

FREQUENTLY ASKED QUESTIONS (FAQs)

This FAQs should be read in conjunction with the full SGX announcement and media release released by Alliance Mineral Assets Limited on 5 April 2018. Copies of the announcement and media release are available on www.sgx.com.

ALLIANCE MINERAL ASSETS LIMITED

SGX-listed Alliance Mineral Assets Limited plans Merger with ASX-listed Tawana Resources NL to become a mid-tier lithium producer

- Planned Merger, via scheme of arrangement, is subject to regulatory and shareholder approvals in Singapore and Australia; transaction expected to be completed by 4Q18
- If approved, Merged Group will be listed on both the SGX-Catalist and ASX as a mid-tier producer of lithium, a highly sought-after metal by manufacturers of long-life batteries for electric vehicles, and consumer electronics devices
- Merged Group will have pro-forma market cap of A\$446 million^{1,2}, positioning it as a mid-tier lithium company globally and putting it on the radar of institutional investors
- Shareholders of Merged Group will benefit from simplified ownership structure and the combined management and operational expertise of Alliance and Tawana
- Alliance and Tawana are conducting separate equity capital raisings in conjunction with the Merger

A. PROPOSED MERGER

1. What is a “merger of equals”?

A “Merger of equals” refers to two companies combining ownership through an all or predominantly share transaction such that the shareholders from each company own approximately 50% of the Merged Group. The board and management of the Merged Group is also typically made up of a combination of Alliance and Tawana representatives.

2. What is “scheme of arrangement”?

¹ Calculated by multiplying the number of Alliance Shares post Merger by the closing Alliance Share price as at the Last Trading Day of 4 April 2018.

² The exchange rate of S\$1 to A\$0.99 is applied throughout for purposes of conversion in this FAQs.

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A scheme of arrangement is a court-approved procedure that allows for the modification or adjustment of the rights and entitlements of the shareholders or creditors. A scheme can be used as a mechanism to implement a merger and requires a 75% of votes at the scheme meeting as well as a majority of shareholders who vote.

3. What are the business benefits of the Merger?

Benefits of the Merger are as follows:

- Creates a pure-play mid-tier lithium company, being the first new producer of lithium concentrate in Australia since 2016
- Merger is a natural step given existing joint venture between Alliance and Tawana, and elevates the Merged Group's profile to a mid-tier producer
- Pro-forma market capitalisation of A\$446m, places the Merged Group on the radar of many mid-cap institutional investors
- Simplifies ownership structure and operational management of the Bald Hill asset, providing potential for efficiency benefits to the Merged Group
- The Merged Group will have enhanced financial capacity with a strong pro-forma balance sheet
- Board of Merged Group and management team is highly experienced, with a proven ability to deliver on strategic goals and growth projects
- The Merged Group is ideally positioned to become a mid-tier producer of quality lithium concentrate
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4. What are the additional benefits of the Merger to Alliance Shareholders?

As well the benefits outlined in Question 3 above, the Merger will benefit Alliance Shareholders as follows:

- Access to Tawana management's operating experience to unlock the full value of the Bald Hill Project (See answer to Question 24 for more information about the Bald Hill Project)
- Merged Group shares tradable on ASX and SGX
- Access to ASX exposure, trading liquidity, and enhanced analyst and institutional investor following.

5. What are the additional benefits of the Merger to Tawana Shareholders?

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As well the benefits outlined in Question 3 above, the Merger will benefit Tawana Shareholders as follows:

- Exposure to Singapore market, where Alliance is the only lithium producer listed on the SGX
- Merged Group shares tradable on ASX and SGX

6. How is Alliance paying for the acquisition?

The acquisition of 100% equity interest of Tawana by Alliance will be financed solely by issuance of new Alliance shares to Tawana Shareholders.

7. What is the basis for the 1.10 new Alliance shares for each Tawana share?

The offer ratio of 1.10 new Alliance Shares for every Tawana Share is derived by equating the market capitalisations of Alliance and Tawana, adjusting for other factors that affects valuation including the net working capital of each business and fully diluted shares on issue as at implementation date. This results in approximately 50% of the Merged Group being owned by Tawana and Alliance Shareholders respectively.

