

ASX RELEASE
27 September 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

Joint Company Secretaries
Alexei Fedotov
Joanna Kiernan

Media contact: Nathan Ryan
NWR Communications
+61 (0) 420 582 887

CONTACT DETAILS

Level 3
20 Parkland Rd
Osborne Park WA 6017
Email | admin@tawana.com.au
Website | www.tawana.com.au
Phone | +61 8 9489 2600

Tawana Secures Funding Package and Alliance to Pursue ASX Listing

Highlights

- \$40 million funding package from a consortium of lenders led by Tribeca Investment Partners significantly strengthens balance sheet and is expected to expedite the ASX listing of Alliance Mineral Assets Limited (**Alliance**):
 - \$20 million secured debt facility for Tawana (**Tawana Facility**)
 - Additional secured \$20 million line of credit for Merged Group conditional on Merger completion and Alliance receiving conditional ASX listing approval (**Conditional MergeCo Facility**)
- The Conditional MergeCo Facility is expected to facilitate the satisfaction of ASX's Emphasis of Matter Requirement¹, with both Tawana and Alliance remaining committed to facilitating an expeditious ASX listing of Alliance following completion of the Merger.
- The Tawana Facility will fund the proposed fines lithium and tantalum circuit additions to the existing Dense Media Separation plant (**DMS**), for which metallurgy and engineering studies are nearing completion. The additions are expected to increase the nominal throughput rate from the current 200tph to 300tph and increase recovery rates.
- Tawana and Alliance Merger remains on track, with Alliance shareholders overwhelmingly voting in favour of all Merger-related resolutions including adoption of an ASX compliant constitution.

Tawana Managing Director Mark Calderwood commented:

"Tawana and Alliance have always remained committed to an ASX listing of the Merged Group and the Conditional MergeCo Facility will increase balance sheet liquidity as we ramp up lithium production and advance optimisation of the Mine and the processing facilities. We also believe it paves the way towards an expeditious listing of Alliance on ASX. We have received exceptional support from Tribeca Investment Partners and other investors which is a great endorsement of the Bald Hill Lithium and Tantalum Mine."

Portfolio Manager of Tribeca's Global Natural Resources Credit Fund, Haydn Smith commented:

"Having reviewed most hard rock spodumene projects globally, we believe Bald Hill is uniquely positioned. The project has the lowest capital intensity in the sector and produces a coarse product anomalously low in magnesium, iron, mica and other deleterious materials, making it highly sought after by lithium converters. We believe that Bald Hill spodumene will ultimately command its own pricing mechanism, much like high grade iron ore or high energy thermal coal. To that extent, we see Bald Hill as being incredibly strategic particularly with respect to blending other lower grade ores and are pleased to continue supporting the project."

Australian lithium producer, Tawana Resources NL (ASX: TAW) (**Tawana** or the **Company**) is pleased to announce that it has entered into a funding package comprising a binding term sheet with Tribeca Investment Partners (Tribeca) and other investors for the provision of:

- a secured \$20 million debt facility to Tawana; and
- a secured \$20m standby line of credit conditional on the merger between Tawana and Alliance (**Merger**) being implemented and Alliance receiving conditional ASX listing approval.

\$20 Million Tawana Facility

\$15 million of the \$20 million Tawana Facility will be used to advance the DMS fines circuit, upgrade the tantalum circuit and for additional working capital. This debt package was contemplated in the Scheme Implementation Agreement (**SIA**) with Alliance announced on 5 April 2018.

The remaining \$5 million of the \$20 million Tawana Facility will be used to repay the Red Coast loan (Refer ASX announcement on 5 February 2018 for details on Red Coast loan).

The Tawana Facility is conditional on receipt of a waiver of Listing Rule 10.1 from ASX in respect of the grant of security in favour of Tribeca and entry into formal documentation with draw down subject to customary conditions.

Further details about the Tawana Facility are set out in the Annexure to this announcement.

\$20 Million Conditional MergeCo Facility and ASX Listing of Alliance

The Company has also obtained a secured \$20m standby line of credit from Tribeca and other investors which will be available to the group formed by Alliance and Tawana following the Merger (**Merged Group**). It is conditional on the Merger being implemented, Alliance receiving conditional ASX listing approval and entry into formal documentation, with draw down subject to customary conditions.

The Conditional MergeCo Facility will improve the balance sheet liquidity position of the Merged Group and should be sufficient to facilitate the satisfaction of the Emphasis of Matter Requirement¹. Both Tawana and Alliance remain committed to facilitating the ASX listing of Alliance following implementation of the Merger. The necessary documents and listing application to ASX are well-advanced and are currently being updated to take into account the funding package.

Tawana notes that at the General Meeting of Alliance shareholders which was held on 21 September 2018, all resolutions in respect of the Merger were approved. This satisfies a key condition to the Merger, and also facilitates the listing of Alliance on ASX through the adoption of ASX-compliant changes to Alliance's constitution.

Further details about the Conditional MergeCo Facility are set out in the Annexure to this announcement.

Indicative Timetable

It is anticipated that the Merger will be completed in November 2018 as supplementary disclosure for the Merger is now required following the establishment of the new facilities.

