

Placements::BINDING TERM SHEET - VARY THE TERMS OF LITHIUM CONCENTRATE OFFTAKE AGREEMENT & PLACEMENT

Issuer & Securities

<b>Issuer/ Manager</b>	ALLIANCE MINERAL ASSETS LIMITED
<b>Securities</b>	ALLIANCE MINERAL ASSETSLIMITED - AU0000XINEV7 - 40F
<b>Stapled Security</b>	No

Announcement Details

<b>Announcement Title</b>	Placements
<b>Date &amp; Time of Broadcast</b>	05-Oct-2017 01:40:27
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<b>Announcement Sub Title</b>	BINDING TERM SHEET - VARY THE TERMS OF LITHIUM CONCENTRATE OFFTAKE AGREEMENT & PLACEMENT
<b>Announcement Reference</b>	SG171005OTHRZXLJ
<b>Submitted By (Co./ Ind. Name)</b>	Suen Sze Man
<b>Designation</b>	Executive Director
<b>Description (Please provide a detailed description of the event in the box below)</b>	<p>Please see attached.</p> <p>The offer price of the following shares is as follows:</p> <p>(1) 17,408,077 shares will be issued at an issue price of S\$0.26748, being 10% discount to the volume weighted average price ("VWAP") of the Company shares of S\$0.2972 on 29 September 2017 ("First Tranche");</p> <p>(2) 19,894,945 shares will be issued at an issue price of S\$0.26748 being 10% discount to the VWAP ("Second Tranche");</p> <p>(3) 19,601,756 shares will be issued at an issue price of S\$0.28234 being 5% discount to the VWAP; and</p> <p>(4) 17,905,450 shares will be issued at an issue price being equivalent to the VWAP.</p> <p>The offer price indicated below is the offer price for the First Tranche and Second Tranche.</p>

Additional Details

<b>Capital Amount-Old</b>	AUD 38,960,275
<b>Capital Amount-New</b>	AUD 58,535,275
<b>No. of Existing Outstanding Shares</b>	480,763,760
<b>New Shares Issued</b>	74,810,228
<b>Offer Price</b>	SGD 0.26748
<b>Attachments</b>	<p><a href="#">AMAL BTS 5 Oct 2017.pdf</a></p> <p>Total size =209K</p>

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## ALLIANCE MINERAL ASSETS LIMITED

(Incorporated in the Australia on 6 December 2010)

(Company Registration no. ACN 147 393 735)

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- (A) **BINDING TERM SHEET TO VARY THE TERMS OF LITHIUM CONCENTRATE OFFTAKE AGREEMENT; AND**
- (B) **SUBSCRIPTION AGREEMENT FOR THE PROPOSED PLACEMENT (AS DEFINED HEREIN)**
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### 1. INTRODUCTION

The Board of Directors ("**Board**") of Alliance Mineral Assets Limited ("**AMAL**" or the "**Company**") refers to the announcements (i) dated 4 May 2017 in relation to the Lithium Concentrate Off-take Agreement ("**Off-take Agreement**") regarding the Bald Hill Project dated 20 April 2017, entered into between the Company and a wholly-owned subsidiary of Burwill Holdings Limited, Burwill Commodity Limited ("**Burwill**"); and (ii) dated 20 September 2017 in relation to the discussions with Burwill on the third and final prepayment of A\$4,375,000 from Burwill that was due on 15 September 2017 ("**Amount Due**") and Off-take Agreement ("**Announcements**").

*Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as in the Announcements.*

Further to the Announcements, the Board wishes to update shareholders of the Company ("**Shareholders**") that the Company had on 2 October 2017 entered into a binding term sheet ("**Binding Term Sheet**") with Burwill to, *inter alia*, vary the terms of the Amount Due and certain other terms of the Off-take Agreement, as well as raise additional funds from Burwill.

