

ALLIANCE MINERAL ASSETS LIMITED

(Company Registration Number: ACN 147 393 735)
(Incorporated in the Australia on 6 December 2010)

SIGNING OF BINDING CONDITIONAL TERMS SHEET WITH LITHCO NO. 2 PTY LTD

1. Introduction

The Board of Directors (“**Board**”) of Alliance Mineral Assets Limited (the “**Company**”) is pleased to announce that the Company had on 3 June 2016, entered into a binding conditional term sheet (the “**Binding Term Sheet**”) with Lithco No. 2 Pty Ltd (Company Registration Number: ACN 612 726 922), a company incorporated in Australia (“**Lithco**”), setting out the principal terms for, amongst others, the establishment of an unincorporated joint venture between the Company and Lithco for the purpose of joint exploration and exploitation of lithium and other minerals.

As at the date of this Announcement, the Company is the legal and beneficial owner of:

- (a) the Bald Hill project comprising Western Australian tenements¹ (the “**Tenements**”); and
- (b) the processing plant, camp, and other relevant infrastructure located on such Tenements (the “**Plant**”),

(the Tenements and Plant shall collectively be referred to as the “**Project**”).

Note:

- 1 Comprising the following tenements: M15/400, M15/1470, M15/1811, M15/1305, M15/1308, M59/714, G15/17, L15/265, L15/266, L15/267, L15/268, L15/269, L15/270, P15/5465, P15/5466, P15/5467, P15/5862, P15/5863, P15/5864, P15/5865, P15/5866, R15/1, E15/1058, E15/1212, E15/1161, E15/1162, E15/1166, E15/1353, E15/1066 and E15/1067 and Mining lease application M15/1811.

2. Information on Lithco

Lithco is a proprietary limited company whose founders and management comprise experienced and well credentialed mining industry professionals. Their skill set covers mineral exploration, development, production, project finance and capital markets.

3. Salient terms of the Binding Term Sheet

Under the terms and conditions of the Binding Term Sheet, amongst others:

- (a) the Company has agreed to grant Lithco sole and exclusive exploration and prospecting rights (“**Exploration and Prospecting Rights**”) over all minerals within an area enclosed by the external boundaries of the Tenements as at the date of the Binding Term Sheet and an agreed area (10km radius of the Tenements) (“**Tenement Area**”), and Lithco will undertake exploration and feasibility for lithium and other minerals in the Tenement Area. The parties have also agreed that any other tenements that are acquired or granted in the future which fall within the Tenement Area shall form part of this arrangement.

ALLIANCE MINERAL ASSETS LIMITED

Page 2

- (b) Lithco undertakes to:
 - (i) spend, by 31 December 2017 (or such later date as mutually agreed by the Parties) ("**Earn-in Period**"), a minimum of AUD7,500,000 on exploration, evaluation, and feasibility (including administrative and other overhead costs in relation thereto) ("**Expenditure Commitment**"); and
 - (ii) spend, AUD12,500,000 in capital expenditure required for upgrading and converting the Plant for processing ore derived from the Tenement Area, infrastructure costs, pre-stripping activities and other expenditures including operating costs ("**Capital Expenditure**").
- (c) Upon completion of the Expenditure Commitment, Lithco shall be entitled to 50% of all rights to lithium minerals from the Tenements.
- (d) Upon completion of: (i) the Expenditure Commitment; (ii) the Capital Expenditure; and (iii) the capital raising exercise in the Company for an amount of not less than S\$5,000,000, in which a shareholder of Lithco would be involved ("**Capital Raising Exercise**"), Lithco will be entitled to a 50% interest in the Project and the Company will continue to hold the remaining 50% legal and beneficial interest in the Project.
- (e) Upon completion of the Expenditure Commitment, Capital Expenditure and the Capital Raising Exercise and subject to the Binding Definitive Agreements (as defined below) being entered into, the Company and Lithco shall constitute a joint venture in equal proportions (i.e. 50-50), with respect to the Project ("**Joint Venture**"), and all Project activities will thereafter be funded by the Joint Venture, with each Joint Venture participant contributing 50% to the expenditure of the Joint Venture.