8. What is the basis of the valuation for Alliance's 100% acquisition of Tawana?

Given the acquisition consideration is all shares, the valuation of Alliance is done on a relative valuation basis through the share exchange ratio, ie how many Alliance shares are issued to per Tawana share to Tawana Shareholders. See Question 7 regarding how the exchange ratio is determined.

9. What percentage of shareholder support must be secured from Alliance and Tawana Shareholders, respectively, for the approval of the Scheme?

To approve the Merger, at least 75% of Tawana Shareholders and 50% of Alliance Shareholders who vote must support it. However, at least 75% of Alliance Shareholder who vote will need to vote in favour to amend the Alliance constitution to allow it to list on the ASX.

10. To date, what percent of Alliance and Tawana Shareholders have given their voting support for the Scheme?

Alliance Shareholders – Voting Support

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Burwill Holdings Limited, and its associated entities, currently hold approximately 78.5 million Alliance Shares (representing 14.1% of the current total issued Alliance Shares) have entered into a binding voting agreement to vote in favour of the Scheme, in the absence of a superior proposal.

Alliance Shareholders currently holding a further approximately 113.2 million Alliance Shares (representing 20.4% of the current total issued Alliance Shares) have also confirmed to Alliance their intention to vote in favour of the Scheme.

Tawana Shareholders – Voting Support

Tawana Shareholders currently holding approximately 164.5 million Tawana Shares (representing 32.6% of the current total issued Tawana Shares) have confirmed to Tawana their intention to vote in favour of the Scheme, in the absence of a superior proposal.

11. Is the Company confident of securing shareholder and regulatory approvals?

Whilst the transaction is subject to shareholder approvals on both sides, the Transaction has been recommended unanimously by both the Tawana and Alliance boards and voting agreements as outlined in 10 above have been secured. Tawana and Alliance will also be taking the necessary steps to obtain regulatory approvals.

12. Besides shareholder approvals, are there other regulatory hurdles to clear? Please state details.

The Scheme is subject to customary conditions precedent, including (but not limited to):

- (a) Approval from Australia's Foreign Investment Review Board (**FIRB**)
- (b) Court approval of the Scheme under section 411(4)(b) of the Corporations Act 2001 (Cth)
- (c) Tawana Shareholders' approval of the Scheme by the requisite majorities
- (d) Alliance Shareholders' approval of the transactions and matters connected to the Scheme by the requisite majorities
- (e) SGX approval for the listing and quotation of new Alliance Shares to be issued in connection with the Merger and regulatory clearance of the circular to be despatched to Alliance Shareholders
- (f) ASX approvals, including approval of the admission of Alliance to, and official quotation of Alliance Shares on, the official list of the ASX
- (g) Australia Securities and Investments Commission (**ASIC**) approvals

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- (h) Independent expert concluding that the Scheme is in the best interests of Tawana Shareholders
- (i) No prescribed events or material adverse changes occurring in respect of Tawana or Alliance

13. What is the timeline of the Merger? When will the EGM take place? What is the approval process?

A Scheme Booklet is expected to be despatched to Tawana Shareholders in early August 2018. The Scheme Booklet will include further details of the Merger, an independent expert's report, the rationale for the Tawana Board's recommendation and other matters relevant to Tawana Shareholders' vote on the Merger.

Alliance will be seeking the approval of its shareholders. A circular will be despatched to Alliance Shareholders in due course.

An indicative timetable of key Scheme milestones is set out below.

| Event | Date |
|---|----------------------|
| Lodge Tawana Scheme Booklet with ASIC | Mid July 2018 |
| First court hearing | Early August 2018 |
| Notice of meeting sent to Alliance Shareholders | Early August 2018 |
| Alliance EGM for Merger | Early September 2018 |
| Tawana Shareholders meeting | Early September 2018 |
| Second court hearing | Mid September 2018 |
| Record Date | Late September 2018 |
| Implementation Date | Early October 2018 |
| ASX Listing of Merged Group | Early October 2018 |

Please note that the indicative timetable is subject to change, depending on, amongst other things, regulatory approval processes.

14. If it's a merger of equals, why is the board composition weighted towards Tawana?

Board members of the Merged Group are chosen based on their individual abilities to contribute to the Merged Group, irrespective of whether they are from Alliance or Tawana. A number of the Tawana board members joining the Merged Group board are also independent and non-executive, including the proposed Chairman of the Merged Group, Mark Turner.