Subsequent to the Binding Term Sheet, the Company and Burwill ("**Subscriber**") had on 4 October 2017 entered into a subscription agreement ("**Subscription Agreement**"), pursuant to which the Company has agreed to allot and issue to the Subscriber up to 74,810,228 ordinary shares in the capital of the Company ("**Aggregate Subscription Shares**" or "**Subscription Shares**") in tranches; and the Subscriber has agreed to subscribe for or procure its nominee(s) to subscribe for the Aggregate Subscription Shares, for an aggregate subscription consideration of A\$19.575 million ("**Aggregate Subscription Consideration**"), upon the terms and subject to the conditions of the Subscription Agreement ("**Proposed Placement**").

### 2. BINDING TERM SHEET – VARIATION TO THE OFF-TAKE AGREEMENT

The salient terms of the Binding Term Sheet varying the Off-take Agreement are as follows:

- 2.1 Burwill will pay to the Company the Aggregate Subscription Consideration for the Aggregate Subscription Shares as further elaborated in paragraph 3 below.
- 2.2 The Amount Due under the Off-take Agreement will no longer be paid by Burwill to the Company. Instead, the same amount of A\$4.375 million has been paid by Burwill on 30 September 2017 as part of the Aggregate Subscription Consideration for the subscription of Tranche 1 (as defined herein);

- 2.3 Burwill will extend a loan of A\$4.8 million on or before 31 October 2017 to AMAL, with interest accruing at 11% per annum. The loan will be secured by AMAL granting a security interest over AMAL's interest in the new plant on the Bald Hill Project (subject to AMAL obtaining the approval of Lithco to the aforesaid grant of security interest). The principal amount and interest accrued are repayable in full on or before 31 December 2019 ("**Loan**");
- 2.4 The delivery date for the first shipment of lithium concentrate shall be delayed to April 2018; and
- 2.5 The prepayments made by Burwill shall be repaid from 15% (instead of 20%) of each lithium concentrate shipment;
- 2.6 Should delivery of the first shipment of lithium concentrate of 5.5% be delayed, AMAL may deliver 2 shipments of lithium concentrate of a grade lower than 5.5% to Burwill instead; and
- 2.7 AMAL shall sell all of its share of production of lithium concentrate to Burwill on an annual basis, up to 40,000 tonnes. Thereafter, Burwill has a right of first refusal to purchase the excess lithium concentrate produced (if any). Burwill has exercised its right to purchase all excess lithium concentrate produced (if any) for the first 2 years.

### 3. PROPOSED PLACEMENT

- 3.1 The Subscription Agreement formalises the terms in the Binding Term Sheet for the Company to issue and allot and Burwill to subscribe for the Aggregate Subscription Shares at the Aggregate Subscription Consideration in the following manner:
  - (a) A\$4.375 million has been paid by Burwill on 30 September 2017 as subscription consideration for 17,408,077<sup>1</sup> Subscription Shares at an issue price of S\$0.26748, being 10% discount to the volume weighted average price of the AMAL's shares of S\$0.2972 on 29 September 2017 ("**VWAP**"), being the full market day prior to the date on which the Binding Term Sheet was signed ("**Tranche 1**");
  - (b) A\$5.0 million to be paid by Burwill on or before 6 October 2017 as subscription consideration for 19,894,945<sup>1</sup> Subscription Shares at an issue price of S\$0.26748, being 10% discount to the VWAP ("**Tranche 2**");
  - (c) A\$5.2 million to be paid by Burwill on or before 15 October 2017 as subscription consideration for 19,601,756<sup>1</sup> Subscription Shares at an issue price of S\$0.28234, being 5% discount to the VWAP ("**Tranche 3**"); and
  - (d) A\$5.0 million to be paid by Burwill by 31 December 2017 as subscription consideration for 17,905,450<sup>1</sup> Subscription Shares, with the issue price being equivalent to the VWAP ("**Tranche 4**");

Note:

<sup>1</sup>Based on an exchange rate of A\$ 1: S\$1.0643.

- 3.2 For the avoidance of doubt, the Company is only able to use the respective subscription considerations received after the issuance and allotment of the relevant Subscription Shares.
- 3.3 In the event any of the payments to be made under paragraph 3.1 are not made by the relevant deadlines, the sum of A\$4.375 million paid by the Subscriber as the second prepayment under the Off-take Agreement shall be forfeited by Burwill and

retained by the Company, and the Company shall have no further obligations to repay the aforesaid sum to Burwill.

