

Lithium Concentrate Offtake Signed for Bald Hill Project.

Alliance Mineral Assets Limited (SGX: AMAL) is pleased to announce that on 20 April 2017 it signed a binding long-term exclusive lithium concentrate offtake agreement (“**Agreement**”) with a 100% owned subsidiary of Burwill Holdings Ltd (“**Burwill**”), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code 0024).

The Agreement is for the supply of lithium concentrate from the Bald Hill Project in Western Australia over an approximate initial five year term. The key highlights of the Agreement are:

- The Agreement is subject to certain conditions precedent, including the requirement for the Bald Hill Project to complete a mineral resource estimate (reported in compliance with the JORC Code) (“**JORC Report**”) of not less than 12,000,000 tonnes with not less than 1.1% Li₂O, and Tawana Resources NL (“**Tawana**”) through its 100%-owned subsidiary Lithco No 2 Pty Ltd (“**Lithco**”) having earned its 50% interest in the Bald Hill Project as outlined in the Farm-in Agreement between Lithco and AMAL and announced on 23 February 2017. As at the date of this announcement, Lithco has yet to earn its 50% interest in the lithium rights of the Bald Hill Project or a 50% interest in the Bald Hill Project as it has spent only A\$5 million on the Bald Hill Project.
- The commencement date of the Agreement is the later of 1 February 2018 and the date on which the conditions precedent are satisfied (which is targeted for March 2018).
- Burwill will pay a fixed price for all 6% Li₂O concentrate produced from the commencement date of the Agreement up to 31 December 2019 of US\$880 per tonne (FOB Esperance) up to an agreed minimum amount, subject to adjustments for (i) grade (provided that the concentrate delivered is at least 5.5% Li₂O), as well as (ii) punctuality of delivery (whereby the price will be decreased if AMAL makes late deliveries) and (iii) punctuality of acceptance of delivery (whereby the price will be increased if Burwill is late in accepting delivery) of the Li₂O concentrate. Burwill will have a first right of refusal at the agreed price on excess production. The price of US\$880 per tonne is higher than what the Company believes is the latest publicly available contracted price for 6% Li₂O concentrate of US\$750 per tonne, which is found in Neometals Ltd’s announcement titled “Update - Mt Marion Lithium Operations” dated 16 February 2017 and released on the Australian Stock Exchange Limited (“**ASX**”).
- Burwill will make a prepayment of A\$12,500,000, of which A\$3,750,000 has been received by the Company as at the date of this announcement, with the final two instalments to be received on (i) the later of 15 July 2017 or 2 business days after the announcement of the JORC Report, and (ii) 15 September 2017 respectively, for the funds to be used towards the capital and operational costs of the Bald Hill Project. Prepayment is interest free and to be repaid from 20% of each lithium concentrate shipment until it is fully repaid. The Company shall use the prepayments to fund the development and the operational costs of the Bald Hill Project.
- In the event that Burwill fails to make the 2nd or 3rd instalment by the relevant due date, the Company may terminate the Agreement and shall be entitled to retain the 1st instalment of A\$3,750,000. In the event that Burwill fails to pay only the 3rd instalment, the Company shall retain the 1st instalment and repay the 2nd instalment (without interest) within 1 year from the date of termination. In the event of repayment of the advanced payments received from Burwill, the Company may in its discretion use its internal resources or raise additional funds, via debt or equity funding, to repay the prepayment where necessary.

- First deliveries of Li₂O concentrate are targeted for first quarter of 2018.
- The sale price and volume of the 6% Li₂O concentrate in years three to five of the Agreement will be mutually agreed based upon prevailing market conditions at the time.

Other Key Terms of the Offtake Agreement

- Burwill will pay a fixed price for all 6% Li₂O concentrate purchased from the commencement date of the Agreement up to 31 December 2019 of US\$880/t (FOB Esperance), subject to price adjustment of US\$/15t based on grade variation of 0.1% Li₂O. The minimum accepted grade is 5.5% Li₂O. In the event of late delivery by AMAL, the price will be decreased and in the event of late acceptance of delivery by Burwill, the price will be increased, by US\$5 to US\$10 per tonne.
- From 2020 to 2023, the sales price and volumes are to be negotiated and will be mutually agreed based upon prevailing market conditions at the time.
- The parties may extend the Agreement beyond 31 December 2022 by mutual agreement.
- The long stop date to fulfil all conditions precedent to the Agreement is 12 months from the date of the Agreement.

