



ALLIANCE MINERAL  
ASSETS LIMITED



Photography by Carla Gottgens

# AUSTRALIA'S NEW LITHIUM PRODUCER

ANNUAL REPORT 2018



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This annual report 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 annual report.

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

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](mailto:sponsorship@ppcf.com.sg)).

# CORPORATE PROFILE

## ALLIANCE MINERAL ASSETS LIMITED ACHIEVES GOAL TO BECOME NEW LITHIUM PRODUCER

Alliance Mineral Assets Limited ("AMAL") is a producer of ethically sourced Lithium and Tantalite Concentrate from its Bald Hill Project ("Project") located in Western Australia, approximately 105km south-southeast of mining hub, Kalgoorlie, and around 350km by road from the Port of Esperance.

Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") in July 2014, Alliance Mineral Assets is currently a 50:50 partner in the Bald Hill Joint Venture ("BHJV") with Lithco No. 2 Pty Ltd ("Lithco"), a wholly-owned subsidiary of Tawana Resources NL ("Tawana"), a company listed on the Australian Securities Exchange.

During the financial year ended 30 June 2018 ("FY2018"), the Bald Hill Project made marked progress, from mine infrastructure development and plant construction through to production and shipment of high-quality lithium concentrate. Following ore commissioning of its newly constructed Dense Media Separation circuit in March 2018, AMAL completed its maiden shipment of lithium concentrate under its offtake contract with a wholly owned subsidiary of Hong Kong listed Burwill Holdings Limited in early May. During FY2018, AMAL also executed a non-binding term sheet with HC

Starck Group for Tantalum offtake, to deliver a minimum 600,000 pounds of tantalum concentrate from April 2018 through 31 December 2020. While negotiations on a definitive agreement continue, pricing, importantly, is above Pre-Feasibility Study (PFS) expectations.

The Bald Hill Mine currently consists of an open pit, a Dense Media Separation and Spiral Circuits, waste rock dumps, stores, a camp (including administrative and living quarters) and associated infrastructure.

A reserve upgrade was also announced in early June 2018 reflecting pit design changes resulting from increases to Indicated Resources following completion of infill drilling in the second half of 2017. Infill drilling at Bald Hill is continuing.

A Lithium Ore Reserve of 11.3Mt at 1.0% Li<sub>2</sub>O and 160 ppm Ta<sub>2</sub>O<sub>5</sub> represents an increase of 105% in contained lithium from previous July 2017 reserve estimates. Tantalum ore reserves also increased by 43%. Upgraded Reserves now support a mine life of 9 years at the current processing rate of 1.2Mtpa. However, given the large quantity of Inferred Resources awaiting infill drilling, strong market demand and superior economics of increased throughput rates, the JV partners are actively

reviewing options for expansion in processing capacity and concentrate production. To this end, plant optimisation studies are expected to deliver considerable gains in throughput over the next twelve months.

AMAL is in a unique position to exploit and produce both high-quality lithium and tantalum concentrates as Bald Hill is quickly establishing a reputation for superior product with low levels of deleterious elements and minerals such as Fe, Na, K, F and mica. Bald Hill's premium +30% tantalum pentoxide concentrate also has notably low levels of U, Th, As and Sb.

The proposed merger of AMAL and JV partner, Tawana, (recently approved by AMAL shareholders) means that AMAL will once again own 100% of the Bald Hill Project. Slated to complete during 1H FY2019, the Merger is a natural step in AMAL's evolution, and elevates the Company to mid-tier lithium producer status, placing it squarely on the radar of global mid-cap institutions.

This exciting development is expected to generate additional value for our shareholders, and we look forward to fully realising the significant promise that the Bald Hill Project holds.



# LETTER TO SHAREHOLDERS

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of Alliance Mineral Assets Limited ("AMAL") for the financial year ended 30 June 2018 ("FY2018").

FY2018 marked a seminal year for AMAL with the Company's Bald Hill Project becoming Australia's first producing lithium mine since 2016 (excluding direct shipping ore).

Considering AMAL's 50:50 Joint Venture with Tawana Resources NL ("**Tawana**") was crystallised in late October 2017 and early works for the construction of a 1.2Mtpa Dense Media Separation ("**DMS**") circuit began a little over a year ago, this project has come to life in record time. AMAL worked closely with Tawana to achieve Bald Hill's first (lithium) concentrate production in mid-March. Commencement of shipments to offtake customer Burwill Lithium Company Ltd began in early May with another shipment completed before the end of FY2018.

With commercial production in progress, we are now focused on ramping up production of lithium concentrate and optimising our yield from the DMS circuit. Modifications to increase throughput, along with the addition of a fines circuit to treat stockpiled material, are part of our plans to boost production from the existing plant, which is already working well above name plate. An upgrade of facilities to process tantalum ore is also in the works.

AMAL also announced a significant reserve upgrade of the Bald Hill Mine on 6 June 2018. Lithium ore reserves increased by 105% while tantalum ore reserves increased by 43%. These upgraded reserves now support a mine

life of 9 years at the current processing rate of 1.2Mtpa. With upgraded reserves, increased production output, and significant potential for further extensions of mine life, we expect the Bald Hill Project to deliver sustainable growth and shareholder value over the coming years.

The proposed merger of JV partners, AMAL and Tawana, will be a catalyst in unlocking the Project's full potential. On 21 September 2018, the proposed merger of equals by way of a scheme of arrangement was approved by AMAL shareholders. The Merger is expected to complete before the end of 2018. This is a natural progression from AMAL's current JV arrangement and will streamline Bald Hill's development and operation under a single ownership structure. Following the Merger, AMAL will be well-positioned as a mid-tier producer of high-quality lithium concentrate putting the Company firmly on the radar of mid-cap institutional investors.

Bald Hill's potential has never been in doubt. However, AMAL post merge will have greater capacity and flexibility to pursue the myriad opportunities this Project presents.

On behalf of the Board, I would like to take this opportunity to thank our shareholders for their faith in AMAL and their support for the Merger with Tawana. I am confident that with the continued support of all our shareholders, AMAL can unlock the full potential of the Bald Hill Project and generate enhanced value for all shareholders.



Pauline Gately  
Executive Chairperson



# LETTER TO SHAREHOLDERS



Photography by Carla Gottgens

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Pauline Gately (Executive Chairperson)  
Mahtani Bhagwandas (Independent Non-Executive Director)  
Joshua Ong Kian Guan (Independent Non-Executive Director)  
Chan Hung Chiu Eddy (Non-Executive Director)  
Shaun Menezes (Finance Director)

## COMPANY SECRETARIES

Shaun Menezes (Joint Company Secretary)  
Fiona Leaw (Joint Company Secretary)

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Lakeside Corporate Building  
Unit 6, 24 Parkland Road  
Osborne Park WA 6017  
Australia  
Telephone: + 618 9388 8826  
Website: <http://www.alliancemineralassets.com.au>

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.  
16 Collyer Quay  
#10-00 Income At Raffles  
Singapore 049318

## AUDITORS

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000  
Australia

Partner-in-charge: Michael Hoang  
Date of appointment: FY2015

# FINANCIAL HIGHLIGHTS

## FINANCIAL REVIEW

		FY2018	FY2017
<b>FOR THE FINANCIAL YEAR</b>			
Revenue and other income	AUD \$	176,319	355,631
Total expenses	AUD \$	(6,490,917)	(5,159,490)
Foreign exchange gain/(loss)	AUD \$	236,565	(174,424)
Loss on deemed disposal of interest in non-current asset	AUD \$	(352,249)	–
Reversal of impairment	AUD \$	5,296,771	–
Loss before income tax	AUD \$	(1,133,511)	(4,803,859)
Income tax expense	AUD \$	–	–
Loss after tax	AUD \$	(1,133,511)	(4,803,859)
<b>AT YEAR END</b>			
Total assets	AUD \$	92,206,905	22,595,435
Total shareholder's equity	AUD \$	59,690,729	14,427,855
Total liabilities	AUD \$	32,516,176	8,167,580
Cash and cash equivalents	AUD \$	18,841,160	2,857,090
Debt to equity ratio <sup>(1)</sup>	%	22.3	17.2
<b>PER SHARE</b>			
Loss per share			
– Basic and diluted <sup>(2)</sup>	AUD ¢	(0.2)	(1.0)
Net asset value			
– Per ordinary share	AUD ¢	9.4	3.0

### Notes:

- (1) The debt to equity ratio increased from 17.2 as at 30 June 2017 to 22.3 as at 30 June 2018 mainly due to the new Syndicated Loan Facility of A\$13 million offset by the repayment of Living Waters Mining (Australia) Pty Ltd ("LWM") (the "Living Waters Loan") loan and the repayment of finance leases undertaken for the purchase of motor vehicles.
- (2) The basic and diluted loss per share and adjusted basic and diluted loss per share for the financial year ended 30 June 2018 ("FY2018") and the financial year ended 30 June 2017 ("FY2017") were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2018 or 30 June 2017.



# FINANCIAL HIGHLIGHTS

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Photography by Carla Gottgens

	FY2018 A\$	FY2017 A\$	Change %
Interest income	176,319	35,013	n.m
Other income	–	320,618	n.m
Gain/(Loss) on foreign exchange	236,565	(174,424)	n.m
Gain/(Loss) on disposal of assets		(1,972)	n.m
Accounting and audit expenses	(287,414)	(186,020)	55
Consulting and directors' fees	(764,859)	(273,777)	n.m
Administrative expenses	(2,327,382)	(1,826,635)	27
Employment expenses	(2,076,531)	(368,596)	n.m
Borrowing costs	(1,034,731)	(487,632)	112
Site operating expenses	–	(1,840,434)	n.m
Loss on deemed disposal of interest in non-current asset	(352,249)	–	n.m
Reversal of impairment	5,296,771	–	n.m
<b>Loss before income tax</b>	<b>(1,133,511)</b>	<b>(4,803,859)</b>	<b>(76)</b>
Income tax expense	–	–	n.m
<b>Loss after tax</b>	<b>(1,133,511)</b>	<b>(4,803,859)</b>	<b>(76)</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	
<b>Total comprehensive loss for the financial year attributable to owners of the Company</b>	<b>(1,133,511)</b>	<b>(4,803,859)</b>	<b>(76)</b>

(i) n.m = not meaningful



# FINANCIAL HIGHLIGHTS



Photography by Carla Gottgens

## REVENUE

There was no revenue reported in FY2018 and FY2017 other than interest income as the Company had not commenced the commercial production and sale of Lithium and Tantalite concentrate. In 4Q FY2018, the Company had two shipments of lithium concentrate generating income of A\$5,214,106 which has been capitalised as mine development as the Company has not yet reached commercial production levels as at 30 June 2018. This treatment is in accordance with accounting standards.