- 3.4 Immediately following the payment for Tranche 3, the Company may appoint, and procure its board of directors to appoint, a candidate nominated by the Subscriber as non-executive director of the Company, subject to the requirements of the Corporations Act 2001 (Cth), the Catalist Listing Rules and the requirements of the Sponsor or SGX-ST as the case may be.
- 3.5 The Aggregate Subscription Shares are intended to be issued pursuant to the general share issuance mandate obtained at the annual general meeting of the Company held on 26 October 2016 ("**2016 AGM**") ("**Existing Share Issue Mandate**") or the new general share issuance mandate to be obtained at the forthcoming annual general meeting of the Company (as the case may be) ("**New Share Issue Mandate**"), which authorises the Directors of the Company to allot and issue ordinary shares in the capital of the Company ("**Shares**") not exceeding 100% of the total number of issued Shares as at the date of the annual general meeting, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders shall not exceed 50% (excluding treasury shares and subsidiary holdings).
- 3.6 The number of issued Shares as at the date of the 2016 AGM was 480,763,760 Shares. From the date of the 2016 AGM up to the date of this announcement, 11,400,000 options were previously granted under the Existing Share Issue Mandate pursuant to the engagement agreement dated 14 March 2017 entered into between the Company and the Company's corporate advisor, Canaccord Genuity (Australia) Ltd. As such, the remaining maximum number of Shares that can be issued under the Existing Share Issue Mandate other than on a *pro-rata* basis is 228,981,880 Shares. Accordingly, the allotment and issue of the Aggregate Subscription Shares falls within limits of the Existing Share Issue Mandate.
- 3.7 The Aggregate Subscription Shares, when fully paid and issued, shall be free from all claims, charges, liens and other encumbrances whatsoever and the Aggregate Subscription Shares, shall be freely transferable and rank *pari passu* in all respects with and shall carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the relevant date of issue of the Subscription Shares.
- 3.8 The Company's issued and paid-up share capital will increase from 480,763,760 Shares as at the date of this announcement ("**Existing Share Capital**") to 555,573,988 Shares ("**Enlarged Share Capital**") after the allotment and issue of the Aggregate Subscription Shares. The Aggregate Subscription Shares represent approximately 15.56% of the Existing Share Capital, and approximately 13.47% of the Enlarged Share Capital.
- 3.9 The Company's Sponsor will be submitting on behalf of the Company, the listing and quotation notice for listing and quotation of the Aggregate Subscription Shares on the official list of the SGX-ST (the "**LQN**") and an announcement will be made to notify the shareholders when the LQN is received. The Company has undertaken to the Subscriber to apply for and diligently seek, with such assistance from the Subscriber as may be reasonably requested by the Company, the LQN on or before the (30) business days following the date of the Subscription Agreement or such other date as may be mutually agreed in writing between the Company and the Subscriber.
- 3.10 The Directors of the Company are of the opinion that, after taking into consideration the present bank facilities available to the Company and the proceeds from the Aggregate Subscription Consideration as well as the Loan, the working capital available to the Company is sufficient to meet its present requirements.

- 3.11 The Aggregate Subscription Consideration of A\$19.575 million to be received, after deducting for expenses in connection with the Proposed Placement ("**Net Placement Proceeds**"), will be used to fund AMAL's share of the capital expenditure for the Bald Hill Project as previously disclosed in AMAL's announcement on 4 May 2017, the operational expenditure for the Bald Hill Project, and general working capital in the following estimated proportions:

<b>Use of Proceeds</b>	<b>Percentage Allocation</b>
Capital expenditure for the Bald Hill Project	35 %
Operational expenditure for the Bald Hill Project	53 %
General Working Capital	12 %

Pending the deployment of the Net Placement Proceeds for the abovementioned purpose, the Net Placement Proceeds may be placed in deposits with financial institutions or invested in short-term money markets instruments, marketable securities or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the Net Placement Proceeds as and when they are materially disbursed, and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Placement Proceeds in the Company's interim and full year financial statements issued under Rule 705 of the Catalyst Listing Rules and the Company's annual report. Where there is any material deviation from the stated use of the Net Placement Proceeds, the Company will announce the reasons for such deviation.

