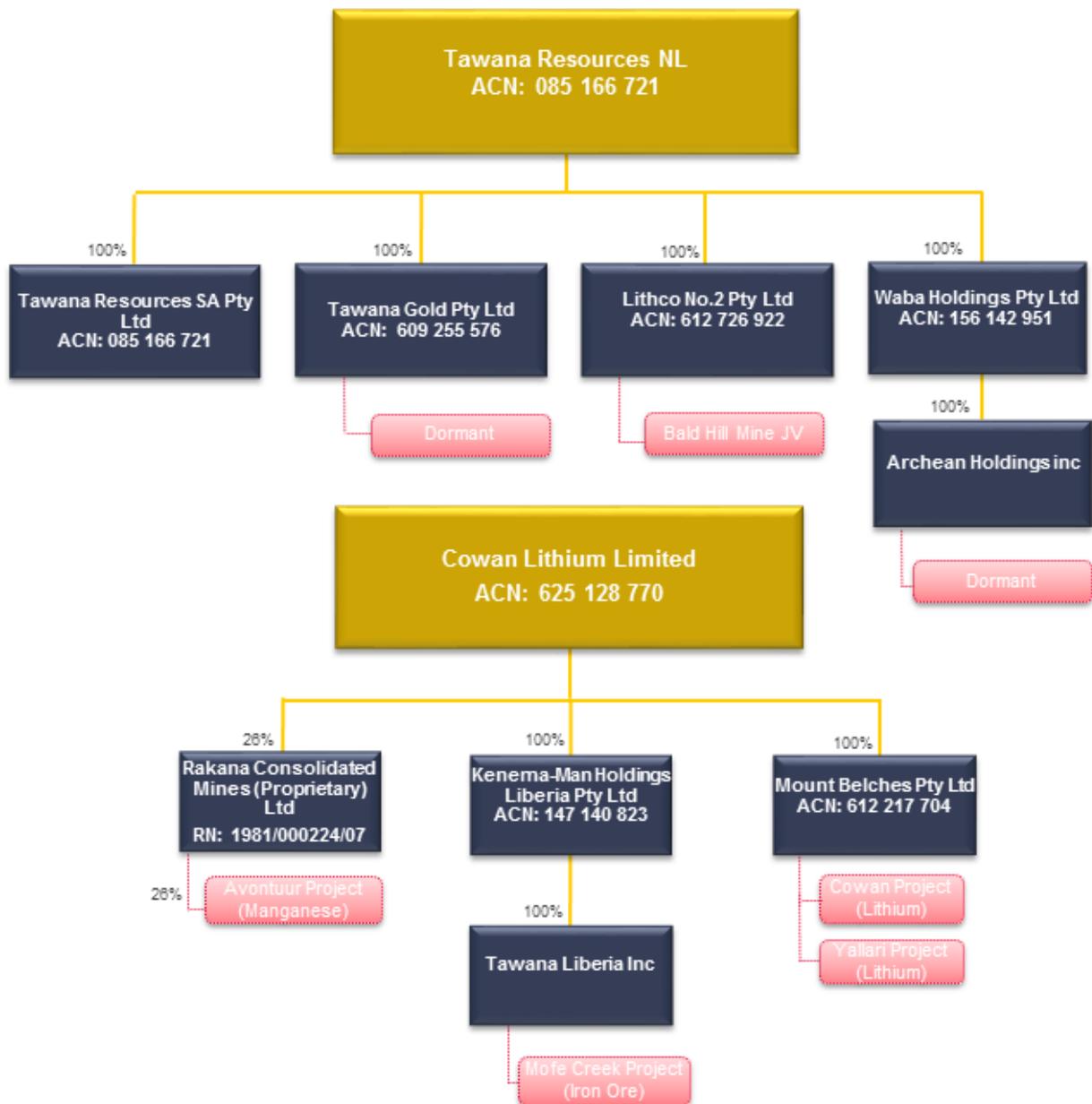
This represents the fair value of assets of and liabilities transferred to Cowan Lithium in accordance with the Share Exchange Agreement prior to the Demerger.

c) Intercompany loans

For the purpose of preparing the Cowan Lithium Pro Forma Historical Balance Sheet as at 31 December 2017, intercompany loans have been disregarded and no adjustments have been made for intercompany loans or forgiveness of intercompany loans.

1 Pre-Demerger





Cowan Shares proposed to be distributed to Shareholders will not be quoted on ASX and consequently shareholders will not be able to be traded on Cowan Shares on ASX. Once the shares are registered in the name of the Shareholder as a result of the Prospectus being issued by the Company, they may sell or transfer those shares if they can find a buyer.

The following is a summary of the more significant rights and liabilities attaching to Cowan Shares to be distributed to Shareholders. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders as shareholders of Cowan Lithium. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Cowan Shares are set out in the Cowan Constitution, a copy of which is available to view at the Company's registered office.

1 General meetings and notices

General meetings of Cowan Lithium are to be held in accordance with the Corporations Act, and each Cowan Shareholder will be entitled to receive notice of a general meeting in accordance with the Corporations Act and, except in certain circumstances, attend and vote at general meetings of Cowan Lithium.