In respect of the first paragraph of page 2 of Burwill's announcement dated 20 April 2017 released on The Stock Exchange of Hong Kong Limited ("**Burwill Announcement**") which states "*Starting from February 2018, BCL shall, in the first two years, purchase an aggregate of at least 200,000 dry metric tonnes of high-grade lithium concentrate at a fixed price, worthing of approximately USD200,000,000.*", the Board wishes to clarify that the Company was not privy to its calculation of the said figure. Notwithstanding so, the Company thinks that the said figure may have taken into account, *inter alia*, the aggregate quantities of deliveries of Li₂O concentrate provided in the Agreement according to the indicative schedule of delivery of Li₂O by both the Company and Tawana through Lithco, and the sale price of the Li₂O. In this regard, the Agreement has also provided for pricing adjustment for late delivery. The Board wishes to further clarify that the contents of the Burwill Announcement and any subsequent announcements made by Burwill regarding the Agreement are/will not be subjected to review by the Company and the contents, projections and assumptions contained in the Burwill Announcement, as the case may be, solely reflect the views of Burwill and the Company assumes no responsibility for the same.

Further, the Agreement has recently been the subject of:

- an article in The Straits Times titled "Singapore-listed miner strikes 'milestone deal' for key metal" published on 27 April 2017 ("**ST Article**")
- an article in the Business Times titled "Alliance Mineral Assets signs lithium offtake deal" published on 27 April 2017 ("**BT Article**").

As a result, the Company needed more time to release this announcement relating to the Agreement, in order to make the following clarifications and corrections in relation to the ST Article and the BT Article set out below.

ST Article

1. As disclosed in AMAL's offer document dated 16 July 2014, AMAL had signed a distribution agreement with Mitsubishi dated 1 April 2014, appointing Mitsubishi Corporation RtM Japan Ltd ("**Mitsubishi**") as a non-exclusive distributor of its Tantalite concentrate in Asia, for a term of 2 years. The Company has

renewed talks with Mitsubishi as the distribution agreement had expired in April 2016. However, it has not entered into any definitive agreements regarding the same.

2. As disclosed in the Company's Unaudited Financial Statement and Dividend Announcement for the third quarter ended 31 March 2016 released on 14 May 2016 and the circular dated 24 August 2016, spodumene and Tantalite co-exist in the same pegmatite ore bodies, and as a result, they will be mined and processed simultaneously. In light of the depressed prices of Tantalum (as announced in the Company's announcement dated 9 February 2017), the Company's focus will be the mining and production of Spodumene, with the production of Tantalite being a by-product.
3. The total amount to be spent by Tawana through Lithco to earn its 50% interest in the Bald Hill Project is A\$20 million, as disclosed in previous announcements dated 3 June 2016 and 23 February 2017, and the circular dated 24 August 2016. As disclosed in Tawana's announcement titled "\$15 Million Capital Raising Completed to Commence Capital Works" released on 27 April 2017, Tawana has raised A\$15 million to fund the earn-in expenditure to be spent by 31 December 2019. Together with the prepayments of Burwill of A\$25 million disclosed in the Burwill Announcement, the total amount of funding secured for additional expenditure on the Bald Hill Project amounts to A\$40 million.
4. To the best of his personal knowledge and belief, Mr Tjandra Pramoko, the CEO of AMAL, estimates that the average cost of production of lithium in Australia is approximately A\$400 to A\$500 per tonne, and that the future capital costs for the Bald Hill Project are approximately A\$50 million. Any amounts in excess of the A\$40 million secured, which the Company estimates to be A\$10 million, will be funded on 50/50 basis between Lithco and AMA based on the terms of the Farm-in Agreement and Joint Venture Agreement with Lithco, which have previously been announced on 18 April 2017. For avoidance of doubt, the 50/50 sharing between Lithco and AMA in relation to the funding of the balance capital expenditure will only come into effect on the commencement of the Bald Hill Joint Venture Agreement. In arriving at the aforesaid estimates, Mr Tjandra Pramoko had referred to the publicly available Colts Canaccord Genuity research report titled "Tawana Resources (TAW: ASX) Alliance Mineral Assets (40F:SGX) - From under the radar to "in the spotlight" dated 12 April 2017 ("**Canaccord Report**"). The Board wishes to further clarify that the contents of the Canaccord Report are/was not subjected to review by the Company and the Company has not shared or provided any price sensitive information of the Company in relation to the same. The contents, projections and assumptions contained in the Canaccord Report, as the case may be, solely reflect the views of Canaccord Genuity Australia Limited and the Company assumes no responsibility for the same.