## INTEREST INCOME

Interest income of A\$176,319 in FY2018 (FY2017: A\$35,013) was higher mainly due to a higher amount of AUD short-term deposits placed.

## OTHER INCOME

Other income in FY2017 of A\$320,618 relates to income earned from provision of mining camp accommodation and other facilities, and administration services to Lithco No. 2 Pty Ltd ("Lithco") at the Bald Hill Mine Site of A\$286,805 and an adjustment to the R&D Tax Rebate receivable for FY2016. There was no other income earned from Lithco in FY2018 as the Bald Hill Joint Venture was effected in October 2017 resulted in the Bald Hill Mine Site being jointly owned with Lithco.

## GAIN ON FOREIGN EXCHANGE

The gain on foreign exchange of A\$236,565 (FY2017: A\$174,424 loss) was mainly due to the strengthening of the Singapore dollar in FY2018.

## ACCOUNTING AND AUDIT EXPENSES

Accounting and audit expenses increased from A\$186,020 in FY2017 to A\$287,414 in FY2018 due to an increase in audit expenses resulting from the proposed merger with Tawana Resources NL (the "Proposed Merger").

## CONSULTING AND DIRECTORS' FEES

Consulting and directors' fees of A\$764,859 in FY2018 increased from A\$273,777 in FY2017 mainly due to an increase in directors' fees that was approved at the Company's AGM on 30 October 2017 and 500,000 compensation shares issued to directors which was approved at the Company's EGM on 25 June 2018.

## ADMINISTRATIVE EXPENSES

Administrative expenses were higher in FY2018 mainly due to the increase in legal fees, compliance costs and advisory costs associated with the Proposed Merger.

## EMPLOYMENT EXPENSES

Employment expenses of A\$2,076,531 in FY2018 increased from A\$368,596 in FY2017 mainly due to a salary adjustment for full time employees to recognise the increase in activity of the Company and an increase in the number of employees in the Company and the issue of 3,000,000 compensation shares to executives which was approved at the Company's EGM on 25 June 2018.

# FINANCIAL HIGHLIGHTS

## BORROWING COSTS

Borrowing costs increased from A\$487,632 in FY2017 to A\$1,034,731 in FY2018 due mainly to interest associated with interest on the new loan facility of A\$13,000,000 that was drawn down in two tranches, being A\$8,000,000 in March 2018 and A\$5,000,000 in May 2018, offset by the decrease in notional interest on the amount owing to Living Waters Mining (Australia) Pty Ltd ("LWM") as a result of instalment payments made. The LWM loan was fully repaid in June 2018.

The aforementioned notional interest expenses relating to the LWM loan arose from the Company's financial liabilities held at amortised cost whereby the initial carrying value of the liability is accreted to its principal amount over the life of the loan. This accretion is recognised as a borrowing cost.

## SITE OPERATING COSTS

Site operating costs of A\$1,840,434 in FY2017 relates to costs incurred to maintain the Bald Hill Mine Site. No such costs were incurred in FY2018 as all cost had been capitalised as mine development cost, as the project had been in construction phase.

## LOSS ON DEEMED DISPOSAL OF INTEREST IN NON-CURRENT ASSET

Loss on deemed disposal of interest in non-current asset relates to the loss incurred on disposal of 50% of the Bald Hill Project to Lithco pursuant to the formation of the Bald Hill Joint Venture. The terms of the farm-in agreement with Lithco was a requirement to spend A\$7.5 million on exploration and A\$12.5 million on development in order to earn a 50% interest in the Bald Hill Project. However, under accounting standards, only the A\$12.5 million expenditure on development is taken into account as consideration for disposal of 50% of the Bald Hill Project assets owned by the Company, resulting in a loss on disposal. The A\$7.5 million expenditure on exploration is excluded from the consideration and is therefore not reflective of the full commercial value of the transaction. A loss of A\$352,249 is derived as the fair value of the consideration received of A\$6.25 million was less than the Company's carrying value of 50% of the Bald Hill Project.

## REVERSAL OF IMPAIRMENT

On 30 June 2015, the Company recognised an impairment expense in respect of mine development assets of A\$10,593,541. During the current financial year, the Bald Hill Joint Venture has taken effect, and the Company has expanded the project to mining for lithium in addition to tantalum.

During 4th Quarter of FY2018, the Company has re-assessed the recoverable value of the Bald Hill Cash Generating Unit (CGU) and due to the following factors, an impairment reversal of A\$5,296,771 has been recorded:

- the expansion of mining operations to include the economical extraction and processing of lithium in addition to tantalum
- the completion of construction of a dense media separation plant on the Bald Hill Project;
- the achievement of project funding through debt of A\$13 million and a capital raising of A\$19.58 million up to April 2018 with a further A\$33 million in capital raising to the date of this report;
- the commencement of lithium concentrate production with two shipments of product in May 2018, and then expected commercial production in July 2018 (which has taken place); and
- the company's market capitalisation is significantly higher than its net assets.

As the Company disposed of 50% of its interest in the Bald Hill Project on formation of the Bald Hill Joint Venture, only 50% of the impairment expense recognised on 30 June 2015 (A\$5,296,771) was reversed in the current financial year in the profit or loss.

## DEPRECIATION EXPENSES

Depreciation expenses decreased by A\$1,215,937 from A\$1,317,437 in FY2017 to A\$101,500 in FY2018 as depreciation expense relating to property, plant and equipment at the Bald Hill Mine Site has been capitalised during FY2018 as the project has been in the construction phase.

## LOSS BEFORE INCOME TAX

In view of the foregoing, loss before taxation decreased from A\$4,803,859 in FY2017 to A\$1,133,511 in FY2018.

## FINANCIAL POSITION

(AUD \$)	FY2018	FY2017	Change %
Non-current assets	69,786,023	15,800,396	n.m
Current assets	22,420,882	6,795,039	n.m
<b>Total assets</b>	<b>92,206,905</b>	<b>22,595,435</b>	<b>n.m</b>
<b>Total equity</b>	<b>59,690,729</b>	<b>14,427,855</b>	<b>n.m</b>
Non-current liabilities	15,978,455	1,096,307	n.m
Current liabilities	16,537,721	7,071,273	n.m
<b>Total liabilities</b>	<b>32,516,176</b>	<b>8,167,580</b>	<b>n.m</b>

# FINANCIAL HIGHLIGHTS

## NON-CURRENT ASSETS

As at 30 June 2018, the Company's non-current assets of A\$69,786,023 accounted for 76% of its total assets. Non-current assets comprised mine development and property, property, plant and equipment and reimbursement asset – rehabilitation obligation.

Mine development increased by A\$25,920,594 due to increase in costs associated with the construction and commissioning of the Bald Hill Project of which the Company has a 50% interest.

Property, plant and equipment increased by A\$25,244,135 to A\$37,538,157 as at 30 June 2018 due to the increase in costs associated with the lithium processing plant and associated infrastructure constructed at the Bald Hill Project of which the Company has a 50% interest.

Reimbursement asset – rehabilitation obligation relates to a receivable from Lithco for rehabilitation obligations. The Company is currently registered as the sole tenement holder of the Bald Hill Joint Venture tenements and is therefore liable for 100% of the rehabilitation obligations. However, under the JV agreement with Tawana, Alliance is able to recover 50% of the expenditure incurred.

## CURRENT ASSETS

As at 30 June 2018, the Company's current assets of A\$22,420,882, represents 24% of its total assets. Current assets as at 30 June 2018 consist of cash and cash equivalents, other receivables, other current assets and inventory.

Cash and cash equivalents of A\$18,841,160 as at 30 June 2018 increased by A\$15,984,070 principally due to a capital raising of A\$19,575,000 raised through the placement to Burwill Commodity Limited as announced in October 2017, an underwritten placement of A\$25,000,000 announced in April 2018, the recognition of a lithium concentrate prepayment of A\$8,125,000, funds received from the drawdown of the Syndicated Loan Facility of A\$13,000,000, proceeds from sale of lithium of A\$4,310,959 offset by expenditure relating to the construction of the Bald Hill Project, repayment of the LWM loan and associated administration overheads. Please refer to cash flow statement for further details.

Other receivables increased by A\$2,003,774 to A\$2,151,374 as at 30 June 2018 mainly as a result of the Company's share of receivables within the Bald Hill Joint Venture of which A\$1,715,735 relates to GST receivable.

Other current assets of A\$586,090 comprised prepayments which relates to insurance premium prepaid of A\$30,081, term deposit of A\$50,000, share of security bond with the joint venture partner for renting the accommodation camp for the Bald Hill Project of A\$25,000, cash calls paid to the joint venture not yet spent of A\$396,521 and prepayments to supplier of A\$33,668 relating to goods in transit in the joint venture.

Inventory of A\$842,258 relates to the Company's 50% interest in stores and spares held at the Bald Hill mine site.

## NON-CURRENT LIABILITIES

As at 30 June 2018, the Company's non-current liabilities of A\$15,978,455 represented 49% of its total liabilities. Non-current liabilities relates to the provision for rehabilitation required at the Bald Hill Mine and interest bearing loans and borrowings.

Provision for rehabilitation of A\$5,641,797 represents Lithco, the Bald Hill Joint Venture Operator's best estimate as at balance sheet date to rehabilitate the existing Bald Hill Mine Site. This represents the full amount of the liability as the Company is registered as the sole tenement holder with a corresponding receivable from the Company's joint venture partner reflected as a reimbursement asset – rehabilitation obligation in non-current assets.