2 Voting rights

Subject to any special rights or restrictions for the time being attached to any class of Cowan Shares and to the Cowan Constitution, at a general meeting, each Cowan Shareholder present in person, or by attorney, corporate representative or proxy, or who delivers a direct vote, has one vote on a show of hands, and one vote for each fully paid Cowan Share on a poll, or for a partly paid Cowan Share, a fraction of a vote equal to the proportion which the amount paid on the Cowan Share bears to the total issue price of the Cowan Share.

Voting at any meeting of Cowan Shareholders is by a show of hands (unless a poll is demanded). Direct votes are counted only on a poll. The quorum required for a meeting of Cowan Shareholders is two members present in person, or by attorney, corporate representative or proxy. Direct votes are not counted as part of the quorum.

3 Dividend rights

Under the Cowan Constitution, the directors may determine or declare that a dividend is payable, fix the amount and the time for payment, and determine the method of payment of the dividend to each Cowan Shareholder entitled to that dividend. The directors may rescind or alter any such determination or declaration before payment is made.

If a dividend is paid, it will be paid in proportion to the number of Cowan Shares held by a Cowan Shareholder and, in the case of partly paid Cowan Shares, in proportion to the percentage of the issue price that has been paid (excluding amounts credited and amounts paid in advance of a call).

Interest is not payable in respect of any dividend.

4 Capitalisation of profit

Cowan Lithium may capitalise profits. Subject to the constitution and the terms of the issue of shares, the Directors may resolve to apply the sum in paying up any amounts unpaid on Cowan Shares or in paying up in full unissued shares as fully paid.

5 Winding-up

If Cowan Lithium is wound up, the liquidator may, with the sanction of a special resolution of Cowan Shareholders, distribute among Cowan Shareholders the whole or any part of the property of Cowan Lithium and may determine how to distribute the property as between Cowan Shareholders or different classes of Cowan Shareholders.

6 Transfer of Shares

Cowan Shareholders may transfer Cowan Shares in accordance with the ASX Settlement Operating Rules, by instrument in writing in any form the directors approve, or by any other method of transfer of marketable securities required or permitted by the Corporations Act, ASX Settlement Operating Rules and ASX and approved by the directors.

The Cowan Directors may, if the ASX Listing Rules, the ASX Settlement Operating Rules and the Cowan Constitution permit Cowan Lithium to do so, request ASX Settlement Pty Limited to apply a holding lock to prevent a transfer of Cowan Shares from being registered or refuse to register a transfer of Cowan Shares.

7 Issue of further Cowan Shares

Subject to the Corporations Act and the ASX Listing Rules, the issue of shares (including partly paid shares and redeemable preference shares) in Cowan Lithium is under the control of the Cowan Board. The Cowan Board has the power to issue shares, options and other securities convertible into shares to any person at any time and for such consideration as it determines.

8 Small holdings

The Cowan Directors may give a divestment notice to a Cowan Shareholder whose holding of Cowan Shares is valued at less than a marketable parcel of shares under the ASX Listing Rules. The divestment notice notifies the Cowan Shareholder that Cowan Lithium intends to sell the Cowan Shares the subject of the divestment notice within 6 weeks of the date of the divestment notice.

Following the 6 week period, Cowan Lithium will be entitled to sell the Cowan Shares the subject of the divestment notice unless:

- (a) the Cowan Shares were valued at more than a marketable parcel of shares at the time the Cowan Shareholder acquired them; and
- (b) the Cowan Shareholder notified Cowan Lithium in writing that the Cowan Shareholder wishes to retain its Cowan Shares.

1 Specific risks to Cowan Lithium

(a) Exploration success

Cowan Lithium will be the beneficial owner of a number of mineral exploration licenses that comprise the Projects. The licenses are at various stages of exploration, and Shareholders should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the licenses, or any other licenses that may be acquired in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

In addition, there is no assurance that exploration or project studies by Cowan Lithium will result in the discovery of an economically viable mineral deposit or that the exploration tonnage estimates and conceptual project developments discussed in this notice of meeting are able to be achieved.

The exploration costs for the Projects are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Cowan Lithium's viability.

(b) Status of licences and tenements

The exploration licences that will be held by Cowan Lithium are current and subject to renewal in due course. Cowan Lithium cannot guarantee that the granted exploration licences will be renewed on satisfactory terms, or at all. There is a material risk that, in the event that Cowan Lithium is unable to renew these granted licences beyond their current expiry date, Cowan Lithium's interest in the licences may be relinquished.

More generally, some of the tenements are subject to the Mining Act 1978 (WA) (**Mining Act**) and other applicable regulations. Cowan Lithium as the tenement holder has certain obligations under the Mining Act in relation to the tenements, including payment of annual rents, meeting prescribed expenditure commitments (or obtaining exemptions from them), and satisfying other conditions imposed on the tenements.

Other tenements are subject to the applicable mining acts in Liberia and South Africa. The renewal of the terms of these tenements is subject to the discretion of the relevant minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Cowan Lithium.

It is Cowan Lithium's intention to satisfy the conditions that apply to the tenements. However there are no guarantees that, in the future, the minimum expenditure and other conditions that apply to the tenements will be satisfied. If the conditions that apply to a tenement are not satisfied, Cowan Lithium may be subject to penalties or forfeiture applications. Additional conditions may also be imposed on the tenements in the future. Any of these events could have a materially adverse effect on Cowan Lithium's prospects and the value of its assets.