4. Conditions Precedent

The Binding Term Sheet, other than Clauses 3, Clauses 11 through 21 of the Binding Term Sheet, is subject to and conditional upon the satisfaction or waiver of the following conditions by no later than 31 July 2016 (unless extended by mutual agreement in writing by the parties) ("**End Date**"):

- (a) Lithco being provided with satisfactory evidence by the Company that the Tenements are in good standing; and
- (b) all requisite regulatory and shareholder approvals, consents, waivers, registrations or statements of no objection (as the case may be) required by the Company by law or any competent authorities (including the relevant rules and/or requirements of the Singapore Exchange Securities Trading Limited) having jurisdiction over the Company and the matters contemplated in the Binding Term Sheet ("**Required Approvals**").

In addition, the successful completion of the Capital Raising Exercise shall be a condition precedent for the benefit of the Company to the execution of the Binding Definitive

Agreements (as defined below). For the avoidance of doubt, if the Capital Raising Exercise does not commence within the 30 day period after execution of the Binding Term Sheet and those conditions set out in paragraph 4 of this Announcement are not satisfied or waived prior to the End Date, Lithco shall cease to be entitled to earn-in to the Project and no Joint Venture shall be formed. For clarity, the completion of the Capital Raising Exercise is itself conditional on obtaining the Required Approvals.

The Company must use its best endeavours to satisfy the condition in clause 4(a) and 4(b) above as soon as is practicable prior to the End Date.

5. Execution of Definitive Agreements

Notwithstanding that the Binding Term Sheet is legally binding and subject to the successful completion of the Capital Raising Exercise, the Company shall enter into formal binding definitive agreements including: (a) a farm-in agreement, (b) a joint venture agreement; and (c) any other document that the parties agree is required to give effect to the transactions contemplated by the Binding Terms Sheet with Lithco (collectively, the “**Binding Definitive Agreements**”), which terms shall, *inter alia*, be consistent with that of the Binding Term Sheet and contain additional terms and conditions that are customary for arrangements of this nature in the Western Australian mining industry, no later than 60 days after execution of the Binding Term Sheet.

The Company shall provide further updates on such Definitive Agreements, and will disseminate any such information to shareholders of the Company (“**Shareholders**”) in a timely manner.

6. General

The Board is of the view that the Binding Terms Sheet marks a major step forward for the Company to expand its core business of developing and exploiting Tantalite mineral resources in Australia.

Save for their respective shareholdings in the Company, none of the Directors of the Company has any interest, direct or indirect, in the Binding Terms Sheet. As far as the Directors are aware, no substantial shareholder of the Company has an interest, direct or indirect, in the Binding Terms Sheet and the Directors have not received any notification of any interest in the Binding Terms Sheet from any substantial shareholder.

The Company has received the support of its controlling shareholder, Living Waters Mining (Australia) Pty Ltd, which currently holds a 49.80% interest in the Company, to vote in favour of resolutions to be tabled to give effect to the transactions contemplated in the Binding Terms Sheet in the event that the approval of Shareholders is required.

7. Cautionary Statement

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company’s securities as there is no certainty or assurance as at the date of this announcement that: (a) the Definitive Agreements will be entered as contemplated under the Binding Terms Sheet; (b) the Capital Raising Exercise would

ALLIANCE MINERAL ASSETS LIMITED

Page 4

occur; (c) the Binding Definitive Agreements will be entered into in the manner as set out in Paragraph 5 of this Announcement; or (d) that the Joint Venture will be proceeded with.

When in doubt, shareholders and potential investors of the Company are advised to seek independent advice from their bank managers, stockbrokers, solicitors, accountants, tax advisers or other professional advisers immediately.

8. Further Announcements and Updates

The Company will provide further updates on any material developments, including but not limited to the Capital Raising Exercise and Binding Definitive Agreements, and will disseminate any such information to Shareholders in a timely manner.

BY ORDER OF THE BOARD

Suen Sze Man
Executive Director
3 June 2016

Alliance Mineral Assets Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 25 July 2014. The initial public offering of the Company (the "IPO") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 62298088.