- 3.12 Notwithstanding any other provisions in the Subscription Agreement, the Company shall not be obliged to allot and issue and the Subscriber shall not be obliged to subscribe for any Subscription Shares unless the following conditions ("**Conditions Precedent**") have been fulfilled (or waived):
- (a) the LQN being obtained, and the LQN, if obtained is subject to any conditions, such conditions being reasonably acceptable to the Company and the Subscriber, and the LQN being in full force and effect as at the respective date of the issue and allotment of the Subscription Shares, which shall be on such date or dates as may be mutually agreed in writing between the Company and the Subscriber ("**Closing Date**");
  - (b) the Existing Share Issue Mandate or New Share Issue Mandate (as the case may be) having been obtained, which mandate shall be sufficient for the Company to issue at least the relevant Subscription Shares and which shall be in full force and effect (and not having been varied) as at the Closing Date;
  - (c) trading in the Shares have not been suspended or ceased (other than trading halts voluntary undertaken by the Company) on the Closing Date;
  - (d) on the Closing Date, the issue and allotment of the Subscription Shares is not prohibited by any relevant statute, order, rule or regulation (including the Corporations Act) by any applicable legislative, executive or regulatory body or authority;
  - (e) on the Closing Date, the issue and allotment of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of this Agreement by any applicable legislative, executive or regulatory body or authority; and

Extract from the Annual Report of Alliance Mineral Assets Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 2(c) Going concern

This report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The company has incurred a loss after tax for the year of \$4,803,859 (2016: \$4,082,094) and experienced net cash outflows from operating activities of \$1,905,843 (2016: \$842,668). As at 30 June 2017 and 28 September 2017, the Company had cash and restricted cash totalling to \$6,616,793 and \$9,082,430 respectively. The increase in the cash and restricted cash balance reflects the additional instalment payment of \$4,375,000 received under the lithium concentrate offtake agreement with Burwill Holdings Ltd dated April 2017.

The Company's cash flow forecast reflect that the Company will need to raise additional funds during the quarter ending 31 December 2017 to enable it to meet its committed and planned capital expenditure in the Bald Hill project and for on-going working capital requirements. The Directors are currently reviewing a range of financing options which may include further issue of new equity or obtaining new borrowings. The Directors have reviewed the company's financial position and are satisfied that based on the ongoing discussions with relevant parties, they will be successful in securing additional funds through debt or equity issues and thus it is appropriate to prepare the financial statements on a going concern basis.

Should the company not achieve the matters set out above, there is a significant uncertainty whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

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- (f) on the Closing Date, (i) all the representations and warranties of each of the Parties set forth in the Subscription Agreement shall be accurate and correct in all material respects at, and as if made on, the Closing Date; and (ii) each of the Company or Subscriber shall have materially performed all of its undertakings or obligations hereunder to be performed on or before the Closing Date.

3.13 The Subscription Agreement may be terminated, at any time, by either:

- (a) the Company or the Subscriber, if any of the Conditions Precedent set forth in is not satisfied on or prior to the relevant Closing Date;
- (b) the Subscriber, if the Company is in material breach of any provision of the Subscription Agreement or has failed to perform and comply in any material respect with any of the representations, warranties, undertakings and agreements referred to in the Subscription Agreement on or prior to any Closing Date, or
- (c) save for the emphasis of matter issued by the Company's auditors regarding the Company's ability to continue as a going concern, any material adverse change in the overall business or financial position of the Company and its group subsidiaries occurring during the period from the date of the Subscription Agreement to any Closing Date, which was not previously known to the Subscriber.