If the MDA review process is terminated without an alternate arrangement being made with the Liberian government authorities, mineral exploration licence MEL 12029 would be at risk of forfeiture. If the Company is unable to rectify the deficiencies in relation to mineral exploration licence MEL 1223/14 or the government does not accept Tawana's submissions then mineral exploration licence MEL 1223/14 will be subject to forfeiture.

(c) Resource estimate risks

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change when new information becomes available. Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. If mineralisation or a formation is different from those predicted by past drilling and mining, resource estimates and mining plans may have to be altered in a way which could either benefit or adversely affect Cowan Lithium's operations.

(d) Development and operational risks

By its very nature, mine development contains significant risk with no guarantee of success. Therefore, even if a potentially economic mineral deposit is identified by Cowan Lithium in the future, there is no guarantee that it can be developed and economically exploited. The ultimate economic development of a mineral deposit is dependent on many factors such as:

- the delineation of economically recoverable mineral reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to appropriate mining tenements;
- obtaining regulatory consents and approvals necessary for the conduct of development and production;
- securing plant and equipment; and
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

In particular, any mineral deposits identified by Cowan Lithium may not produce sufficient quantities or qualities of minerals to be profitable or commercially viable and may result in a total loss of the investments by Cowan Lithium.

Further, once established, mining operations can be impacted by a number of factors, including geological and weather conditions causing delays and interference to operations, access to necessary funding, metallurgical issues, mechanical failure of plant and equipment, shortages or increases in price of consumables and plant and equipment, environmental hazards, fires, explosions and other accidents.

These factors affect Cowan Lithium's ability to establish mining operations, continue with the Projects and earn income from its operations and will affect the Cowan Share price.

Similarly, all production costs, particularly labour, fuel and power are a key risks and have the potential to adversely affect Cowan Lithium's profitability. If Cowan Lithium develops mining operations and these are subject to cost over-runs and/or higher than anticipated operating costs, this would adversely affect Cowan Lithium's profitability, the value of Cowan Lithium's Projects and in turn, the value of Cowan Shares.

(e) Additional requirements for capital and dilution

Cowan Lithium may require additional funding to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Cowan Lithium may incur.

Cowan Lithium may seek to raise further funds through equity (likely by way of an IPO on the ASX) or debt financing, joint ventures or other means. Failure to obtain sufficient financing for Cowan Lithium's activities and future projects may result in delay and indefinite postponement of the development of the Projects and may place the tenements at risk of forfeiture. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to Cowan Lithium and might involve substantial dilution to Cowan Shareholders.

(f) Commodity price risk and exchange rate risk

If Cowan Lithium achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of Cowan Lithium to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Cowan Lithium. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Cowan Lithium are generally in, and will be taken into account in, Australian dollars, exposing Cowan Lithium to the fluctuations and volatility of the

rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(g) Environmental and approvals risk

Cowan Lithium's operations will be subject to the laws and regulations of all jurisdictions in which it has mineral interests and carries on business, including environmental compliance and relevant hazards. Cowan Lithium intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, Cowan Lithium may be the subject of accidents or unforeseen circumstances that could subject Cowan Lithium to extensive liability.

Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive. There is a risk that environmental laws and regulations could become more onerous making Cowan Lithium's operations more expensive. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Cowan Lithium's operations.

Government approvals and permits will be required in connection with Cowan Lithium's operations, including for operating on any environmentally sensitive areas and for such activities as any land clearing and ground disturbing activities. To the extent such approvals are required and there are delays in obtaining them or they are not obtained or maintained on acceptable conditions, Cowan Lithium may be delayed or prohibited from proceeding with planned exploration or development of the Projects.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions (including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed) and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

(h) Government regulation

The countries in which Cowan Lithium operates may be subject to political, economic, contractual and other uncertainties. Future government actions concerning the economy or the operation and regulation of mines could have a significant effect on Cowan Lithium. Cowan Lithium's activities may be subject to political, economic and other uncertainties, including the risk of civil rebellion, expropriation, nationalisation, enforceability or renegotiation or nullification of existing contracts, mining licences, permits or other agreements, changes in law or taxation policies, currency exchange restrictions, foreign ownership restrictions and changing political conditions.

(i) Liberian and South African sovereign risk

The Mofe Creek Project is located in the Republic of Liberia and Rakana Consolidated has an interest in projects situated in the Republic of South Africa. They are thus subject to the risks associated with operating in foreign countries. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in Liberia or South Africa that affect foreign ownership, exploration, development or activities of companies involved in mining exploration and production, may affect the viability and profitability of Cowan Lithium.

(j) Liberian legal environment

Liberia's legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting Cowan Lithium.

The commitment from local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that legal arrangements with Cowan Lithium will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of any such arrangements cannot be assured.

(k) South African Black Economic Empowerment and Social Development

Cowan Lithium will be required to comply and remain compliant with the South African Mining Charter, the Mining Codes and the black economic empowerment participation requirements and the approved social and

labour plan in order to retain prospecting and mining rights. Any failure to satisfy and to continue to satisfy the black economic empowerment requirements of the Mineral and Petroleum Resources Development Act, the Charter, the approved social and labour plan and/or the Mining Codes could jeopardise any prospecting rights held and impede Cowan Lithium's ability to acquire, develop or maintain any additional prospecting and mining rights.