Shareholders who wish to refer to the Canaccord Report may access the same at the following link http://spcagent.io/taw/wp-content/uploads/sites/26/2017/04/TAW_40F_COLT_12.04.17.01.pdf.

BT Article

1. As announced in Tawana's public announcement dated 26 April 2017 released on the ASX, it is stated that "*First deliveries targeted for first quarter of 2018*", ie. the sale of the lithium concentrate extracted from the Bald Hill Project to Burwill will, barring unforeseen circumstances, commence by March 2018 and continue for the next few years, assuming that all relevant conditions precedent in the offtake agreement are met and the target production of the resources is on schedule.
2. Tawana through Lithco has to spend a total of A\$20 million to earn 50% in the entire Bald Hill Project as disclosed in the Farm-in Agreement and circular dated 24 August 2016 (consisting of A\$7.5 million exploration expenditure and A\$12.5 million capital expenditure). As further disclosed in Tawana's public announcement dated 26 April 2017 and as disclosed above, the prepayments shall be used for the development and the operational costs of the Bald Hill Project. As such, a total sum of A\$37.5 million

(A\$12.5 million from Tawana and A\$25 million from Burwill) has been secured for future capital expenditure, which accounts for a majority of the funding required for the capital expenditure of the Bald Hill Project. The Company may use its internal resources or have to raise additional funds, via debt or equity funding, for the balance capital expenditure.

3. AMA was expecting to receive a resource estimate in relation to the exploration results of the Bald Hill Project from the professionals appointed by Tawana in April 2017, as disclosed in its press release dated 3 March 2017. The Company has not yet received the aforesaid resource estimate, meanwhile Tawana extended their drilling program for the Bald Hill Project as the extent of the spodumene pegmatites continues to expand. With that, the total number of drill rigs has been increased to five to accelerate the drilling rate.

DOCUMENTS AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of the Company at Lakeside Corporate Building Unit 6, 24 Parkland Road, Osborne Park 6017, Western Australia and at the office of Dentons Rodyk & Davidson LLP at 80 Raffles Place, #33-00 UOB Plaza 1, Singapore 048624 during the normal business hours for 3 months from the date of this announcement.

Independent Qualified Person Report (“IQPR”) and Valuation Report

An IQPR (reported in compliance with the JORC Code) and Valuation report, to which the resource estimate will be appended, will be issued in due course in respect of the Bald Hill Project.

About Burwill Holdings Ltd

Burwill Holdings Limited (“Burwill”), incorporated in 1949, has been publicly listed company on the main board of The Stock Exchange of Hong Kong Limited (stock code: 0024) since 1983.

Based in China, Burwill and its subsidiaries (“Burwill Group”) have businesses spanning across various segments of the infrastructure and logistics industries. The Group has been involved in international commodity trading, Iron ore mining, steel refining and steel processing businesses for over sixty years. Commodities and in particular, metals, have been the main area of interest and focus for the Group.

As an example of its involvement in the mining business, in 2005 Burwill made a USD30 million pre-payment to Australian iron ore company, Fortescue Metals Group Limited (FMG), for a five-year contract, valued at USD500 million to supply iron ore, this contract has been completed. They have also made export pre-finance arrangements for large steel plants in China, to enhance their steel sourcing and iron ore sales.

Burwill has well-developed and long-standing business relationships with various large and medium corporations both in China and internationally. Burwill also boasts an extensive sales network within China and internationally, with representatives and subsidiaries in Europe, the Middle East, and Asia.

Burwill announced on 20 April 2017 its intention to invest in a lithium carbonate plant and engage in lithium carbonate processing and sales.

Cautionary Statement

Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company. Further announcements will be made as and when material information, including the JORC Report, is made available to the Group.

Forward Looking Statement

This announcement 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 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 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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This announcement has been prepared by Alliance Mineral Assets Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement. The Sponsor has relied on a third-party technical expert in its review 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) 6229 8088.