The new date for the Scheme Meeting of Tawana Shareholders and an updated indicative timetable will be advised in due course, subject to required orders being obtained from the Federal Court of Australia. Tawana advises that today's Scheme Meeting in relation to the Merger was adjourned as previously foreshadowed.

Subject to the required orders being given by the Federal Court, supplementary disclosure will be lodged with ASX and sent to all shareholders in due course.

About Tribeca Investment Partners

Tribeca Investment Partners is a leading boutique fund manager with a twenty year history of innovation and investment excellence. With offices in Sydney, Singapore and London, Tribeca manages in excess of \$2.5 billion for institutional, high net worth and retail investors across a range of equity and credit focused strategies. Tribeca's Global Natural Resources Credit Fund is a specialist lender to the natural resources sector, focused on proprietary origination and structuring of bilateral debt transactions with companies operating across energy, metals and mining and soft commodities.

About Bald Hill Lithium and Tantalum Mine



Figure 1 – Photo of the Bald Hill DMS Circuit

The Company holds a 50% interest in the Bald Hill Lithium and Tantalum Mine (**Bald Hill Mine**) which is located 50km south east of Kambalda in the eastern Goldfields, about 75km south east of the Mt Marion Lithium Project.

The Bald Hill Mine has a lithium Ore Reserve of 11.3Mt at 1.01% Li_2O and 160 ppm Ta_2O_5 and a lithium Mineral Resource of 26.5Mt at 1.0% Li_2O (using 0.3% Li_2O cut off), including an Indicated Resource of 14.4Mt at 1.02% Li_2O (Tawana's share - 50%)². Furthermore, there is significant potential to increase mine life through exploration and infill reserve drilling.

Commercial production was declared in July 2018 and the Company continued a metallurgical and engineering review to add a fines circuit and significantly increase throughput from the existing DMS which is nearing completion. The plant throughput rate with the addition of the fines stream is expected to increase from the current nominal 200tph to 300tph with increased total DMS recovery rates, providing a significant concentrate production capacity.

For further information please contact:

Tawana Investor Hotline

1300 223 071 (within Australia)

+61 3 9415 4032 (outside Australia)

Monday to Friday between 9:00am and 5:00pm (ASWT)

Notes

- 1 As mentioned in Section 3.4 of the Scheme Booklet, as a condition of Alliance being granted approval for admission to the Official List of ASX there was a prospect of ASX requiring the "emphasis of matter" regarding the Merged Group's ability to continue as a going concern (expressed in the Pro Forma Historical Financial Information in Section 6.5 of the Scheme Booklet, and the Independent Limited Assurance Report in Annexure B to the Scheme Booklet) to be alleviated ("Emphasis of Matter Requirement"). A similar "emphasis of matter" note was included Tawana's 2017 Annual Report, Alliance's 2017 Annual Report and Alliance's unaudited HY2018 Financial Statements, and is not uncommon for resources companies listed on ASX at similar stages of production.
- 2 All material assumptions and technical parameters underpinning the Mineral Resource and Ore Reserve estimates in the ASX announcement dated 6 June 2018 continue to apply and have not materially changed since last reported.

Annexure

Tawana Facility

The Tawana Facility is conditional on the receipt of a waiver of Listing Rule 10.1 from ASX in respect of the grant of security in favour of Tribeca, and is otherwise subject to customary conditions including formal documentation.

Borrower	Lithco No. 2 Pty Ltd, a wholly-owned subsidiary of Tawana Resources NL
Lender	A consortium of lenders led by Tribeca Investment Partners
Purpose	Repay the Red Coast loan facility (A\$5 million), capital for DMS Fines circuit, tantalum upgrade and general working capital
Conditions	ASX Waiver from ASX LR 10.1, formal documentation and other customary conditions
Facility limit	A\$20 million
Term	21 months (repayment by 1 July 2020), with the ability to extend \$10 million for a further 6 months
Security	First ranking security over Tawana's and Lithco's assets, including Lithco's interest in the Bald Hill Mine
Interest Rate	LIBOR plus 13%pa
Warrants	Nil
Redemption Premium	2% (on outstanding amount repaid at maturity)
Early Call Premium	5% (on any amounts repaid prior to maturity)

Conditional MergeCo Facility

Borrower	Lithco No.2 Pty Ltd once it becomes a wholly owned subsidiary of Alliance
Lender	A consortium of lenders led by Tribeca Investment Partners
Purpose	Working capital standby facility
Conditions	Implementation of the Merger and admission of Alliance to the Official List of the ASX, formal documentation and other customary conditions
Facility Limit	A\$20 million
Term	21 months (repayment by 1 July 2020)
Security	First ranking security over all assets of Alliance and its subsidiaries, subject to existing Alliance loan security
Standby Rate	3%pa on undrawn funds
Interest Rate	LIBOR plus 13%pa (payable on drawn down funds only)
Warrants	Nil
Redemption Premium	2% (on outstanding amount repaid at maturity)
Early Call Premium	5% (on any amounts repaid prior to maturity)

Tawana will also pay an arrangement fee equal to 4% of the Tawana Facility. A 2% arrangement fee will be payable on the Conditional MergeCo Facility at the same time as the arrangement fee on the Tawana Facility (which will be paid 50% each by Tawana and Alliance) and another 2% by the Merged Group if the conditions precedent to that facility are satisfied (ie after the Merger).