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The Merged Group board and management team is highly experienced, with proven successful track records in exploration, project management and open pit mining operations, combined with significant strategic and capital markets experience.

15. Prior to the Merger, how long has Alliance and Tawana been in a Joint Venture (“JV”)? What is the JV for?

Alliance and Tawana have been in a joint venture since 31 May 2017. The JV is for exploration, mining and production of the mineral assets at Bald Hill, with Spodumene Concentrate being the current object of activity.

16. How fast do you expect the revenue and profit of the Merged Group to grow after the completion of the Merger?

No revenue or profit forecasts have been released. The first shipment of spodumene concentrate is expected to be in April 2018, and monthly thereafter. Tantalum by-product production is also expected to commence in 2H 2018. Presently, Alliance has executed a lithium offtake agreement with Burwill Commodity Ltd and tantalum offtake non-binding term sheet with HC Starck Group.

As a Merged Group, the ability to capture future growth opportunities in the high growth lithium market will be significantly enhanced.

17. What is the investment merits for the Merged Group in comparison with other Lithium producers?

The Merged Group will be the next revenue producing lithium mine in Australia and is therefore able to capitalise on the current imbalance in demand and supply of lithium, and the associated strong commodity price.

18. What does it mean to say that the Merged Group will be the “first new producer” of “spodumene concentrate” in Australia since 2016?

To the best of our knowledge, no new Australian mines producing lithium spodumene concentrate have commenced production since the Mt Marion mine which was commissioned in 2016. Whilst the Wodgina mine in Western Australia has recently commenced shipping lithium product, this has been unprocessed direct shipping ore given

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that the project is yet to build a spodumene plant and has not been able to benefit yet from value-adding processing.

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B. PROPOSED PLACEMENTS

- 19. Alliance has in the past 2 years raised gross proceeds of A\$37.475 million (A\$4.9 mil from Burwill Placement and A\$13 million from the Loan Facility). Why do you need to raise more funds via the Alliance Placements now?**

The funds raised from Alliance Placements and the Loan Facility of A\$13 million will be used for the development of the Bald Hill lithium and tantalum mine (i.e. for working capital and future exploration).

Of the 774 km² of the Bald Hill project site, a significant portion remains unexplored. Thus, part of the funds raised will be used for further exploration and drilling to upgrade the resources estimate.

On the mine development side, funds will be used amongst other things to establish a Dense Media Separation (DMS) circuit that will be capable of producing fines from the stockpiled tailings, to add to total output, thus increasing the project's productivity. A second DMS circuit is also being planned. DMS refers to the extraction process to separate the required mineral, Lithium in this case, from the rest of the minerals.

- 20. How much are the proceeds from the Alliance Placements?**

We target to raise total proceeds of A\$32.8 million (approximately S\$33.1 million) comprising:

- (a) underwritten portion of A\$25 million (approximately S\$25.3 million); and
- (b) non-underwritten portion of A\$7.8 million (approximately S\$7.9 million), which is subject to Alliance Shareholders' approval.

- 21. What are the Alliance Placements proceeds going to be used for?**

The net proceeds will be used for capital expenditure and working capital for the Bald Hill Project and for future exploration and other initiatives at the Bald Hill Project.

- 22. Who are the institutional investors that the Merged Group wants to target?**

The Merged Group will target fund managers and high net worth individuals who have interest and knowledge of commodity and mining/mineral assets and particularly those who

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follow battery minerals. Once the book building is complete, and before the lifting of the current trading halt, Alliance will announce an updated shareholding structure.

23. Are the Alliance Placements dependent on the Merger? Will the Alliance Placements complete at the same time as the Merger?

The Alliance Placements are being made independent of the Merger.

The Alliance underwritten placement, which is not subject to Alliance Shareholders' approval, is expected to complete by early May 2018.

The Alliance non-underwritten placement, which is subject to Alliance Shareholders' approval is expected to complete by late May 2018.

Both placements are expected to complete prior to the Merger completing.

C. FUTURE OF THE BALD HILL PROJECT

24. What is Bald Hill Project?

The Bald Hill Project comprises four (4) mining leases, one (1) mining lease application, 12 exploration licences, 8 prospecting licences and 1 general purpose lease totalling 774 kilometres square. The project is owned 50:50 through a joint venture between Tawana and Alliance.