(l) South African exploration and mining projects

As outlined above projects located in the Republic of South Africa are subject to certain legislative conditions, periodic renewal, environmental laws, landowner access negotiation and agreement and other regulations across multiple regulatory bodies who may act at their sole discretion. Projects may also be subject to meeting certain annual expenditure commitments imposed from time to time to keep them in good standing and any failure to meet such commitments can result in forfeiture of any such projects.

(m) Equipment and availability

Cowan Lithium's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If Cowan Lithium is unable to source appropriate equipment economically or at all then this would have a material adverse effect on Cowan Lithium's financial or trading position.

(n) Land rehabilitation requirements

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on Cowan Lithium in connection with its mineral exploration, Cowan Lithium must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

(o) Litigation risk

Cowan Lithium is subject to litigation risks. All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Cowan Lithium is or may become subject could have a material effect on its financial position, results of operations or Cowan Lithium's activities.

(p) Native Title and Aboriginal heritage

Cowan Lithium may need to negotiate with any native title claimant for access rights to its tenements. In addition, agreement will need to be

reached with native title claimants and/or holders in the event of mining. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. Additionally, Cowan Lithium may have difficulties in obtaining heritage survey and native title approvals.

(q) Reliance on key personnel

Cowan Lithium's prospects will depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of the services of one or more of such key management personnel could have a material adverse effect on Cowan Lithium. Cowan Lithium's ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals. Shareholders must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

(r) Counter party risk

Cowan Lithium will likely enter into a number of commercial agreements with third parties. There is a risk that the counterparties may not meet their obligations under those agreements.

The ability of Cowan Lithium to achieve its stated objectives will depend on the performance by the counterparties, with whom Cowan Lithium has contracted, or will contract with, of their obligations under the relevant agreements. If any party defaults in the performance of its obligations, it may be necessary for Cowan Lithium to approach a court to seek a legal remedy, which can be costly.

(s) Taxation

In all places where Cowan Lithium has operations, in addition to the normal level of income tax imposed on all industries, Cowan Lithium may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

2 General investment risks

Some of the general risks of investment which are considered beyond the control of Cowan Lithium are as follows:

(a) Economic risks

Economic conditions, both domestic and global, may affect the performance of Cowan Lithium. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs. Cowan Lithium's future possible revenues and Cowan Share price can be affected by these factors, all of which are beyond the control of Cowan Lithium or its directors.

(b) Taxation

The acquisition and disposal of Cowan Shares will have tax consequences, which will differ depending on the individual financial affairs of each Shareholder. All Shareholders in Cowan Lithium are urged to obtain independent financial advice about the consequences of acquiring Cowan Shares from a taxation viewpoint and generally.

(c) Contractors

Cowan Lithium is unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by Cowan Lithium in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by Cowan Lithium for any activity.

(d) Force Majeure

The Projects may now or in the future be adversely affected by risks outside the control of Cowan Lithium including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) Insurance

Cowan Lithium intends to insure its operations in accordance with industry practice. However, in certain circumstances Cowan Lithium's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Cowan Lithium.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

3 Speculative nature of investment

The directors and management of Cowan Lithium will, to the best of their knowledge, experience and ability (in conjunction with senior management) endeavour to anticipate, identify and manage the risks inherent in the activities of Cowan Lithium, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of Cowan Lithium and its business operations. The ability of Cowan Lithium's directors and management to do so may be affected by matters outside their control and no assurance can be given that Cowan Lithium's directors and management will be successful in these endeavours.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Cowan Lithium or Shareholders. The above factors, and others not specified, may in the future materially affect the financial performance of Cowan Lithium and the value of Cowan Shares.

TAWANA RESOURCES NL

ACN 085 166 721

SHORT FORM PROSPECTUS

For an offer to issue up to 63,251,764 Cowan Shares to Shareholders of Tawana Resources NL pursuant to a Capital Reduction by way of in specie distribution contemplated in the Capital Reduction Resolution in the Notice of Meeting dated 1 June 2018 and to facilitate secondary trading of those shares.

IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

Shareholders are reminded that the securities of the Company are listed on ASX as well as on JSE. Due to the fact that the primary listing of the securities of the Company is ASX, with JSE being a secondary listing, the content of this document has been compiled in accordance with mandated Listing Rules of ASX and the Australian Corporations Act. Notwithstanding, this Prospectus has been reviewed and approved by JSE from a corporate actions perspective.

The Directors consider an investment in the Cowan Shares that will be distributed and transferred under this Prospectus and in accordance with the Capital Reduction Resolution, to be speculative.

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Important Information

General

This Prospectus is dated 1 June 2018 and a copy of this Prospectus was lodged with ASIC on that date. ASIC, ASX and JSE take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Cowan Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

The Cowan Shares the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to lodge or register this Prospectus in any jurisdiction other than Australia.

This Prospectus has been made available to JSE in South Africa for review in connection with its issue to SA Holders. This Prospectus does not constitute or involve an offer of securities to the public for the purposes of Chapter 4 of the South African Companies Act, 71 of 2008 because it does not constitute or involve an "offer" in terms of South African common law. Accordingly, this Prospectus does not, nor does it intend to constitute a "registered prospectus" in terms of Chapter of the South African Companies Act, 71 of 2008.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Independent advice

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser. In particular, SA Holders should seek their own advice in respect of the applicability of the *South African Exchange Control Regulations 1961*.