Interest-bearing loans and borrowing of A\$10,336,658 as at 30 June 2018, increased from A\$17,320 as at 30 June 2017 due to the drawdown of the Syndicated Loan Facility of A\$13,000,000, offset by the costs of the Syndicated Loan Facility of A\$3,179,583 which includes the cost of the options issued to the Lenders of A\$2,093,138 and an establishment fee of A\$195,000.

## CURRENT LIABILITIES

As at 30 June 2018, the Company's current liabilities of A\$16,537,721 representing 51% of its total liabilities comprised trade and other payables, deferred revenue, employee benefit liabilities and interest bearing loans and borrowings.

Trade and other payables increased by A\$5,027,435 to A\$8,326,833 as at 30 June 2018 mainly attributable to the Company's 50% share of the Bald Hill Joint Venture's liabilities of \$7,589,258 relating to construction and operation of the Bald Hill Project; an increase in trade payables as a result of fees payable to the professional parties involved in the Proposed Merger, offset by the full repayment of the LWM loan.



# FINANCIAL HIGHLIGHTS



Photography by Carla Gottgens

Employee benefit liabilities increased by A\$164,761 to A\$209,763 as at 30 June 2018 as a result of the movement in annual leave accruals for the Company's employees and the termination provision for the former chief executive officer and executive director.

Interest-bearing loans and borrowings, amounting to A\$658,442 as at 30 June 2018 which increased by A\$633,391 due to the interest accrual on the new Syndicated Loan Facility offset by the repayment of insurance premium funding.

Deferred revenue of A\$7,342,683 as at 30 June 2018 represents the prepayment for lithium product received from Burwill of A\$8,125,000 less repayments made through the shipment of lithium concentrate during the financial year.

## CASH FLOW

(AUD \$)	FY2018	FY2017
Net cash used in operating expenses	4,724,846	(1,905,843)
Net cash provided by/(used in) investing expenses	(41,068,922)	1,906,151
Net cash from/(used in) financing activities	52,388,608	(2,358,457)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,044,532</b>	<b>(2,358,149)</b>

In FY2018, the Company recorded a net cash inflow from operating activities of A\$4,724,846 which comprised interest received of A\$176,319, other income received of A\$120,242, revenue received in advance of A\$8,125,000 relating to prepayment by Burwill, offset by payments made to suppliers and employees of A\$3,666,761 and interest for finance lease of A\$29,954.

Net cash outflow used in investing activities amounted to A\$41,068,922, which was attributable to payments for mine development of A\$20,543,086, payments for property, plant and equipment of A\$24,440,274, cash calls paid to the Bald Hill Joint Venture Operator, Lithco and not yet spent of A\$396,521, offset by proceeds from sale of lithium of A\$4,310,959.

Net cash inflow from financing activities amounted to A\$52,388,608 were mainly as a result of proceeds from share issue of A\$44,575,000, receipt of funds from borrowings of A\$13,078,775 offset by payment of share issue costs of A\$1,518,297, repayment of insurance premium loan principal of A\$55,921, repayment of hire purchase of A\$18,187, payment of cost of borrowing of A\$1,061,294 and repayment of loan to LWM of A\$2,611,468.

As at 30 June 2018, the Group's cash and cash equivalents amounted to A\$18,841,160.

# BOARD OF DIRECTORS

Our Board of Directors is entrusted with responsibility for the overall management of Alliance Mineral Assets Ltd. The particulars of each of Directors are set out below:

Name	Age	Position
Pauline Therese Gately	56	Executive Chairperson
Shaun Menezes	42	Finance Director
Ong Ong Kian Guan	50	Independent Non-Executive Director
Mahtani Bhagwandas	51	Independent Non-Executive Director
Chan Hung Chiu Eddy	52	Non-Executive Director

## Pauline Gately

*Independent Non-Executive Chairman*

**Pauline Gately** joined AMAL in March 2011 and was appointed Independent Non-Executive Chairman in 2014. She was re-designated as Executive Chairman on 17 August 2018 in recognition of the significant role she has undertaken in relation to the proposed merger of equals between Alliance Mineral Assets Ltd and Tawana Resources NL. Since 1 March 2018 Pauline has been responsible for managing the direction and operations of the Company as well as managing and providing leadership to the Board of Directors, liaising with investors, and managing development and strategic planning initiatives with the Company. An investment banking veteran with more than twenty years' experience at the most senior levels, Pauline is currently Non-Executive Director of ASX-listed Ardiden Ltd. She also sits on the Board of a Western Australian Cancer Charity.

Prior to joining AMAL, Pauline served as a senior consultant at one of Australia's leading economic consultancies. During her tenure in Asia from 1986 through 2000, Pauline was a Director of Merrill Lynch and Deutsche Bank in Hong Kong. As Head of Investment Strategy for the Asia Pacific Region, Pauline forecast macroeconomic conditions and investment prospects across nine East Asian countries.

In the course of her work, Pauline has advised Asian, European and US institutions on a broad range of economic and financial issues of importance to institutional investors, industry and governments. She has led seminars on Asian Economics and Investment Strategy for institutions such as the Investment Arm of the Government of Singapore and World Economic Congress and has written extensively on global economics and investment prospects. In this regard, she worked with personnel from the Hong Kong Government's economic think-tank prior to the Handover of Hong Kong in 1997 and, in 2006, served as a technical advisor to the Ministry of Finance of the People's Republic of China.

## Shaun Menezes

*Finance Director*

Shaun joined AMAL in 21 November 2017 as Chief Financial Officer. Shaun was appointed to the board as Finance Director on 25 July 2018. Shaun is also joint company secretary of AMAL. Shaun is an accounting and finance professional with over 15 years' experience. He has worked in a consulting capacity for AMAL since 2016, and Mount Magnet South Limited from 2014 to 2016, Company Secretary for Sterling Plantations Limited from 2013 to current and Group Commercial Manager for Mount Gibson Iron Limited from 2011 to 2013. Prior to that, he was with Ernst & Young in Australia between 1999 and 2011 and was an Executive Director before his departure in 2011.

Shaun graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance) And Bachelor of Laws. He also holds a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia.

Shaun role is to ensure all functions of Company Secretary and Chief Financial Officer are carried out as required by the Company's Constitution. He is responsible for the preparation of all financial and cash flow reporting including compliance with Australian

# BOARD OF DIRECTORS

Securities and Investment Commission, the SGX listing Rules, the Australian Securities Exchange (ASX) and the ASX Listing rules and any other applicable authorities or legislations. Overseeing the Company's processes and procedures ensuring all Company Obligations are met, under any local legislation or law, as it applies to finance function, including but not limited to:

- (a) the Corporations Act 2001 (Cth);
- (b) any applicable mining legislation;
- (c) any applicable occupational health and safety legislation;
- (d) any applicable environmental and planning regulations;
- (e) the requirements of any qualifications, licences or certifications required by the Company and its staff;
- (f) the Company's Constitution; and
- (g) any guidelines or instructions issued by the Company or the Board, including any Policies and Procedures.

## Ong Kian Guan

*Independent Director*

**Ong Kian Guan** joined AMAL on 20 June 2014, as an Independent Director. He has been an Audit Partner with Baker Tilly TFW LLP since 2005, where he is currently the Head of its Assurance and Capital Market practices. He is also an independent director of Weiye Holdings Limited, China XLX Fertilisers Ltd, IAG Holdings Limited and RMH Holdings Limited which are listed on Hong Kong Stock Exchange. In the proceeding three years, was an independent director of Serrano Limited until 31 August 2018.

Ong Kian Guan obtained a Bachelor of Accountancy from Nanyang Technological University in 1992. He is a fellow of the Institute of Singapore Chartered Accountants ("ISCA"). He has also previously served as members of the Investigation and Disciplinary panel, and Auditing and Assurance committee of ISCA.

## Mahtani Bhagwandas

*Independent Director*

**Mahtani Bhagwandas** joined AMAL on 11 Apr 2014 as an Independent Director. He graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree in 1992 and has been practicing as an advocate and solicitor of the Supreme Court of Singapore since 1993. He is currently the senior partner of LegalStandard LLP, a law firm in Singapore which firm specializes in commercial/corporate practice.

Apart from legal practice, Mr. Bhagwandas is also the Independent Director of GRP Limited, company listed on the Singapore Exchange. He has held, and continues, to hold directorships in several private companies. In the course of all his directorships, Mahtani Bhagwandas has chaired Audit, Nominating, Remuneration and Board Risk Committees. In the proceeding three years, was an independent director of SBI Offshore Limited until 25 April 2018.

Separately, and on charitable and social matters, Mahtani Bhagwandas has been, and continues to be involved as an honorary legal advisor.

## Chan Hung Chui Eddy

*Non-Executive Director*

Chan Hung Chui Eddy joined AMAL in November 2017 as a Non-Executive Director and nominee for Burwill Holdings Limited. Mr Chan is currently a Deputy General Manager of Burwill Resources Limited and is responsible for its regional activity and developing new projects and mineral commodity trading and mining

Mr Chan attended The Open University of Hong Kong where he studied Business Administration.



# SENIOR MANAGEMENT

Name	Age	Principal Occupation
Fiona Mun Ni Leaw	46	Company Secretary from 9 May 2014

**Fiona Leaw Mun Ni** was appointed as Company Secretary on 21 May 2014. She holds a Bachelor of Commerce from Edith Cowan University, Western Australia and is a member of the Australian Certified Practicing Accountants. From 2007 to 2008, she worked for Westnet Infrastructure Group as their corporate accountant. During 2009-2010, Fiona worked for Department of Environment and Conservation and Department of Agriculture, both are divisions of the Government of Western Australia performing an Accounts Executive role within its IT and Procurement departments. Fiona currently performs all corporate secretarial duties and ensures that the Company's announcements are appropriately disseminated on the SGXNET. Aside from performing corporate secretarial work, Fiona also assists with accounting and administrative matters.

**Management Changes** With effect from 1 March 2018, AMAL ended the executive services contracts of Tjandra Adi Pramoko (Chief Executive Officer) and Simone Suen Sze Man (Executive Director). Ms Suen was re-designated as Non-Executive Director until her resignation on 25 June 2018.