The Project is located 50km southeast of Kambalda in the Eastern Goldfields of Western Australia, and approximately 75km southeast of the Mt Marion Lithium project.

A current Indicated and Inferred lithium mineral resource of 18.9 million tonnes at 1.18% Li₂O, and 149ppm Ta₂O₅ at a 0.5% Li₂O cut-off for the project was calculated by CSA Global Pty Ltd.

25. Why is the Bald Hill Project so important?

Upon completion of the Merger, the Bald Hill Project will be positioned as a mid-tier producer of quality lithium, a highly sought-after metal by manufacturers of long-life batteries for electric vehicles, and consumer electronics devices.

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26. What percent of the total revenue / business portfolio does Bald Hill project constitute?

The revenue of the Merged Group will be solely derived from the Bald Hill Project.

27. What is the production status of Bold Hill Project?

- Dense Media Separation (DMS) Plant construction activities have reached ore commissioning and spodumene production stage
- First spodumene concentrate production commenced in March 2018
- Targeted production of 155,000 tpa once ramp up complete (increasing with the addition of fines circuit)
- First spodumene concentrate shipment planned for April 2018 then approximately monthly thereafter
- Tantalum by-product production to commence in 2H 2018
- Reserve update expected to be announced in 2Q 2018

28. What is “spodumene concentrate”?

Spodumene is a mineral consisting of lithium aluminium inosilicate, $\text{LiAl}(\text{SiO}_3)_2$, and is a source of lithium. Due to its high lithium content, spodumene is considered the most important lithium ore mineral. Flotation is used to generate a high grade spodumene concentrate (75-85% spodumene) suitable for lithium extraction.

29. What are the Offtake Agreements that have been signed?

Lithium Offtake

- Offtake with Burwill Commodity Ltd who are in JV with lithium industry specialist Jiangte Special Electric Motor Co. Ltd.
- Offtake agreement 100% (>5.5% Li_2O) of lithium concentrate production at US\$880/t (for 6% Li_2O) for 2018 and 2019 FOB from Esperance Port.
- Pricing for 2020 to 2022 to be negotiated based on market indicators.

Tantalum Offtake

- Offtake non-binding term sheet executed with HC Starck Group, a leading premium supplier of technology metals.
- Key terms: 600,000 pounds minimum of tantalum concentrate from April 2018 to 31 December 2020 or all of the standard grade tantalum concentrate produced within the period if delivery less than 600,000 pounds.

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- Pricing above Pre Feasibility Study expectation. The Pre Feasibility Study was an initial study to determine the economics of selling tantalum from the project.

30. What are the mineral resources (both Spodumene and Tantalum) of Bald Hill, and what is the expected mine life?

- Bald Hill has an Indicated and Inferred Mineral Resource of 18.9Mt at 1.18% Li₂O and 149ppm Ta₂O₅ at a 0.5% Li₂O cut-off announced in October 2017.
- Additional tantalum resource of 6.4Mt at 330ppm Ta₂O₅.
- Probable reserves currently 4.3Mt @ 1.18% Li₂O and 208ppm Ta₂O₅.
- Additional probable tantalum reserves of 1.4Mt at 317ppm Ta₂O₅.
- Reserve upgrade and IQPR (Independent Qualified Person's Report) expected in 2Q 2018.
- Many years of mine life remain due to a large portion of the tenements being unexplored.

31. Alliance was listed based on its Tantalite (Tantalum) resources, and the production line for Tantalum still exists. Tantalum prices have been stable and even rising recently. Will Tantalum contribute significantly to the MergedGroup's revenue and profitability after the Merger?

Tantalum by-product production is expected to commence in 2H 2018. A non-binding term sheet has been executed with HC Starck Group, a leading premium supplier of technology metals. Pricing for the Tantalum is expected to be above the Pre Feasibility Study expectations.

32. Since the completion and high performance of the DMS (dense media separation) circuit is a key milestone as announced, please explain the Merged Group's proprietary DMS circuit and the competitive edge it gives e.g. in relation to efficiency, production of fines and addition to total output.

DMS is Dense Media Separation. In mineral mining, there are various sizes of the mined ore, and with varying content of the mineral being mined. Dense media separation (DMS) circuit is a multistage process used to extract as efficiently as possible, the required mineral, in this case the Lithium, by means of various methods such as gravity and flotation. Each mining company will design its own DMS circuit based on its specific requirements.