No ASX listing

As Cowan Lithium is an unlisted public company, Cowan Shares will not be listed on the ASX or any other securities exchange upon issue. However, Cowan Lithium intends to pursue an ASX listing in the near term following completion of the Offer.

Defined terms

Defined terms and abbreviations used in this Prospectus are defined in Section 6.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on Friday, 1 June 2018. This Prospectus is issued pursuant to section 710 of the Corporations Act.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Cowan Shares under this Prospectus and contains information that will assist Shareholders and their professional advisers in making an informed assessment of:
 - (i) the rights and liabilities attaching to the Cowan Shares; and
 - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Cowan Lithium;
- (b) refers Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Schedule 7 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to Cowan Lithium, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any-forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1 Offer

1.1 Terms and conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Capital Reduction Resolution of the Notice of Meeting is as follows:

"That, subject to Resolutions 1 and 3 being passed, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce the share capital of the Company by the Company making a pro rata in specie distribution of 85% of market value of the share capital of Cowan Lithium Limited less a Demerger Distribution (if any) to Shareholders on the basis of 1 Cowan Share for every 11.1 Shares held at the Record Date on the terms and conditions set out in the Explanatory Statement."

Pursuant to the Capital Reduction Resolution, the Company is inviting Shareholders to vote on a reduction of capital by way of an in specie distribution of Cowan Shares to Shareholders on a pro rata basis. This represents one Cowan Share for every 11.1 Shares held by Shareholders on the Record Date (rounded down to the nearest whole Cowan Share).

The Demerger will only proceed if:

- (a) the Capital Reduction Resolution is passed by Shareholders;
- (b) the Board of Tawana makes a final determination to proceed with the Demerger, taking into account all information available to it including whether Tawana has received the ATO Rulings.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the Cowan Shares for the purposes of section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

The distribution of Cowan Shares under the reduction of capital to Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions. The Company has determined that it would be unreasonable to issue Cowan Shares under the Demerger to those Shareholders on the Record Date with an address outside Australia (**Overseas Shareholders**).

Accordingly, Overseas Shareholders on the Record Date will not be issued the Cowan Shares to which they would otherwise be entitled and instead their Cowan Shares will be issued to Tawana to be held on their behalf, pending a liquidity event in the form of a sale opportunity (either pre or post ASX listing).

As at 23 May 2018, there are 38,933,476 Shares held by 658 Overseas Shareholders. Overseas Shareholders will be notified as to the progress of the sale by the nominee.

1.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own 85% of all Cowan Shares (being those Cowan Shares that it currently holds and will be issued under the Share Exchange Agreement); and
- (b) Shareholders that are registered on the Record Date (and are not Overseas Shareholders) will receive one Cowan Share for every 11.1 Shares held.

1.3 Effect of the Offer on Cowan Lithium

The effect of the Offer on Cowan Lithium will be that 85% of the issued capital of Cowan Lithium will no longer be held by the Company and instead will be held by Shareholders that are registered on the Record Date of the Demerger.

1.4 Action required by Shareholders

No action is required by Shareholders under this Prospectus.

Should Shareholder approval be obtained for the Demerger and the conditions to the Demerger are satisfied, the Cowan Shares will be transferred to Eligible Shareholders in accordance with the terms set out in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from this requirement in *ASIC Corporations (Application Form Requirements) Instrument 2017/241* so that an application form is not required to be included in this Prospectus.

In due course, Eligible Shareholders will receive a share certificate for the Cowan Shares to which they are entitled.

If you have any queries regarding this Prospectus, please contact the Company on +61 8 9489 2600.

2 Information deemed to be incorporated in this Prospectus

2.1 Short form prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Shareholders require in relation to the Demerger and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 2.2 of this Prospectus and will primarily be of interest to Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Shareholders with this Prospectus. However, Shareholders and their professional advisers may also obtain,

free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

2.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to Sections and Schedules (respectively) in the Explanatory Statement to the Notice of Meeting:

(a) Section 1.1 – Background to the Demerger

This Section provides an overview of the Demerger including information on Mount Belches, Kenema-Man and the South Africa Asset, which are to be acquired by Cowan Lithium from the Company under the Share Exchange Agreement.

(b) Sections 1.2, 1.3, 1.4 and 1.5 and Schedules 1, 2 and 3 – The Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset

These Sections and Schedules gives a description of the Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset which are the key assets that Cowan Lithium is acquiring under the Share Exchange Agreement, including the Cowan Lithium Project, the Yallari Lithium Project, the Mofe Creek Iron Ore Project, and a 26% interest in the Avontuur Manganese Project.

(c) Section 1.6 and Schedule 5 – Agreements

This Section provides a summary of the Share Exchange Agreement, the Services Agreement, the Access Deed and the Mofe Creek Option.

Under the Share Exchange Agreement, the Company will:

- (i) sell to Cowan Lithium 100% of all of the shares Tawana holds in Mount Belches, Kenema-Man and Rakana Consolidated; and
- (ii) pay \$750,000 to Cowan Lithium,

in consideration for which Cowan Lithium will issue a to-be-determined number of Cowan Shares to Tawana (or its nominee). The Company intends to direct that 85% of the Cowan Shares it is entitled to under the Share Exchange Agreement be distributed directly to the Shareholders.