On 17 August 2018, in recognition of the significant role undertaken by Ms Gately in relation to the proposed merger of equals between the Company and Tawana resource NL, the Board approved Ms Gately's redesignation from independent Non-Executive Chairperson to Executive Chairperson of the Company.

## ALLIANCE MINERAL ASSETS LIMITED UNLEASHES BALD HILL'S POTENTIAL



Photography by Carla Gottgens



# OPERATIONS REVIEW



Photography by Carla Gottgens

During FY2018, Alliance Mineral Assets Limited (the “Company” or “AMAL”) has transformed into a producer of high-quality lithium and tantalum concentrates.

The Company’s Bald Hill Project, which covers 774km<sup>2</sup>, encompasses the Bald Hill Lithium and Tantalum Mine, processing plant, associated infrastructure and an extensive tenement portfolio. It is ideally located around 75km south-east of the Mt Marion Lithium Project, and approximately 105km from mining hub Kalgoorlie in the Eastern Goldfields of Western Australia.

AMAL currently holds a 50% interest in the Project having entered into a Farm-in Agreement with Lithco No. 2 Pty Ltd (“Lithco”) a wholly-owned subsidiary of Tawana Resources NL (“Tawana”) in early 2017 for the development, mining and production of mineral resources at Bald Hill. The Bald Hill Joint Venture (JV) was crystallised in late October 2017 when Lithco finalised its spend to earn a 50% interest in the Bald Hill Project.

## FROM CONSTRUCTION TO PRODUCTION

During the financial year ended 30 June 2018 (“FY2018”), the Bald Hill Project has made marked progress from mine infrastructure development and plant construction to commercial production of high-quality lithium and tantalum concentrates.

Promising lithium prospects at Bald Hill were unveiled in Tawana’s July 2017 Pre-Feasibility Study, which confirmed the JV parties could expect to produce quality spodumene (lithium) concentrate by Q1 2018. In early August 2017, AMAL released an Independent Qualified Person Report (IQPR) confirming the results of the Tawana Pre-feasibility Study. A week later, AMAL executed a contract with Primero Group (Primero) for Engineering, Procurement and Construction (EPC) to commence construction of a 1.2Mtpa Dense Media Separation (DMS) process plant and associated infrastructure at Bald Hill.



# OPERATIONS REVIEW



Work on critical path items was initiated to ensure appropriate infrastructure, permits, access and logistics support were put in place. Operator Tawana conducted site clearing on existing disturbed areas to prepare for construction and early operations. To this end, AMAL and Tawana secured the use of the 150-room Lanfranchi camp (40km from Bald Hill) from Panoramic Resources Limited in addition to the 40-room camp at Bald Hill to accommodate the influx of construction personnel. This decision was taken to significantly reduce upfront capital costs and conserve capital. However, longer term AMAL will likely expand accommodation on site at Bald Hill.

By the end of 2017, the construction of haul roads and laydown areas including a mining laydown yard ROM, COS and magazine pad had all been completed. Some 23 pieces of heavy equipment and 5 Drill and Blast and Grade Control drill rigs were on site; Fuel farm concrete pads were also finished and ready to receive fuel tanks while key contracts for mining, crushing, fuel, catering services and concentrate transport, storage and ship loading had been assessed and awarded.

On 15 February 2018, AMAL announced that commissioning of the Dense Media Separation (DMS) circuit had commenced. The fact that DMS construction activity progressed from inception to commissioning within the space of 7 short months is testimony to the work of everyone on site. Wet commissioning was scheduled for the following week, and with the power plant operational, and crushing and stockpiling of ore underway, all systems were geared towards production.

A month later on 14 March 2018, AMAL and Tawana, announced the commencement of lithium production at the Bald Hill Mine. For the period from 12 March to 30 June 2018 while still in the pre-commercial production phase, the Bald Hill Mine produced

a total of 19,218 wmt (approximately 18,800 dmt) of spodumene concentrate and 367 wmt of tantalum pre-concentrate.

An average shipment grade of 6.14%  $\text{Li}_2\text{O}$  with only less than 1% Fe and low K, Na and mica, suggests that Bald Hill's concentrate is of outstanding quality.

## AMAL NOW A FULLY-FLEDGED PRODUCER

AMAL is now a fully-fledged producer and exporter of high-quality lithium and tantalum concentrate making regular shipments to its offtake customer. Since the first shipment of spodumene concentrate in May 2018, four shipments have been completed with another imminent at the time of writing.

The DMS plant has exceeded all expectations with ramp-up to full production rates culminating in the declaration of commercial production as announced on 31 July 2018. Average throughput rose to 211 tph in July and August 2018, an increase of 42.4 % since the commissioning commenced in mid- March.



# OPERATIONS REVIEW

Table 1: Production of Lithium Concentrate

Period	Lithium Concentrate Produced (wmt)	Average throughput rate
March to June 2018	19,218	172
July & August 2018	21,975	211

## FOCUS ON PLANT OPTIMISATION

From an operational standpoint, our focus now is on plant optimisation with fine-tuning and modifications planned to achieve an expected average throughput rate of up to 300tph.

A metallurgical and engineering review to add a fines circuit and significantly increase throughput from the existing DMS plant, is nearing completion. Currently, the preferred option is to modify the existing DMS circuit from a 2-stream circuit processing a 1-10mm feed range, to a 3-stream circuit processing a 0.5mm to 12mm feed range through the addition of cyclones, screens and pumps. Our engineers believe a 3-stream DMS circuit will provide maximum operational flexibility for Bald Hill's feed. The aim is to achieve significant concentrate production increases while the capital cost estimate of a fines circuit addition is expected to be significantly less than a second full DMS plant.

We are currently targeting production of 60,000 to 75,000 tonnes of lithium concentrate for July to December 2018.

Tantalum pentoxide recovery into pre-concentrate from the DMS spirals has also commenced. Pre-concentrate recoveries from the lithium circuit have exceeded expectations with some [446.5wmt] of tantalum pre-concentrate containing [27,818lbs] of  $Ta_2O_5$  recovered from the -1mm lithium circuit since

commissioning of the DMS plant in mid-February. Bald Hill produces a premium +30% tantalum pentoxide concentrate with notably low levels of uranium, thorium, arsenic and antimony.

## MINING

Mining for the months of July and August is estimated around 1.53 Mm<sup>3</sup> (million cubic metres) including 250,000 tonnes of lithium sold 90,000 tonnes of tantalum ore at a strip ratio of approximately 10:9:1.

Activity predominately focused on the Stage 1 pit, with some pre-strip occurring in the Stage 2 pit. The strip ratio is expected to remain high over the next 12 months as pre-strip activities continue in Stage 2 and Stage 3 pits to maintain continuity of ore supply.

## OFFTAKE AGREEMENTS

At the beginning of May 2017, AMAL announced that it had signed an exclusive offtake agreement with a wholly-owned subsidiary of Hong Kong listed Burwill Holdings Ltd ("Burwill") for the supply of lithium concentrate. This offtake agreement is for the supply of lithium concentrate from the Bald Hill Project over an approximate initial five-year term.





# OPERATIONS REVIEW



Key terms of AMAL's offtake agreement include:

- a fixed price for all 2018 and 2019 production of US\$880/t (FOB Esperance) for 6%  $\text{Li}_2\text{O}$  with a price adjustment increment/decrement of US\$/15t based on grade variation of 0.1%. The minimum accepted grade is 5.5%; and
- from 2020 to 2023, the sales price and volumes are negotiable and will be mutually agreed based on prevailing market conditions

On 25 January 2018, AMAL announced that it had signed a non-binding in principle term sheet for the off-take of tantalum concentrate with HC Starck Group, a leading premium supplier of technology metals. HC Starck Group has agreed to purchase a minimum of 600,000 lbs of tantalum concentrate in aggregate from April 2018 to 31 December 2020, or all of the standard grade tantalum concentrate produced until 31 December 2020 if the total is less than 600,000 lbs at the price to be agreed. HC Starck Group may also purchase any other tantalum materials from Bald Hill, including low-grade concentrate and off spec material.

Discussions between the parties in relation to a binding definitive offtake agreement are still ongoing.

## MINERAL RESOURCE AND RESERVE UPDATE

Mining industry consultant CSA Global Pty Ltd ("CSA Global") was commissioned during FY2018 to update the Mineral Resource estimate for the Bald Hill Mine.

As announced on 6 June 2018 and disclosed in the Independent Qualified Person Report (IQPR) of 9 August 2018, the total updated Lithium Resources of 26.5Mt at 1.0%  $\text{Li}_2\text{O}$  (using 0.3%  $\text{Li}_2\text{O}$  cut off) comprises Indicated Lithium Resources of 14.4Mt at 1.02%  $\text{Li}_2\text{O}$ , and Inferred Lithium Resources of 12.1Mt at 0.9%  $\text{Li}_2\text{O}$ .

The Indicated Lithium Resources of 14.4Mt at 1.02%  $\text{Li}_2\text{O}$  represents an increase of 55% in contained lithium from the previous reserve estimates.





# OPERATIONS REVIEW

Table 2: Summary of Reserves and Resources for the Bald Hill Lithium and Tantalum Project as at 30 April 2018

JORC category	Mineral type	Gross attributable to licence				Net attributable to issuer		
		Tonnes (Mt)	Grade* Ta <sub>2</sub> O <sub>5</sub> (ppm)	Grade* Li <sub>2</sub> O (%)	##Tonnes (Mt)	Grade* Ta <sub>2</sub> O <sub>5</sub> (ppm)	Grade* Li <sub>2</sub> O (%)	#Change from previous update (tonnes %)
Reserves – Central (Tawana, 2017)								
Proved	Tantalum	0.0	0	0.00	0.0	0	0.00	No change
Probable	Tantalum	2.0	313	0.16	1.0	313	0.16	43%
	Subtotal	2.0	313	0.16	1.0	313	0.16	43%
Proved	Tantalum + Lithium	0.0	0	0	0.0	0	0.00	No change
Probable	Tantalum + Lithium	11.3	160	1.01	5.7	160	1.01	163%
	Subtotal	11.3	160	1.01	5.7	160	1.01	163%
TOTAL RESERVES		13.3	183	0.88	6.7	183	0.88	133%
Resources – Creekside (carried over from previous IQPR, by AMC 2014) and Central and Boreline (Tawana, June 2018)								
Measured	Tantalum	0.0	0		0.0	0		No change
Indicated	Tantalum	3.3	340		1.7	340		-14%
Inferred	Tantalum	1.4	340		0.7	340		-18%
	Total	4.7	340		2.4	340		-15%
Resources – Central and Boreline (Tawana, June 2018)								
Measured	Tantalum + Lithium	0.0	0	0.00	0.0	0	0.00	No change
Indicated	Tantalum + Lithium	14.4	168	1.02	7.2	168	0.51	80%
Inferred	Tantalum + Lithium	12.1	123	0.90	6.1	126	0.46	11%
	Total	26.5	149	0.96	13.3	149	0.49	40%

Resource and Reserve Summary for Bald Hill outside mined pits as at 30 April 2018. The Resources are inclusive of Reserves. (IQPR 9 August 2018). There were no material changes of the resources and reserves as at 30 June 2018.

