

15 August 2017

## Construction Commences on Lithium Plant at the Bald Hill Mine

### Highlights

- Engineering, Procurement and Construction (EPC) agreement executed, enabling construction to commence at the 1.2Mtpa Dense Media Separation (DMS) process plant and associated infrastructure at Bald Hill.
- Primero Group mobilised to the Bald Hill Mine.
- Construction work has commenced with bulk earthworks completed and initial cement foundations being poured.
- Detailed design is well-advanced, long-lead items have been ordered, and fabrication packages awarded.
- Commissioning on track for the first quarter of 2018.

Tawana Resources NL (ASX:TAW) (Tawana) and Alliance Mineral Assets Limited (SGX:AMA)(AMAL) (together “the Parties”) are pleased to announce the execution of an Engineering, Procurement and Construction (EPC) contract with Primero Group to build a 1.2 million tonne per annum Dense Media Separation (DMS) circuit at the Bald Hill Lithium and Tantalum Mine (the Project).

The EPC contract is a “lump sum, fixed price” contract valued at A\$30 million. Primero was chosen for their expertise in lithium projects, having recently commissioned a DMS lithium plant in Western Australia and their involvement in several significant lithium projects globally.

It is anticipated that almost 200 people will be on site during the peak construction period at Bald Hill.

Tawana Managing Director Mark Calderwood commented:

*“This is another key milestone for the Project. We welcome Primero as an important partner of Tawana and AMAL and look forward to updating the market on the progress of the DMS plant. In addition, associated site works and construction has commenced and we remain committed and focussed on delivering lithium concentrate during the first quarter of 2018.”*

Primero Managing Director Cameron Henry said:

*“We are pleased to be working with Tawana and AMAL on this project and to be recognised for our complete turnkey design and construction capability and expertise in the lithium industry. Our team has been working closely with Tawana from the first testwork, through feasibility and now into project execution phase, providing a complete end to end service. The project development schedule for the Bald Hill Project remains on track to commence commissioning in the first quarter of 2018.”*

Tawana and AMAL will be releasing Project updates monthly.

## About the Bald Hill Project

The Bald Hill Lithium and Tantalum Mine (**Bald Hill Mine** or **the Project**) is owned by Singapore Exchange-listed Alliance Mineral Assets Limited (**AMAL**) with ASX-listed Tawana Resources NL (**Tawana**) holding 50% of the lithium rights. The project is subject to a 50% earn-in to existing infrastructure and tantalum rights by Tawana through the expenditure of A\$12.5m on development costs. A Pre-Feasibility Study (**PFS**) finalised in July 2017 confirmed the technical and financial viability of a low capital cost 1.2Mtpa lithium Dense Media Separation circuit (**DMS**) adjacent to the existing tantalum processing facility (**TPF**) at Bald Hill. Key findings from the study comprised an IRR of 185% and EBITDA of A\$83M from initial annual production of 155,000tpa of spodumene concentrate from the DMS and 260,000lbs of tantalum pentoxide from the TPF. Further feasibility work is being undertaken on a lithium fines circuit (**LFC**) to treat stockpiled fines and middlings which has potential to add significantly to production and reduce costs.

The first shipment of lithium concentrate is scheduled for March 2018.

EPC Group Primero mobilised to the Bald Hill Mine in July 2017 and construction work commenced, with bulk earthworks completed and initial cement foundations being poured.

Each of Tawana and AMAL has executed an offtake agreement in April 2017 for the supply of lithium concentrate from Bald Hill over a five-year term with pricing for 2018 and 2019 of US\$880/t (FOB Esperance) for 6% Li<sub>2</sub>O. The prepayments from the aforesaid offtake agreement will be used towards the capital costs of the Project.

The Project is located 50km south east of Kambalda in the Eastern Goldfields of Western Australia. It is located approximately 75km south east of the 400ktpa Mt Marion Lithium project. Refer Figure 1.

The Project comprises four mining leases, one mining lease application, twelve exploration licenses, eight prospecting licenses and one general purpose lease totalling 790.1km.

A Maiden Indicated and Inferred lithium Mineral Resource of 12.8 million tonnes at 1.18% Li<sub>2</sub>O, and 158ppm Ta<sub>2</sub>O<sub>5</sub> at a 0.5% Li<sub>2</sub>O cut-off for the Project was calculated by CSA Global Pty Ltd and announced in June 2017.<sup>1</sup>The Project remains significantly underexplored as highlighted by significant exploration drill results post the June resource statement.