The Share Exchange Agreement also provides Tawana with the right to participate in any issue of securities in Cowan Lithium and the right to appoint a nominee director to Cowan Lithium's board provided that Tawana continues to hold at least a 10% interest in Cowan Lithium.

The Services Agreement outlines the transitional services that Tawana will provide to Cowan Lithium for a 6 month period after the Demerger becomes effective (or potentially longer if the parties agree). The Schedule contains a diagram showing the corporate structure of the Tawana group both pre and post the Demerger.

The Access Deed provides that Mount Belches (which will be a wholly owned subsidiary of Cowan Lithium following the Demerger) will grant

Lithco No.2 Pty Ltd, a wholly owned subsidiary of Tawana, an irrevocable licence to access land the subject of certain exploration licences to extract water.

The Mofe Creek Option gives ARRL the option to purchase 100% of the issued shares in either Tawana Liberia Inc or Kenema-Man (at its discretion) for a total purchase price of \$500,000, with \$20,000 payable for the grant of the option and \$480,000 payable in two tranches following the exercise of the option. Upon exercise of the Mofe Creek Option, Cowan Lithium also becomes entitled to a 1.25% revenue royalty on product shipped from the Mofe Creek Project.

(d) Section 1.7 - ATO Rulings

This Section describes the ATO Rulings that the Company will seek.

(e) Section 1.8 – Cowan Lithium

This Section provides information about Cowan Lithium, the wholly owned public company to which the Company will transfer the Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset, before undertaking a capital reduction and distribution by way of in specie distribution of 85% of all Cowan Shares to Shareholders.

(f) Section 1.9 – Advantages and disadvantages of the Demerger

This Section outlines the principal advantages and disadvantages to Shareholders of the Demerger.

(g) Section 1.10 - Future of the Company following completion of the Demerger

This Section clarifies the Company's anticipated future plans if the Demerger is completed. The Company will continue to implement the Alliance Merger.

(h) Section 1.11 - Future of the Company if the Demerger is not approved

This Section clarifies the Company's anticipated future plans if the Demerger is not completed. The Company will not transfer its interest in the Demerger Entities to Cowan Lithium. As the Alliance Merger and the Demerger are independent of each other, if the Demerger is not approved, implementation of the Alliance Merger will not be impacted.

(i) Section 1.12 - Future of Cowan Lithium if the Demerger is approved, including ASX listing

This Section clarifies Cowan Lithium's anticipated future plans if the Demerger is completed will be to:

- (i) continue to develop the Projects;
- (ii) pursue other resources opportunities including pursuing any acquisition opportunities that may arise; and
- (iii) raise capital and pursue listing on the ASX at a later stage.

(j) Section 1.13 – Voting intentions

This Section states that Shareholders holding approximately 33% of all Shares as at 21 May 2018 have confirmed their intention to vote in favour of the Demerger.

(k) Section 1.14 – Directors' recommendation

This Section includes a recommendation from the Directors that Shareholders vote in favour of the Demerger including the Capital Reduction Resolution. This Section also sets out the reasons why the Directors unanimously recommend that Shareholders vote in favour of the Demerger.

(l) Section 1.15 – The Board retains ultimate discretion whether to proceed with the Demerger

This Section confirms the Board retains the ultimate discretion whether to proceed with the proposed Demerger.

(m) Section 2.2 – Impact of an ASX listing

This Section outlines the impact on Shareholders if Cowan Lithium pursues an ASX listing following completion of the Demerger.

(n) Section 3.1 – General

This Section provides a brief overview of the Demerger including the expected number of Cowan Shares to be received by Shareholders for every Share held. Shareholders will receive one Cowan Share for every 11.1 Shares held on the Record Date (rounded down to the nearest whole Cowan Share).

(o) Section 3.2 – Timetable

This Section sets out the indicative timetable for the Demerger.

(p) Section 3.3 – Cowan Shares not immediately listed on ASX

This Section includes a statement that at the time of the distribution to Shareholders the Cowan Shares will not be listed on the ASX or any other securities exchange. However following the distribution, Cowan Lithium proposes to pursue a capital raising with a view to listing on the ASX.

(q) Section 3.4 – Requirements under section 256B and section 256C of the Corporations Act

This Section includes a statement that the Directors believe that the Capital Reduction is fair and reasonable to Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(r) Section 3.5 and Schedule 4 – The effect of the proposed equal reduction of capital on the Company

This Section refers to the Schedule which contains a pro forma balance sheet of the Company as at 31 December 2017 showing the financial

impact of the capital reduction on the Company (assuming that no further Shares are issued other than the Placement and Conditional Placement).

(s) Section 3.6 – The effect of the proposed equal reduction of capital on Shareholders

This Section outlines the effect of the proposed capital reduction on Shareholders which is that Shareholders registered on the Record Date will receive a pro rata distribution in specie of Cowan Shares.

(t) Section 3.7 – The effect of the proposed equal reduction of capital on Option holders

This Section outlines the effect of the proposed capital reduction on Option holders which is that the number of Options on issue following the Demerger will remain the same, but the exercise price of each Option will be reduced by the same amount as the amount returned in relation to each Share.