3.14 Burwill Holdings Limited is an investment holding company listed on the Mainboard of the Hong Kong Stock Exchange. Burwill Holdings Limited and its subsidiaries (the "**Burwill Group**") is principally engaged in international metal and lithium concentrate trading, processing and sales and mineral resources investment. The Subscriber is principally engaged in lithium concentrate procurement, lithium carbonate processing and sales. The Subscriber has exclusive selling rights to the lithium concentrate flowing from the Bald Hill Project in Western Australia for a five year term and pre-emptive rights to the same for subsequent five years; meanwhile BCL has cooperated with Jiangxi Jiantge Mining Development Co., Ltd. (江西江特矿业发展有限公司) ("**Jiantge Mining**") for the formation of a joint venture company which is held as to 50% by the Subscriber and 50% by Jiantge Mining. Such joint venture company has already started to establish production lines with annual production scale of up to 10,000 tons of lithium carbonate and 5,000 tons of lithium hydroxide.

3.15 Save for the existing Off-take Agreement between the Subscriber and the Company, to the best of their knowledge, the Directors of the Company or its substantial shareholders do not have any connection (including business relationship) with the Subscriber, its directors or substantial shareholders.

3.16 The Subscriber does not fall within the categories set out in Rule 812(1) of the Catalist Rules.

#### 4. **RATIONALE FOR THE BINDING TERM SHEET AND PROPOSED PLACEMENT**

The Board is of the view that the Binding Term Sheet and the Proposed Placement have secured a strategic investor for AMAL and the Bald Hill Project, thereby aligning the interests of Burwill Group and the Company in developing the Bald Hill Project towards production.

**5. FINANCIAL EFFECTS OF THE ALLOTMENT AND ISSUE OF THE AGGREGATE SUBSCRIPTION SHARES**

The table illustrates the financial effects of the allotment and issue of the Aggregate Subscription Shares on (i) the net asset value per share of the Company (assuming completion occurred at the end of that financial year); and (ii) the earnings per share of the Company (assuming that completion occurred at the beginning of that financial year) based on the audited financial statements of the Company for the full year ended 30 June 2017 are set out:

	<b>Before the Proposed Placement A\$ (cents) (approximate)<sup>(1)</sup></b>	<b>After the Proposed Placement A\$ (cents) (approximate)<sup>(1)</sup></b>
Effect of the Proposed Placement on the net asset value per share	0.03	0.06
Effect of the Proposed Placement on the earnings per share on a non-fully diluted basis	0.01	0.01
Effect of the Proposed Placement on the earnings per share on a fully diluted basis	0.01 <sup>(2)</sup>	0.01

**Notes:**

- (1) Based on a currency conversion rate of A\$1 : S\$1.0643
- (2) Adjusted for 11,400,000 ordinary shares which may be allotted and issued upon the exercise of the options awarded to Canaccord Genuity (Australia) Ltd.

**6. DEFINITIVE AGREEMENTS**

Further to the Subscription Agreement, the Board endeavors to enter into definitive agreements to formalise the other terms of the Binding Term Sheet (including the loan agreement for the Loan) and will update Shareholders as and when there are any material developments.

**7. INTEREST OF DIRECTORS' INTERESTS AND CONTROLLING SHAREHOLDERS**

Save as disclosed, none of the Directors or controlling shareholders of the Company have any interest, directly or indirectly in the aforesaid transactions.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

The Binding Term Sheet and the Subscription Agreement are available for inspection during normal business hours of the Company's registered address at Lakeside Corporate Building Unit 6, 24 Parkland Road, Osborne Park 6017, Western Australia and at the office of DMS Corporate Services Pte. Ltd. at 16 Collyer Quay, #17-00 Income at Raffles Place, Singapore 049318 for a period of three (3) months from the date of this announcement.

## 9. CAUTIONARY STATEMENT

In the meantime, the Board wishes to advise Shareholders and investors to exercise caution when dealing in the Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm that after making all reasonable enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Binding Term Sheet and the Proposed Placement, the Company and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in this proper form and context.

## BY ORDER OF THE BOARD

Suen Sze Man  
Executive Director  
5 October 2017

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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 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 (Mailing Address: at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*

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