

ALLIANCE MINERAL ASSETS LIMITED
(Incorporated in Australia on 6 December 2010)
(Company Registration no. ACN 147 393 735)

PROPOSED MERGER OF ALLIANCE MINERAL ASSETS LIMITED ("ALLIANCE" OR "COMPANY") AND TAWANA RESOURCES NL ("TAWANA")

- RECEIPT OF NO OBJECTION FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") TO THE COMPANY'S APPLICATION FOR WAIVER FROM COMPLIANCE WITH CATALIST RULE 1015 IN RESPECT OF THE PROPOSED MERGER ("WAIVER")

1. The Board of Directors ("**Board**") of Alliance refers to the announcements released by the Company on 5 April 2018 and 9 April 2018 ("**Announcements**") in relation to the proposed merger of equals with Tawana to be implemented by way of a Tawana scheme of arrangement under the Australian Corporations Act 2001 (Cth) ("**Proposed Merger**").

Unless otherwise defined, all capitalised terms shall have the meaning ascribed to them in the Announcements.

2. **SGX Application.** PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**"), the Company's Singapore financial adviser appointed for the Proposed Merger, had on behalf of the Company made an application to the SGX-ST on 23 April 2018 (followed by subsequent updates and correspondences thereafter) to seek the SGX-ST's no objection to the waiver from compliance with Catalist Rule 1015 in respect of the Proposed Merger ("**Waiver Application**"), notwithstanding that the relative figure computed based on Catalist Rule 1006(b) exceeds 100% for the Proposed Merger.

The bases for seeking the Waiver are as follows:

- (a) **The Proposed Merger will not have a material impact on the business operations and risk profile of Alliance**

The principal business of Alliance is in the exploration, evaluation and development of the Bald Hill Project in which it currently owns 50% shareholding interest. The remaining 50% is held by Tawana only since October 2017, and Tawana will not own any other material assets or businesses (other than the Bald Hill Project) upon completion of the Tawana Restructuring. As such, the Proposed Merger is essentially a consolidation of these Bald Hill Project joint venture interests within the Merged Group and merely an expansion of Alliance's existing core business.

The Proposed Merger also does not have any material or adverse financial effect on Alliance in respect of its loss per share, gearing ratio and working capital position and will not result in an expansion of Alliance's business into new business sectors nor new geographical markets.

- (b) **The relative figure for Catalist Rule 1006(b) would be below 100% if adjusted for Tawana's non-recurring share-based payment**

The unaudited pro forma loss before income tax of approximately A\$3.02 million of the Tawana Group post the Tawana Restructuring ("**Tawana Group Post Restructuring**") for the six months financial period from 1 July 2017 to 31 December 2017 ("**6M2018**"), was largely attributable to share-based payments of approximately A\$1.94 million ("**Share-Based Payments**") which relate to unlisted share options ("**Unlisted Tawana Share**

Options) granted under Tawana's Employee Incentive Option Plan to directors, staff (existing and former) and advisors of the Tawana Group.

The Company is of the view that the Share-Based Payments should be disregarded for the purposes of computing the losses before tax attributable to the Tawana Group Post Restructuring as (i) the Share-Based Payments are non-recurring, given that the Tawana Directors and advisers had received such options on a one-off basis and the Unlisted Tawana Share Options will cease to exist post the Proposed Merger; and (ii) the Share-Based Payments are not representative of the actual operating performance of Tawana as they were a result of a strategic decision made by the Tawana Board to allow the Tawana Group to focus cash expenditure on project development and operational expenditure.

Excluding the Share-Based Payments, the unaudited loss before income tax of the Tawana Group for 6M2018 would be approximately A\$1.07 million. When compared against the unaudited loss before income tax of Alliance of approximately A\$1.62 million (adjusted for the non-recurring other expenses of approximately A\$0.35 million in relation to the loss incurred on Alliance's disposal of its 50% interest in the Bald Hill Project) for 6M2018, the resultant relative figure under Catalyst Rule 1006(b) would be 66.30%. Accordingly, all applicable relative figures under Catalyst Rule 1006 in respect of the Proposed Merger are less than 100%.

(c) The relative figure for Catalyst Rule 1006(b) is not a representative measure of the materiality of the Proposed Merger

The profit or loss ratio computed under Catalyst Rule 1006(b) is not a relevant measure to compare the size of Tawana and Alliance as both companies were in pre-production stages of the development of the Bald Hill Project and making losses at the time of entering into the Implementation Agreement.

The losses incurred by Alliance and Tawana to-date were primarily because the core operating asset and business of both companies, being the Bald Hill Project, have only just recently entered into the production stage. Barring any unforeseen circumstances, the profitability of the Bald Hill Project is expected to improve as it ramps up production and starts generating cash flows under the Merged Group.

In addition, the unaudited loss before tax of Alliance for the three months ended 31 March 2018 as announced on 11 May 2018 is approximately A\$1.07 million, whilst the unaudited loss before tax of Tawana Group for the same period is approximately A\$0.76 million. Based on the aforementioned figures, the absolute relative figure under Catalyst Rule 1006(b) would be 71.0%.