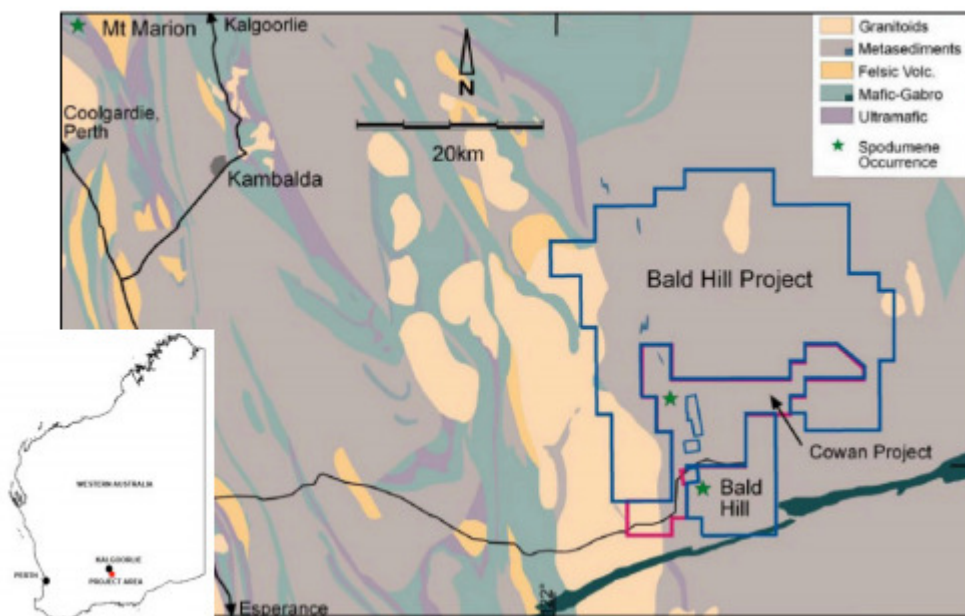


Figure 1 | Project Location map

### Construction

Since the award of the early works, Primero has made significant inroads into the construction of the DMS, with the following key highlights achieved:

- ✓ Site mobilisation and commencement of site works.
- ✓ Zero injuries and positive lead Key Performance Indicators
- ✓ Temporary construction offices setup inclusive of full communications
- ✓ Plant Site – 100% cleared and detailed earthworks in progress
- ✓ Concrete works in progress and plant feed preparation area proceeding on schedule
- ✓ Approximately 50% design completed in accordance with the project schedule
- ✓ Award of all major procurement packages
- ✓ Fabrication packages awarded and progressed