(u) Sections 3.8 and 3.9 – Capital structure of the Company and Cowan Lithium

These Sections provide the capital structure of the Company and Cowan Lithium at the date of the notice of meeting and a pro forma capital structure of the Company and Cowan Lithium upon completion of the Demerger.

(v) Section 3.10 – Overseas Shareholders

This Section sets out the rights and restrictions of Overseas Shareholders in relation to the Demerger.

(w) Section 3.11 Information for SA Holders

This Section provides information to SA Holders.

(x) Section 3.12 – Trading Cowan Shares

This Section outlines how Shareholders may sell their Cowan Shares prior to the proposed IPO of Cowan Lithium.

(y) Section 3.13 – Board of directors of Cowan Lithium

This Section provides information about the Cowan Directors.

(z) Section 3.14 – Directors' interests

This Section details the number of securities of the Company in which the Cowan Directors have an interest prior to the Demerger and the number of Cowan Shares they are likely to receive if the Demerger is completed.

(aa) Section 3.15 – Directors' remuneration

This Section sets out a table showing the remuneration provided to the Directors during the last two financial years prior to the date of the Notice of Meeting. This Section also sets out the remuneration received by the Cowan Directors since Cowan Lithium was incorporated on Monday, 23 March 2018.

(bb) Section 3.16 and Schedule 6 – Rights attaching to Cowan Shares

This Section and Schedule contains a summary of the more significant rights and liabilities attaching to Cowan Shares.

(cc) Section 3.17 and Schedule 7 – Risk factors

This Section and Schedule lists a number of specific and general risks that may have a material effect on the financial position and performance of Cowan Lithium and the value of its shares.

(dd) Section 3.18 – Taxation consequences

This Section outlines the potential Australian tax consequences relating to the Demerger to Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Shareholders.

(ee) Section 4.1 – General

This Section describes the proposed amendments to the Constitution. The amendments are to allow the Company to give effect to the Demerger and to sell the Cowan Shares to which Overseas Shareholders would otherwise be entitled.

3 Additional information

3.1 Interests of Cowan Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Cowan Director holds, or during the last two years before lodgement of this Prospectus with ASIC, held, an interest in:
 - (i) the formation or promotion of Cowan Lithium;
 - (ii) property acquired or proposed to be acquired by Cowan Lithium in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) except as set out in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Cowan Director either to induce him to become, or to qualify, as a Cowan Director or otherwise for services rendered by them in connection with the formation or promotion of Cowan Lithium or the Offer.

Mark Calderwood is a beneficiary of a trust which owns Corporate & Resources Consultants Pty Ltd (**CRC**). CRC was previously the majority owner of Mount Belches, which holds the Cowan Project and the Yallari Project. At the time of the sale of Mount Belches to the Company, pursuant to a binding term sheet dated 6

July 2016, Mr Calderwood was not a director of Tawana and Mr Calderwood does not currently have any entitlement to the Tawana shares owned by CRC.

Michael Naylor has a consultancy arrangement with Tawana in connection with various corporate initiatives including the Alliance Merger and the Demerger. Mr Naylor receives a fixed monthly fee.

3.2 Interests of advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of Cowan Lithium or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of Cowan Lithium;
- (b) any property acquired or proposed to be acquired by Cowan Lithium in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of Cowan Lithium or the Offer.

King & Wood Mallesons has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay King & Wood Mallesons approximately \$15,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

3.3 Substantial Cowan Lithium Shareholders

As at the date of this Prospectus, the Company holds the one Cowan Share on issue.

On completion of the Demerger the substantial Cowan Shareholders (being the Cowan Shareholders with a voting power in 5% or more of the Cowan Shares on issue) will be as set out below (assuming no outstanding Options are exercised and there is no change in Tawana shareholdings between the date of this Prospectus and the Record Date):

Name of Cowan Shareholder	Number of Tawana Shares (as last notified to Tawana)	Number of Cowan Shares in which the Cowan Shareholder has a relevant interest (1:11.1 ratio)	Percentage interest
Tawana Resources NL	-	9,064,920	15%*
Weier Antiebe und Energietechnik	76,167,857	6,861,969	11.35%
Tribeca Investment Partners Pty Ltd	41,731,903	3,759,631	6.22%

* These figures do not include any Cowan Shares which Tawana will hold on behalf of Overseas Shareholders.

3.4 Litigation

To the knowledge of the Directors, other than as disclosed in the Notice of Meeting or in this Prospectus, as at the date of this Prospectus, Cowan Lithium is not involved in any legal proceedings, and the Directors are not aware of any legal proceedings pending or threatened against Cowan Lithium or any of the entities that will become subsidiaries of Cowan Lithium.

3.5 Dividend policy

The Company does not expect Cowan Lithium to declare any dividends in the near future as its focus will primarily be on using cash reserves for appraisal of the Projects.

Any future determination as to the payment of dividends by Cowan Lithium will be at the discretion of the Cowan Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of Cowan Lithium, future capital requirements and general business and other factors considered relevant by the Cowan Directors. No assurances can be given by the Directors in relation to the payment of dividends by Cowan Lithium or that franking credits may attach to any dividends.