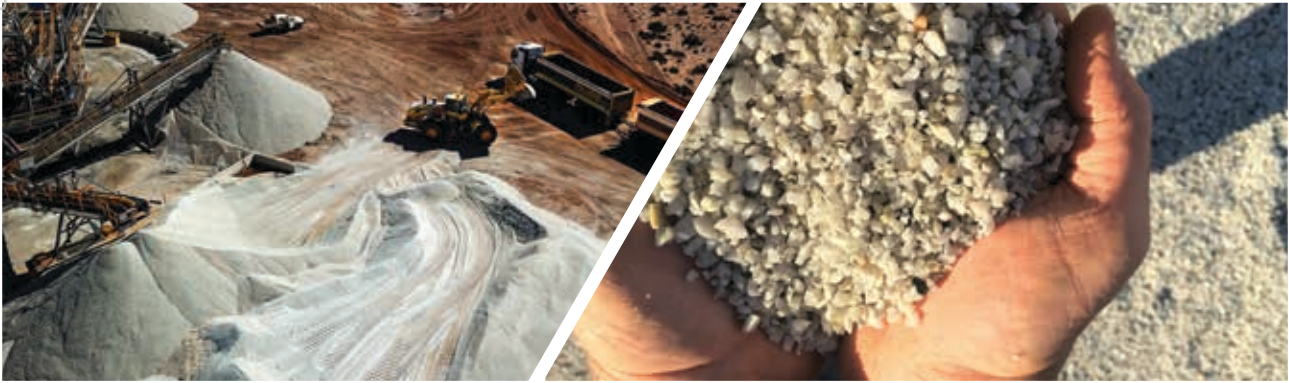
Notes:

# The upgrade of some Inferred Resources from the previous estimate to Indicated has resulted in -ve% change in current gross Inferred Resources and +ve% change in Indicated. However, despite all the drilling since the previous resource estimate being infill drilling, the overall resource tonnes have increased, and grades dropped slightly because of the lower cut-off grade for the spodumene resources being reduced from 0.5% Li<sub>2</sub>O to 0.3% Li<sub>2</sub>O in line with the findings of the updated PFS in May 2018.

## Since 24 October 2017, Tawana has earned 50% of the total resources and reserves including both their lithium and tantalum content. Previously Tawana had only earned 50% of the lithium content of the resources and reserves (the additional 0.3 Mt difference in the Indicated tonnage derives from Creekside, which is not included in the Tawana tabulation). The reduction of the attributable resource and reserve tonnages reflect this arrangement, not a reduction of the actual resources and reserves.

\* AMC (2014) used 100 ppm Ta<sub>2</sub>O<sub>5</sub> lower cut-off grade for Creekside, CSA Global used 200 ppm Ta<sub>2</sub>O<sub>5</sub> and 0.3% Li<sub>2</sub>O as their lower cut-off grade for all other deposits except Creekside.

# OPERATIONS REVIEW



## Ore Reserves

A significant Ore Reserve upgrade was announced on 6 June 2018 and disclosed in the IQPR dated 9 August 2018.

The updated Lithium Ore Reserve of 11.3Mt at 1.0%  $\text{Li}_2\text{O}$  and 160 ppm  $\text{Ta}_2\text{O}_5$  represented an increase of 105% in contained lithium from the previous reserve estimate in July 2017. The Tantalum Ore Reserve increased by 43% to 2.0Mt at 313ppm  $\text{Ta}_2\text{O}_5$  from the prior reserve estimate in July 2017.

The Reserve upgrade reflects pit design changes resulting from increases to Indicated Resources following infill drilling completed in the second half of 2017.

The Upgraded Reserves now support a mine-life of 9 years at current processing rate of 1.2Mtpa. However, given the large quantity of Inferred Resources awaiting infill drilling and superior economics of increased throughput rates, the JV partners, are actively reviewing options for significant expansion in processing capacity and concentrate production.

## **SIGNIFICANT EXPLORATION UPSIDE**

Significant potential exists at the Bald Hill Project to increase mine life through exploration. With only a small fraction of Bald Hill's 774km<sup>2</sup> of tenements explored, and only one year of resource drilling completed, there is undeniably scope for further drilling, both infill and step-out.

We believe this will set the stage for further reserve upgrades and extension of mine-life. While the focus over the last year has been squarely on reaching production, an increase in exploration activity to add additional resources, is slated over the next 12 months.

## **BENEFITS FROM PROPOSED MERGER**

Upon completion of the proposed merger of equals between JV partners AMAL and Tawana, AMAL will again own 100% of the Bald Hill Project. The combination of the two halves will achieve an increased scale which is expected to attract a wider breadth of institutional investors while simplified ownership and operating structures position the merged entity for additional growth as a pure-play mid-tier lithium producer.

FY2018 has been an incredible year for AMAL. We look forward to reporting further significant progress over the coming 12 months.

# LICENSE SUMMARY

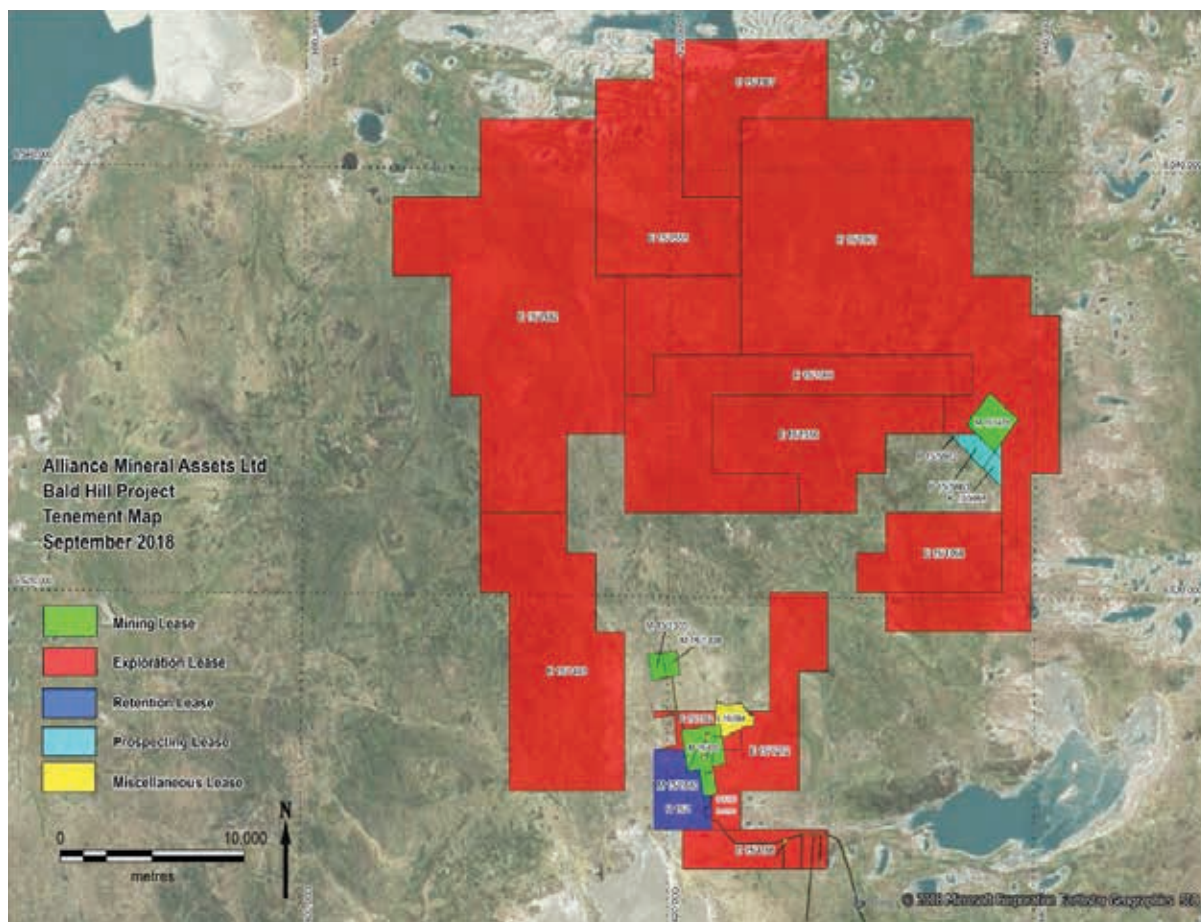
Alliance Mineral Assets Ltd (AMAL) is the registered holder of an extensive portfolio of mining tenements comprising the Bald Hill Project (Project), located approximately 105km southeast of Kalgoorlie in the Eastern Goldfields of Western Australia.

The Bald Hill tenement portfolio includes: twelve Exploration Licences ("EL"); one General Purpose Licence ("GPL"); ten Miscellaneous Licences ("L") and one application; four granted Mining Leases ("ML") and one application; seven Prospecting Licences ("PL"); and one Retention Licence ("RL").

Following successful completion of the Farm-In Agreement with Tawana Resources NL's (Tawana) wholly owned subsidiary Lithco No.2 Pty Ltd (Lithco) announced on 24 October 2017, Tawana became a beneficial owner of 50% of Bald Hill Project's tenements.