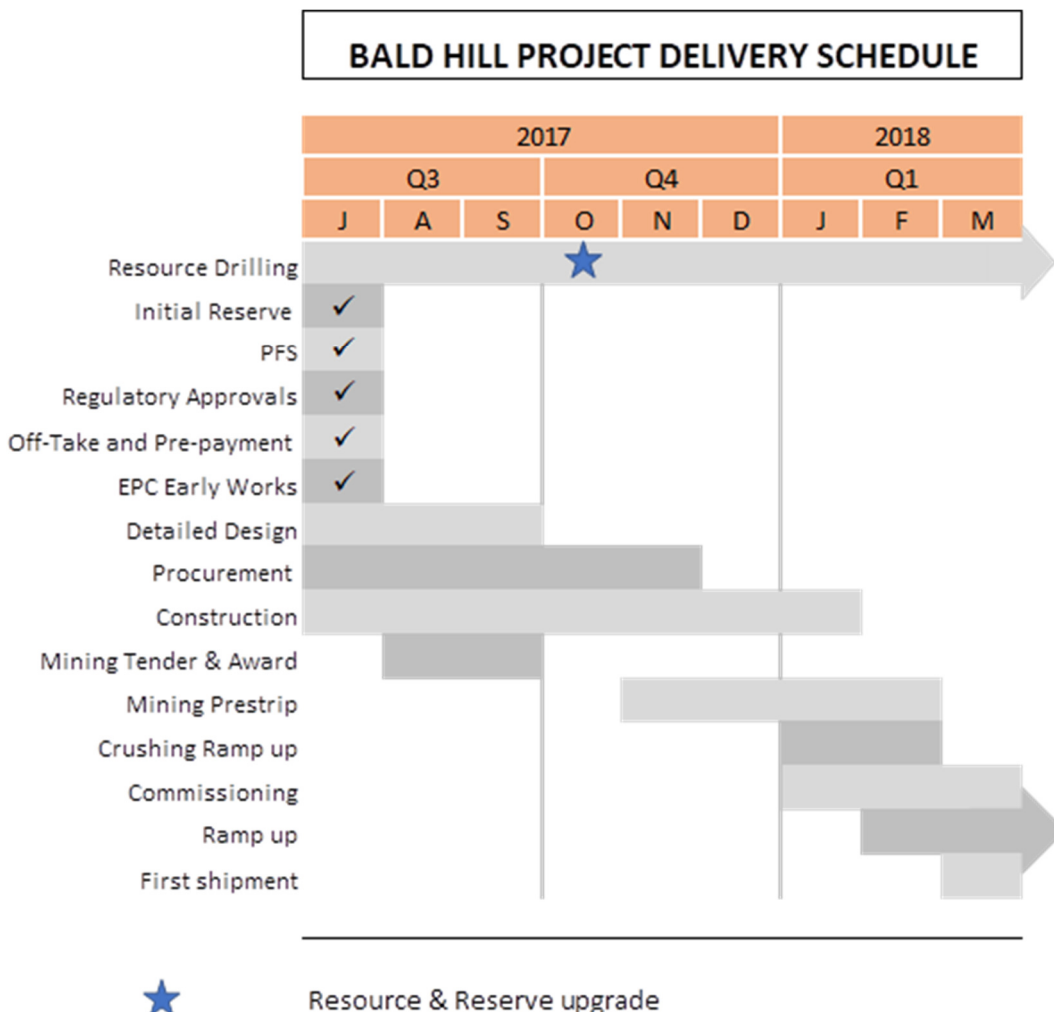


Figure 1 | Bald Hill project delivery schedule



Picture 1 | Feed bin slab north end ready for blinding



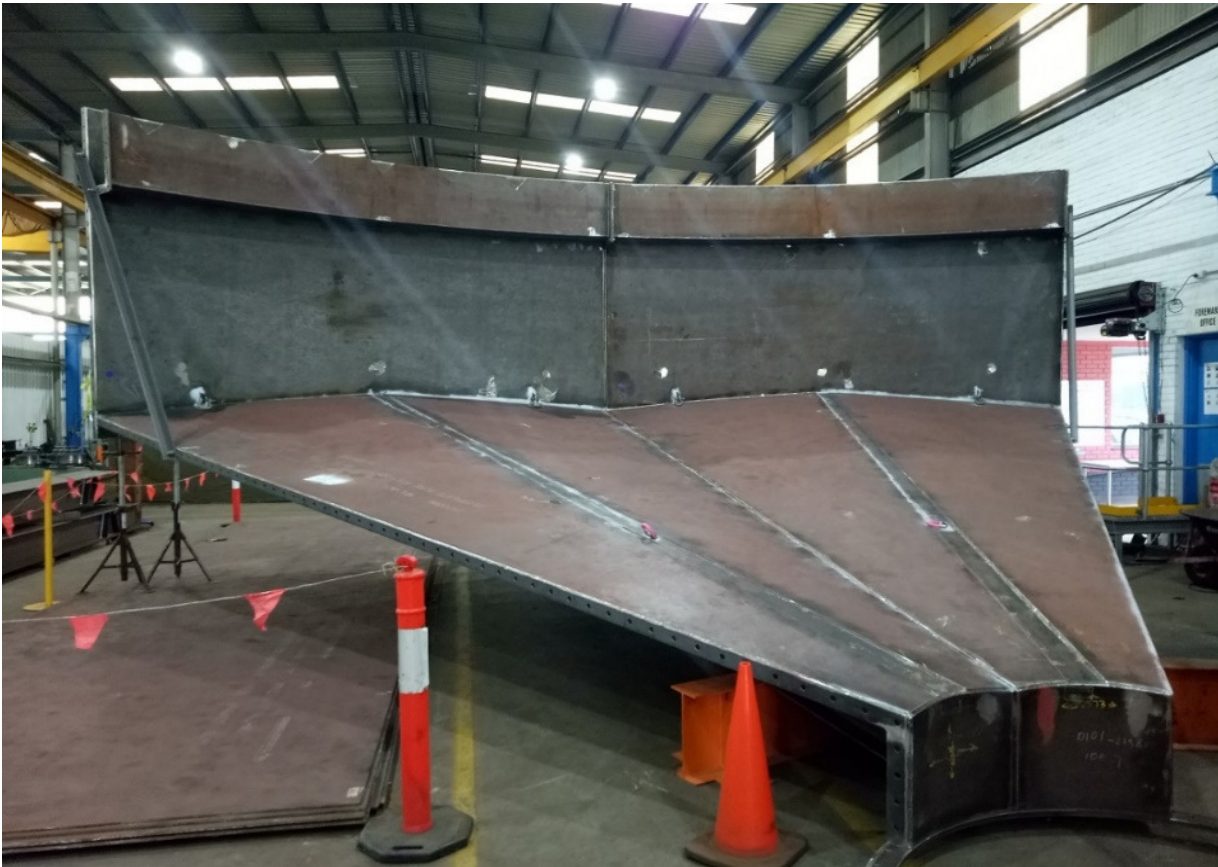
Picture 2 | Excavations for foundations



Picture 3 | Continue with cast in bar & shutter fabrication



Figure 4 | First concrete pour - Take up tower curing



Picture 5 | Thickener Fabrication Progress - Trial Assembly of first two pie sections

### **Forward Looking Statement**

This report may contain certain forward looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon as representation or warranty, express or implied, of Tawana Resources NL and/or Alliance Mineral Assets Limited. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Tawana Resources NL and/or Alliance Mineral Assets Limited. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

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### **End Notes**

1. All material assumptions and technical parameters underpinning the Mineral Resource estimates in the ASX announcement dated 14 June 2017 / SGX announcement dated 13 June 2017 continue to apply and have not materially changed since it was last reported.