(d) There is no change in control of Alliance following the Proposed Merger

There will be no change in control of Alliance following the completion of the Proposed Merger as shareholdings in the Merged Group will remain diverse. The Merged Group Board will comprise nominees from Tawana, Alliance, Weier and Burwill, with Mark Calderwood (who will hold approximately 1.80% interest in the Merged Group after the completion of the Proposed Merger) being the only executive director on the Merged Group Board. There will be no individual or group of individuals who will be able to exercise any considerable concentration of power or influence or be allowed to dominate the Merged Group Board's decision making.

- (e) **Alliance Shareholders have had timely access to material information on the Bald Hill Project which has been publicly disclosed by Alliance**

In respect of the Proposed Merger, the business that is being acquired is essentially the Bald Hill Project which is not a new asset and it was the sole asset which Alliance had premised its initial public offering on in 2014. Alliance has since been making public announcements on material developments on the project, released quarterly financial results in accordance with Catalist Rule 705, and issued 4 independent qualified persons report in accordance with Catalist Rule 1204(23). If the requirements of Catalist Rule 1015 are applied to the Proposed Merger, the Company would have to incur additional costs in connection with disclosures and due diligence requirements which are not expected to be meaningful or value-adding.

- (f) **Relevant information on the Proposed Merger will be disclosed in the circular required pursuant to a "Major Transaction"**

Excluding the Share-Based Payments, the relative figures under Catalist Rules 1006(b), (c) and (d) exceed 75% but are less than 100% and accordingly, the Proposed Merger would constitute a "Major Transaction" under Catalist Rule 1014. The Proposed Merger will be subject to the approval of Alliance Shareholders at an extraordinary general meeting to be convened and in accordance with the Catalist Rules, the Company would be providing in its circular to shareholders (i) an independent qualified person's report in respect of the Bald Hill Project as required under Catalist Rules 1014(2) and 1014(4) and (ii) a valuation report prepared by an independent qualified person in accordance with the VALMIN Code pursuant to Catalist Rule 1014(2).

The Company believes that the required disclosures pursuant to a Major Transaction as well as the additional disclosure of the one year pro-forma financial information on the Merged Group (as a condition of the Waiver) would comprise all material information about the Proposed Merger and the Merged Group and would be sufficient information for the Alliance Shareholders in making their voting decision on the Proposed Merger.

3. **No Objection from the SGX-ST.** In its letter dated 8 June 2018, the SGX-ST informed the Company that it has no objections to granting the Waiver, having taken into account the Company's appointment of PPCF and Sternship Advisers Pty. Ltd. in Singapore and Australia respectively, for the Proposed Merger, subject to the following conditions:

- (i) The Company complying with Catalist Rule 1014 in respect of the Proposed Merger;
- (ii) The Company announcing the Waiver, the reasons for seeking the Waiver, the conditions as required under Catalist Rule 106 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and
- (iii) The Company to provide the latest two years of historical financial information of Tawana and one year of pro-forma financial information of the enlarged group.

The Waiver from SGX-ST was granted on the basis of the information provided to SGX-ST as outlined in this announcement. SGX-ST reserves the right to amend and/or vary the above decision and such decision is subject to changes in SGX-ST's policies.

The Company will comply with Catalyst Rule 1014 in respect of the Proposed Merger and will provide the latest two years of historical financial information of the Tawana Group and one year of pro-forma financial information of the Merged Group in the Circular (as defined below). An announcement will be made by the Company on the date of despatch of the Circular.

4. **Listing Approval.** Alliance will, through its sponsor, be making an application to the SGX-ST for the dealing in, listing and quotation of all the new Alliance Shares to be issued in connection with the Proposed Merger on the SGX Catalyst.
5. **Extraordinary General Meeting.** Alliance will be seeking specific approval of its shareholders at an extraordinary general meeting ("EGM") to be convened for, *inter alia*, the Proposed Merger. A circular containing the notice of the EGM and the details of the Proposed Merger ("Circular") will be despatched to the Alliance Shareholders in due course.

An updated indicative timetable for the Proposed Merger is set out below for your reference.

<u>Event</u>	<u>Indicative Date</u>
Extraordinary general meeting to approve Merger	21 August 2018*
Tawana Shareholders meeting to approve Merger	23 August 2018*
Second Court Hearing to approve the Merger	29 August 2018*
Completion of Merger and issue and allotment of new Alliance Shares to satisfy Tawana Scheme consideration	13 September 2018*
Trading of new Alliance Shares	14 September 2018*
Dual primary listing of Alliance on SGX and ASX	14 September 2018*

(*) Dates are only indicative and subject to regulatory review and processes.

Alliance Shareholders should note that the above timetable is indicative only and assumes, amongst others, that approval of Alliance Shareholders and Tawana Shareholders are obtained for the Merger. It remains subject to modifications, depending on, amongst others, regulatory processes.

6. **Cautionary Statements.** Shareholders and potential investors of Alliance should exercise caution when trading in shares of Alliance, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.
7. **Responsibility Statement by the Alliance Directors.** The Alliance Directors (who may each have delegated detailed supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, as at the date hereof, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Merger and Alliance. The Alliance 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 Alliance Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Pauline Gately

Chairperson

11 June 2018

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).