As tenants in common, AMAL and Tawana share all obligations relating to maintaining the Project's tenements in good standing. This includes commitments such as rental and royalty payments; minimising environmental disturbance; making good environmental damage and complying with all State and Commonwealth legislation, including but not limited to the Mining Act 1978 (WA), the Aboriginal Heritage Act 1972 (WA) and Native Title Act 1993 (Clth). Furthermore, as part of our continuous stakeholder consultations and good corporate citizenry, AMAL notifies the pastoral leaseholder prior to undertaking exploration works, including ground-disturbing activity, in compliance with the Mining Act and any other key Commonwealth or State environmental legislation.

The following map highlights the location of AMAL's Tenements.





# LICENSE SUMMARY

Name of Permit/Licence	Description	Authorising Body	Date of Issue	Date of Expiry
E 15/1058	Exploration Licence	DMIRS	12-Mar-2009	11-Mar-2019
E 15/1066	Exploration Licence	DMIRS	20-Aug-2009	19-Aug-2019
E 15/1067	Exploration Licence	DMIRS	20-Aug-2009	19-Aug-2019
E 15/1161	Exploration Licence	DMIRS	25-Jan-2011	24-Jan-2021
E 15/1162	Exploration Licence	DMIRS	10-Jan-2011	9-Jan-2021
E 15/1166	Exploration Licence	DMIRS	31-Aug-2010	30-Aug-2020
E 15/1212	Exploration Licence	DMIRS	2-May-2011	1-May-2021
E 15/1353	Exploration Licence	DMIRS	5-Aug-2013	4-Aug-2018
E 15/1492	Exploration Licence	DMIRS	23-Feb-2017	22-Feb-2022
E 15/1493	Exploration Licence	DMIRS	24-Feb-2017	23-Feb-2022
E 15/1555	Exploration Licence	DMIRS	16-Mar-2017	15-Mar-2022
E 15/1556	Exploration Licence	DMIRS	16-Mar-2017	15-Mar-2022
G 15/28	General Purpose Lease	DMIRS	25-May-2017	24-May-2038
L 15/264	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/265	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/266	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/267	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/268	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/269	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/270	Miscellaneous Licence	DMIRS	11-Oct-2006	10-Oct-2027
L 15/348	Miscellaneous Licence	DMIRS	5-Sep-2014	4-Sep-2035
L 15/365	Miscellaneous Licence	DMIRS	19-Jul-2017	18-Jul-2038
L 15/366	Miscellaneous Licence	DMIRS	19-Jul-2017	18-Jul-2038
L 15/380 <sup>1</sup>	Miscellaneous Licence	DMIRS	pending	
L15/384 <sup>2</sup>	Miscellaneous Licence	DMIRS	pending	
M 15/400	Mining Lease	DMIRS	8-Sep-1988	7-Sep-2030
M 15/1305	Mining Lease	DMIRS	29-Dec-2000	28-Dec-2021
M 15/1308	Mining Lease	DMIRS	29-Dec-2000	28-Dec-2021
M 15/1470	Mining Lease	DMIRS	13-May-2010	12-May-2031
M 15/1840 <sup>3</sup>	Mining Lease	DMIRS	pending	

# LICENSE SUMMARY

Name of Permit/Licence	Description	Authorising Body	Date of Issue	Date of Expiry
M 15/1851 <sup>4</sup>	Mining Lease	DMIRS	pending	
M 59/714	Mining Lease	DMIRS	27-Oct-2009	26-Oct-2030
P 15/5862	Prospecting Licence	DMIRS	15-Oct-2014	14-Oct-2018
P 15/5863	Prospecting Licence	DMIRS	15-Oct-2014	14-Oct-2018
P 15/5864	Prospecting Licence	DMIRS	15-Oct-2014	14-Oct-2018
P 15/5865	Prospecting Licence	DMIRS	15-Oct-2014	14-Oct-2018
R 15/1	Retention Licence	DMIRS	9-Jun-2010	8-Jun-2019

Source: Hetherington Exploration & Mining Title Services (WA) Pty Ltd as of 12 September 2018

Notes:

1. L15/380: Ngadu objection lodged 28 August 2018
2. Application for L15/384 has been made by Lithco but forms part of the Bald Hill JV with AMAL. Cleared Native Title 26 August 2018
3. M15/1840 In Right to Negotiate Process
4. M15/1851 Assessment progressing
5. P15/5862, P15/5863, P15/5864, P15/5865: Extension of Term applications underway

On 28 March 2018, AMAL entered into a Loan Deed with Tribeca Investment Partners Pty Ltd, Precision Opportunities Fund Ltd, Adrinat Investments Pty Ltd, Crofton Park Developments Pty Ltd and M. Alter Super Fund Pty Ltd for a A\$13 million loan facility to fund development of the Bald Hill Project. Consequently, there is currently a mortgage in favour of the Lenders in respect of 50% shares in the Bald Hill Project held by the Company (excluding E15/1492, E15/1493, E15/1555, E15/1556, P15/5465, P15/5466, P15/5467, L15/264 and L15/348) in accordance with the Security and Featherweight Security Deed associated with this loan.

# CORPORATE SOCIAL RESPONSIBILITY

Corporate and social responsibility is a central tenet of Alliance Mineral Assets Ltd.'s (AMAL) business ethos, and, as such, our Company considers the environmental and social impact of its operations in all its decision-making.

From a regulatory perspective, AMAL complies with all relevant legislation administered by the Department of Mines and Petroleum (DMP) relating to mining and exploration activities. This includes regulations governing mining tenements and mineral titles, mining royalties and the environmental management of mining.

Our Company is also committed to complying with all applicable Codes of Practice and Australian Standards as they relate to operations at Bald Hill, including providing and maintaining a safe working environment for our employees and providing facilities to promote their welfare. AMAL is also committed to promoting workplace diversity. Our Company recognises the benefits of employee and Board diversity including encouraging a broader pool of high-quality employees, superior retention, and greater access to different perspectives and ideas.

Health, safety and environmental initiatives at the Bald Hill Project which demonstrate our corporate and social responsibility include:

- Increasing risk awareness, assessment, and mitigation techniques to improve decision making;
- Improving workplace safety symbols;
- Actively promoting health campaigns;
- Developing a water strategy;
- Implementing energy and climate change targets;
- Sustaining community and environmental performance to maintain our license and access to land to support our growth opportunities;
- Minimising our footprint of disturbance and liability through concurrent rehabilitation and closure programs; and
- Conducting biodiversity risk assessments and implementing relevant action plans.

AMAL will continue to ensure effective environmental management through compliance with license conditions and regulations, and ongoing review and development of environmental management techniques.

Developing and managing our mining operations in a way that is sensitive to local cultural and community expectations is central to positive community relations. Correspondingly, AMAL works closely with various stakeholders. This includes consulting with the pastoral lessee of the Bald Hill Mine Site in relation to post-mining use and resumption of pastoral activities. Separately, the Shire of Coolgardie has been apprised of the Bald Hill Project along with the Department of Water, Environment Regulation, and Parks and Wildlife for relevant approvals.

Enhanced employment opportunities, training and skills development, and bigger business opportunities for local service providers, are some of the key social benefits that AMAL seeks to provide as part of its corporate and social responsibility.

## Sustainability Reporting

The Company is working towards the issuance of its first sustainability report by 30 June 2019 and such report will be made available to shareholders on the SGXNET.



# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of the Company is committed to maintaining a high standard of corporate governance, in line with the Code of Corporate Governance 2012 (the “**Code**”) issued by the Monetary Authority of Singapore (MAS), to ensure continued growth and success, and to justify investor confidence. This report describes the corporate governance practices and procedures adopted by the Company during the financial year ended 30 June 2018 (“FY2018”), with reference to the principles of the Code and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”). The Company has complied with the principles and guidelines as set out in the Code and the Guide where appropriate, and deviations from the Code and the Guide have been explained.

## BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

#### Principle 1: Effective Board to lead and control the Company

The Board oversees the management of the business and affairs of the Company. The Board’s role is to:

- Enhance and protect long-term shareholders’ value;
- Set and approve the Company’s strategic plans, key operational initiatives, and major investment and funding decisions;
- Monitor and review the financial performance and conditions of the Company;
- Identify principal risks of the Company’s business and ensure the implementation of appropriate systems to manage these risks;
- Identify principal risks of the Company’s business and ensure the implementation of appropriate systems to manage these risks;
- Deliberate and decide on policies covering business matters and corporate governance;
- Ensure adequate and timely reporting to shareholders;
- Provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Consider sustainability issues (e.g. environmental and social factors), as part of the strategic formulation of the Company;
- Approve matters beyond the authority of the key executives; and
- Review and approve the nomination of Directors for appointment to the Board.

# CORPORATE GOVERNANCE REPORT

All Directors, in the course of carrying out his or her duties, act in good faith and objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. To facilitate effective management, during FY2018, certain functions have been delegated to various committees, whose actions are reported to and monitored by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"). These Board Committees operate under clearly defined terms of references which set out respective areas of focus and report its activities regularly to the Board. On 27 August 2018, the Company announced that all Board Committees would be disbanded until the earlier of the completion of the proposed merger of equals with Tawana Resources NL ("Tawana") ("Merger") and 16 November 2018. In the interim, the duties, roles and responsibilities of the Board Committees will be discharged by the Board.

The Board will hold quarterly meetings in each financial year and convene additional meetings as and when necessary to address any significant matters that may arise. To facilitate regular meetings and ensure maximum Directors' participation, the Company's Constitution allows for telephone conferencing meetings.

The number of Board and Board Committees meetings and the record of attendance of each Director during FY2018 are as below:

Name of Director	Board Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Ms Pauline Therese Gately*	9	9	2	2	2	2	4	4
Ms Suen Sze Man**	9	8	NA	NA	NA	NA	NA	NA
Mr Mahtani Bhagwandas	9	8	2	2	2	2	4	4
Mr Ong Kian Guan	9	9	2	2	2	2	4	4
Mr Chan Hung Chiu Eddy***	7	7	NA	NA	NA	NA	NA	NA

\* Ms Pauline Gately was re-designated from Independent Non-Executive Chairperson to Executive Chairperson on 17 August 2018.