3.6 Forecast financial information

Given the nature of the Cowan Lithium business and the fact that it is the early stages of exploration of the Projects, there are significant uncertainties associated with forecasting future revenues and expenses of Cowan Lithium. In light of uncertainty as to timing and outcome of Cowan Lithium's growth strategies, Cowan Lithium's performance in any future period cannot be reliably estimated. On this basis and after considering Regulatory Guide 170, the Directors believe that reliable financial forecasts for Cowan Lithium cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

3.7 Exposure period

The Corporations Act prohibits the Company from transferring the Cowan Shares in the seven day period after the date of lodgement of this Prospectus. This period

may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the Cowan Shares. Given the General Meeting will be held on Friday, 6 July 2018 and the Demerger will occur some time after that date, the exposure period will be expired by the time the Demerger occurs.

4 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

King & Wood Mallesons has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offer in the form and context in which it is named.

Ernst & Young has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as auditor to the Company in the form and context in which it is named.

5 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



Mark Calderwood
Managing Director

For and on behalf of Tawana Resources NL

1 June 2018

6 Definitions

ARRL means Al Rawda Resources Limited.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the official Listing Rules of the ASX.

ATO Rulings means the class ruling Tawana has sought from the ATO on behalf of Shareholders to confirm the taxation outcomes of the Demerger for them.

Board means the board of Directors unless the context indicates otherwise.

Capital Reduction means the equal reduction of capital of the Company proposed to be satisfied by an in specie distribution and transfer to Shareholders (in proportion to their holdings of Shares) of Cowan Shares held by the Company (subject to treatment of Overseas Shareholders described in section 1.1).

Capital Reduction Resolution means Resolution 2 of the Notice of Meeting to be put to Shareholders at the Meeting.

Company or **Tawana** means Tawana Resources NL ACN 085 166 721.

Constitution means the constitution of Tawana.

Corporations Act means the Corporations Act 2001(Cth).

Cowan Director means a director of Cowan Lithium.

Cowan Lithium means Cowan Lithium Limited ACN 625 128 770.

Cowan Project means the Cowan Lithium Project.

Cowan Share means a fully paid ordinary share in the capital of Cowan Lithium.

Cowan Shareholder means a holder of Cowan Shares.

Dematerialise means the process whereby share certificates and any other documents of title to shares in a tangible form are dematerialised into electronic records for the purposes of Strate and **Dematerialised** has a corresponding meaning.

Demerger means, collectively:

- (a) the transfer of the Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset to Cowan Lithium; and
- (b) the subsequent capital reduction and distribution by way of in specie distribution of 85% of all Cowan Shares to Shareholders.

Demerger Distribution means the difference between the value of 85% of the share capital of Cowan Lithium Limited and the Capital Reduction Amount (if any).

Directors means the directors of the Company.

Eligible Shareholder means a holder of Shares as at the Record Date (that is not an Overseas Shareholder).

Explanatory Statement means the explanatory statement accompanying and forming part of the Notice of Meeting.

Kenema-Man means Kenema-Man Holdings Liberia Pty Ltd ACN 147 140 823.

Mofe Creek Option means the option for the acquisition of the Mofe Creek Project granted under the heads of agreement dated 11 May 2018 between Tawana, Cowan Lithium, Kenema-Man, Tawana Liberia Inc and ARRL.

Mofe Creek Project means the Mofe Creek Iron Ore Project.

Mount Belches means Mount Belches Pty Ltd ACN 612 217 704.

Notice of Meeting means the Notice of General Meeting of the Company dated 1 June 2018 in which the Capital Reduction Resolution is to be considered.

Offer means the offer of Cowan Shares pursuant to the Notice of Meeting.

Option means an option to acquire a Share.

Overseas Shareholders means Shareholders on the Record Date with an address outside Australia.

Projects means the Cowan Project, the Yallari Project, the Mofe Creek Project and the South Africa Asset.

Prospectus means this short form prospectus prepared in accordance with section 712 of the Corporations Act and dated 1 June 2018.

Rakana Consolidated means Rakana Consolidated Mines (Proprietary) Ltd (registration number 1981/000224/07).

Record Date means date for determining Eligible Shareholders in respect of the Offer as specified in the timetable set out in Section 3.2 of the Explanatory Statement (unless extended).

SA Holder means all certificated and Dematerialised holders on the South African branch register of Tawana.

Schedule means a schedule of the Notice of Meeting.

Section means a section of this Prospectus or the Notice of Meeting, as the context requires.

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

Share Exchange Agreement means the share exchange agreement dated 11 May 2018 between the Company and Cowan Lithium.

Shareholder means a holder of Shares.

South Africa Asset means Tawana's 26% interest in Rakana Consolidated.

WST means Western Standard Time, Perth, Western Australia.

Yallari Project means the Yallari Lithium Project.

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

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Vote online

- Go to 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 10:30am (WST) Wednesday, 4 July 2018**

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

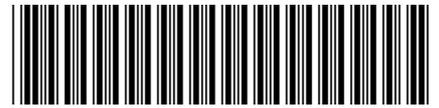
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com 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

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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 BDO Australia, 38 Station Street, Subiaco, Western Australia on Friday, 6 July 2018 at 10:30am (WST) and at any adjournment or postponement of that meeting.

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	Authorisation of disposal of Projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of equal capital reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SAMPLE ONLY

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

239395A

Computershare +