\*\* Ms Suen Sze Man ceased as a Non-Executive Director on 25 June 2018.

\*\*\* Mr Chan Hung Chiu Eddy was appointed as Director on 28 November 2017

The Company has adopted an internal framework setting forth material transactions that are reserved for Board approval. Such matters include:

- Overall business strategy and budget;
- Capital expenditure, investment or divestment exceeding certain material limits;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development;
- Material interested person transactions; and
- Risk management.

# CORPORATE GOVERNANCE REPORT

The Directors continuously update themselves on new rules and regulations as well as any revisions, amendments or updates to laws or regulations. Every Director is also encouraged to attend relevant training programmes to further their skills in performing their duties, including attending classes and/or events organised by the SGX-ST, Singapore Institute of Directors, The Australian Institute of Company Directors and other relevant industry conferences.

During FY2018, the Company's external auditors briefed the AC on key changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. The Executive Director provided updates to the Board at each quarter's meeting on the business and strategic developments of the Company.

Newly appointed directors will receive comprehensive and tailored induction upon joining the Board. This includes his/her duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the Company's business and governance practices. Training for first-time directors in areas such as accounting, legal and industry-specific knowledge as appropriate will also be provided. Further, each newly appointed Director will also be provided with a formal letter of appointment, setting out the Director's duties and obligations.

## BOARD COMPOSITION AND BALANCE

### Principle 2: Strong and Independent Element on the Board

The Board of Directors currently comprises:-

Pauline Therese Gately	(Executive Chairperson) (Re-designated on 17 August 2018)
Chan Hung Chiu Eddy	(Non-Executive Director) (Appointed on 28 November 2017)
Mahtani Bhagwandas	(Independent Non-Executive Director)
Ong Kian Guan	(Independent Non-Executive Director)
Shaun Menezes	(Finance Director) (Appointed on 25 July 2018)

During FY2018, the NC adopts the definition in the Code as to what constitutes an Independent Director in its review to ensure that there is a strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors during FY2018 have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in view of the Company's best interests.

During FY2018, more than half of the Board comprised independent directors and had met with the Code's recommendation. Notwithstanding that as at the date of this report, the independent directors does not make up half of the Board, more than one-third (1/3) of the Board is independent. In addition, majority of the Board members comprises non-executive directors and no individual or small group of individuals dominates the Board's decision-making process.

As at the date of this report, no Independent Non-Executive Directors on the Board had served beyond nine (9) years from the date of their initial appointment.

The Board has examined the Board's structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company.

The independence of each Director is reviewed annually by the NC.



# CORPORATE GOVERNANCE REPORT

The Board and the Board Committees for FY2018 comprised Directors who, provided core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. Hence for FY2018, the Board and NC were of the view that the Board and Board Committees comprised persons who, provide capabilities required for the Board and Board Committees to be effective. Details of the Directors' academic, professional qualifications, background and information regarding each Board member as at the date of this report is provided under the "Board of Directors" section of this Annual Report.

The Non-Executive Directors constructively challenge and help to develop proposals on strategy and also review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. The Non-Executive Directors had held periodic telephone conferencing calls and/or meetings without the presence of Management in FY2018.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3: Clear Division of Responsibilities between the leadership of the Board and executives responsible for managing the Company's business**

The roles of the Chairman and CEO are kept separate. During FY2018, Ms Pauline Gately (the then Independent Non-Executive Chairperson) and Tjandra Pramoko (the former CEO who was terminated effective from 1 March 2018) were not related to each other. The Company believes in a clear division of responsibilities between the Chairperson and the CEO to ensure an appropriate balance of power, greater capacity of independent Board decision making and increased accountability.

During FY2018, the CEO was responsible for the business management of the day-to-day operations of the Company. His leading role was to manage, develop and expand the Company, including making major business and financial decisions within the delegated authority of the Board. He was responsible for overseeing the execution of the Company's business and corporate strategies as set out by the Board and ensured that the Board was kept informed and updated of the Company's progress.

During FY2018, the Independent Non-Executive Chairperson lead the Board discussions and ensures that meetings were convened regularly and as and when necessary. She had set the Board meeting agenda and ensured that the Directors were provided with adequate, complete and timely information. She also chaired the meetings of the Board and encouraged members of the Board to express their opinions on the topics discussed at the meetings. She ensured the compliance of the Company on corporate governance and encouraged constructive relationships between the Board and Management, ensuring effective communications with shareholders. Ms Pauline Gately, upon her redesignation as Executive Chairperson, has continued in leading the Board in decision-making.

Given the independence of the Chairperson during FY2018 and the adequate independent element on the Board to exercise of independent and objective judgment on the corporate affairs of the Company, the Board is of the opinion that during FY2018 there were sufficient safeguards and checks to ensure that the process of decision making by the Board was independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. In view thereof, there was no need for the Company to have a lead independent director.

# CORPORATE GOVERNANCE REPORT

## BOARD MEMBERSHIP

### Principle 4: Formal and Transparent Process for Appointment and Re-Appointment of Directors to the Board

During FY2018, the NC comprised three (3) Directors, all of whom were Independent Non-Executive Directors then, as follows:

Mahtani Bhagwandas	(Chairman)
Pauline Therese Gately	(Member)
Ong Kian Guan	(Member)

The NC has written terms of reference, the key terms are as follows:

- a. The NC shall consist of not less than three Directors, a majority of whom shall be independent non-executive Directors;
- b. The Chairman of the NC shall be appointed by the Board and shall be an independent non-executive Director; and
- c. The Board shall within three (3) months of a cessation of a member appoint a new member so that the number of members does not fall below three.

The functions of the NC includes, inter alia:

- (i) Making recommendations to the Board on: (a) the succession plans for the Directors, the Chairman and the Managing Director; (b) all Board appointments, including making recommendations on the composition of the Board generally; and (c) the balance between Executive and Non-Executive Directors appointed to the Board;
- (ii) Regularly reviewing the Board structure, size and composition and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- (iii) Making recommendations on the re-nomination or continuation in office of any Director having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
- (iv) Identifying or nominating for the approval of the Board candidates to fill vacancies in the Board, as and when these arise;
- (v) Determining annually whether or not a Director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors; and
- (vi) Deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations.

# CORPORATE GOVERNANCE REPORT

During FY2018, the NC was of the view that the effectiveness of each Director was best assessed by a qualitative assessment of Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC was also of the opinion that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The Board does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. Notwithstanding the above, the Board has capped the maximum number of listed company board representations each Director may hold as six (6). During FY2018, when a Director has multiple board representations, the NC also considered whether the Director was able to and had adequately carried out his duties as a Director of the Company. The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size

All Directors declare their board memberships as and when practicable. For FY2018, the NC was satisfied that each Director had devoted sufficient time and attention to the affairs of the Company and was able to and had adequately carried out their duties as Directors of the Company after taking into consideration their multiple board representations and/or principal commitments.

None of the Directors have appointed an alternate director.

The Company has procedures and policies in place for the appointment of new Directors to the Board, including a search and nomination process. Suitable candidates will be drawn from contacts and networks of existing Directors. New Directors will be appointed by way of Directors' resolution, after the NC has nominated, reviewed and taken into consideration the experience and qualifications of each candidate. The Board will consider the candidate's ability to add value to the Company's business in line with its strategic objectives.

The Company's Constitution clearly states the procedures for the appointment of new Directors and the election and removal of Directors. Each Director shall retire from office once every three (3) years and for this purpose, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the nearest to but not less than one-third) shall retire from office by rotation (except for a Chief Executive Officer/Managing Director who may be appointed for a term of up to three (3) years). A retiring Director shall be eligible for re-election at the meeting at which he or she retires. The Board will assess and evaluate whether Directors retiring at each annual general meeting are properly qualified for re-appointment by virtue of their skills, experience and contributions.

The Board has recommended for Ms Pauline Gately, Mr Mahtani Bhagwandas, Mr Chan Hung Chiu Eddy and Mr Shaun Menezes to retire by rotation pursuant to Clauses 12.3 and 12.5 of the Company's Constitution, respectively, and be eligible for re-election at the forthcoming annual general meeting of the Company.

Save for their shareholding interests in the Company, each of the Directors to be re-elected (other than Mr Chan Hung Chiu Eddy) have confirmed that they do not have any relationships, including immediate family relationships with the other directors, the Company or its 10% shareholders.



# CORPORATE GOVERNANCE REPORT

Mr Chan Hung Chiu Eddy is a nominee of Burwill Holding Limited. Other than this, he does not have any relationships, including immediate family relationships with the other directors, the Company or its 10% shareholder.

During FY2018, each member of the NC have abstained from making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-election as a Director of the Company.

Key information regarding the Directors, including their present and past three year's directorships in other listed companies and their principal commitments are set out in the "Board of Directors" section of this annual report.

## BOARD PERFORMANCE

### Principle 5: Formal Assessment of the Effectiveness of the Board and Contribution by Each Director

The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and to proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director. No external facilitator was engaged by the Company in FY2018.

In evaluating the Board's and the Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board and Board Committee's evaluation are in respect of:

- a. Size and composition;
- b. Access to information;
- c. Board processes;
- d. Strategic planning;
- e. Board accountability;
- f. Risk Management; and
- g. Succession planning.

All Directors were requested to complete a board evaluation questionnaire designed to seek their view on various aspects of the Board's and Individual Director's performance during FY2018 as described above. The Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, the Chairman will propose new members to be appointed to the Board or seek the resignation of Directors.

The NC had assessed the Board's performance for FY2018, and was of the view that the performance of individual Directors and the Board as a whole during FY2018 was satisfactory. Accordingly, the Board had met its performance objectives.

# CORPORATE GOVERNANCE REPORT

## ACCESS TO INFORMATION

### Principle 6: Board Members to Have Access to Complete, Adequate and Timely Information

In order to ensure that the Board is able to fulfil its responsibilities, the management provides all Directors with complete, adequate and timely information prior to Board meetings, and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities. All Directors are provided on an on-going basis with adequate, complete and timely information concerning the Company to enable them to be fully informed of the decisions and actions of the Company's Management. Examples of information provided to the Board includes Board papers, copies of disclosure documents, forecasts, budgets and internal financial statements.

The Board has unrestricted access to the Company's information and records. The Board has autonomous and individual access to Management and the Company Secretary at all times. Management is always available to provide explanatory information in the form of briefings to the Directors or formal presentations at meetings of the Board or such information can also be provided by external consultants who have been engaged for specific functions.

The Company Secretary attends all meetings of the Board and Board Committees, together with the Management, to ensure that Board procedures are followed and applicable rules and regulations are adhered to. The Company Secretary ensures that appropriate information flows within the Board and its Board Committees and between the Management and the Independent Non-Executive Directors. The removal and appointment of the Company Secretary is a matter for the Board as a whole.

Each Director has the right to seek independent legal and professional advice, if necessary, at the Company's expense, concerning any aspects of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

### Principle 7: Formal and Transparent Procedure for Developing Policy on Executive Remuneration and for Fixing Remuneration Packages of Directors

During FY2018, the RC comprised three (3) Directors, all of whom were Independent Non-Executive Directors then, as follows:

Pauline Therese Gately	(Chairman)
Mahtani Bhagwandas	(Member)
Ong Kian Guan	(Member)

The RC has written terms of reference, the key terms are as follows:

- The RC shall comprise not less than three Directors, a majority of whom shall be independent non-executive Directors;
- The Chairman of the RC shall be appointed by the Board and shall be an independent non-executive Director; and
- The Board shall within three (3) months of a cessation of a member appoint a new member so that the number of members does not fall below three.

# CORPORATE GOVERNANCE REPORT

The functions of the RC includes, inter alia:

- (i) Reviewing and recommending to the Board in consultation with the Chairman of the Board (and where considered necessary by the RC, the Managing Director and the human resource executives of the Company) a framework of remuneration for the Directors and key executives (as determined by the RC), and determine specific remuneration packages for each executive Director and the Managing Director (or equivalent). The framework and packages will cover all aspects of remuneration which may include Director's fees, basic salaries, allowances, bonuses, options and benefits in kind;
- (ii) Reviewing and recommending to the Board on the remuneration packages of all managerial staff in the Company that are related to any of the Directors, the Managing Director or any substantial shareholder of the Company;
- (iii) Reviewing and making recommendations to the Board in consultation with the Chairman of the Board (and where considered necessary by the RC, the Managing Director and the human resource executives of the Company), regarding the implementation of any appropriate share option schemes or any long term incentive scheme for Directors, executives and employees of the Company;
- (iv) Reviewing and making recommendations to the Board in consultation with the Chairman of the Board (and where considered necessary by the RC, the Managing Director and the human resource executives of the Company), regarding the implementation of any appropriate performance-related element to be incorporated in the remuneration framework and packages for Directors and key executive officers, which performance-related element should incorporate meaningful targets and measures of assessing the Company's performance and the performance of individual Directors, the key executive officers and the Managing Director;
- (v) Making recommendations to the Board whether in any circumstances, the shareholders at the AGM of the Company should be invited to approve the remuneration policy; and
- (vi) Administering the Alliance Employee Share Option Scheme ("Scheme") as the Committee appointed by the Board pursuant to the rules of the Scheme.

Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his/her remuneration package or that of employees related to him/her. The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for the Directors and the Management, so that the Company's remuneration packages remains competitive. In the event of termination of the Executive Director's and the key executive officers' contracts of service, the RC will review the Company's obligations to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

## LEVEL AND MIX OF REMUNERATION

### Principle 8: Remuneration of Directors Should Be Adequate but Not Excessive

In setting the remuneration packages, the RC will consider the pay and employment conditions within the industry and compare to similar companies. The RC will ensure that the structure of the remuneration packages for the Executive Director and key executive officers are appropriate in linking rewards with performance and are in line with the interests of the shareholders. The remuneration of the Independent Non-Executive Directors is also reviewed by the RC to ensure that the remuneration corresponds with their contribution and responsibilities.



# CORPORATE GOVERNANCE REPORT

The remuneration received by the Executive Directors takes into consideration his or her individual performance and contribution towards the overall performance of the Company. In FY2018, the remuneration of Executives was made up of a fixed compensation consisting of an annual base salary. The review of the remuneration of the key executive officers will take into consideration their performance and the contributions and will give due regard to the financial and business performance of the Company. The Company seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Company successfully.

## DISCLOSURE ON REMUNERATION

### Principle 9: Disclosure on Remuneration Policy, Level and Mix of Remuneration and Procedure for Setting Remuneration

The Board has not included a separate annual remuneration report in its annual report for the current financial year as it is of view that the matters, which are required to be disclosed in the annual remuneration report, have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

The Company has an employee share option scheme in place. Further details please refer to the Company's offer document dated 16 July 2014. No options had been granted since its implementation.

During FY2018, the Company allotted and issued an aggregate of 3,500,000 compensation shares to certain Directors and key executive officers of the Company. Further details of the rationale for such issuance can be found in the Company's Circular dated 1 June 2018.

The breakdown of the level and mix of remuneration of the Directors and CEO of the Company for FY2018 is as follows:

Name	Total Remuneration	Directors' Fees	Consultancy Fees	Salary & other benefits	Share based payment	Total
	(A\$)	(%)	(%)	(%)	(%)	(%)
<b>Directors</b>						
Pauline Gately	90,000	100	–	–	–	100
Mahtani Bhagwandas	138,000	36	–	–	64	100
Ong Kian Guan	138,000	36	–	–	64	100
Chan Hung Chiu Eddy <sup>(1)</sup>	–	–	–	–	–	–
Suen Sze Man <sup>(2)</sup>	465,214	–	–	100	–	100
<b>Chief Executive Officer</b>						
Tjandra Pramoko <sup>(3)</sup>	465,214	–	–	100	–	100

#### Notes:

(1) Mr Chan Hung Chiu Eddy was appointed as Non-Executive Director on 28 November 2017.

(2) Ms Suen Sze Man's executive function was terminated on 1 March 2018 and she remained as a non-Executive Director until 25 June 2018.

(3) Mr Tjandra Pramoko, the Company's former CEO, was terminated on 1 March 2018.

# CORPORATE GOVERNANCE REPORT

During FY2018, there were two Key Executive Officers. The breakdown of the level and mix of the summary compensation table for the following key Executive Officers (who were not Directors or the CEO) for FY2018 is as follows:

Name	Remuneration	Consultancy Fees	Salary & other benefits	Share based payment	Total
	(A\$)	(%)	(%)	(%)	(%)
<b>Key Executive Officers</b>					
Fiona Leaw Mun Ni	510,833	–	22	78	100
Shaun Menezes <sup>(1)</sup>	520,950	–	23	77	100

**Note:**

(1) Mr Shaun Menezes was appointed as Chief Financial Officer on 21 November 2017 and Finance Director on 25 July 2018.

Save for Tjandra Pramoko and Suen Sze Man who are husband and wife, there were no employees who are the immediate family members of a director or the CEO during FY2018.

## ACCOUNTABILITY AND AUDIT

### ACCOUNTABILITY

#### Principle 10: Presentation of a Balanced and Understandable Assessment of Company's Performance, Position and Prospects

The Management shall provide members of the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a quarterly basis and as and when the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospect. The Board also acknowledges its responsibility in relation to the preparation of the financial statements of the Company. The Board ensures that the preparation of the financial statements is in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Company is set out in the "Financial Statements" section of this Annual Report.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the prescribed periods.

## RISK MANAGEMENT AND INTERNAL CONTROLS

#### Principle 11: Maintenance of Sound System of Risk Management and Internal Controls

Taking into consideration the size of the Board, the Board is of the view that, that it is not necessary to establish a separate board risk committee. Accordingly, the role and duties of a board risk committee shall be assumed and undertaken by the Board.

# CORPORATE GOVERNANCE REPORT

The Board is responsible for approving the Company's policies on risk oversight and management, and satisfying itself that the Management has developed and implemented a sound system of risk management and internal control. Implementation of the risk management system and day-to-day management of risk is the responsibility of the Management as required.

The Board will review on an annual basis the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Board had received assurance from the Executive Chairperson and the Finance Director that the financial records have been properly maintained and the financial statements for the financial year ended 30 June 2018 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective ("**Assurance**").

Based on the internal controls established and maintained by the Company, reviews performed by the management and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 30 June 2018. In addition, there were no material weakness highlighted by the external auditors based on their observations during the financial statement audit. The Board's opinion is based collectively on the risk governance and internal control framework and assessment of internal control adequacy and effectiveness.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

## AUDIT COMMITTEE

### Principle 12: Establishment of Audit Committee with Written Terms of Reference

During FY2018, the AC comprised three (3) Directors, all of whom were Independent Non-Executive Directors then, as follows:-

Ong Kian Guan	(Chairman)
Mahtani Bhagwandas	(Member)
Pauline Therese Gately	(Member)

The AC has explicit authority to investigate all matters within its terms of reference, full access to and cooperation by management, full discretion to invite any Director or key executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The key terms of reference of the AC are as follows:

- The AC shall comprise not less than three Directors, all of whom shall be non-executive Directors with the majority being independent non-executive Directors;
- At least two members, including the Chairman of the AC, shall have recent and relevant accounting or related financial management expertise or experience;



# CORPORATE GOVERNANCE REPORT

- c. The Chairman of the AC shall be appointed by the Board and shall be an independent non-executive Director; and
- d. The Board shall within three (3) months of a cessation of a member appoint a new member so that the number of members does not fall below three.

The functions of the AC under its written terms of reference, and its responsibilities includes, inter alia, the following:

- (i) Review the quarterly financial statements and results of the Company and the annual financial statements of the Company before submission to the Directors;
- (ii) Review all interested person transactions of the Company, and shall make such recommendations to the Board in respect thereof as the AC thinks appropriate;
- (iii) Review and make recommendations to the Board on the appointment and re-appointment of the Company's external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (iv) Meet with the external auditors at least once each year, to review the audit plan, scope and results of the external audit, and the significant findings and recommendation of the external auditors and management's responses; e. review at least annually, and keep under review the following (but not limited to): I) independence and objectivity of the external auditors, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors; II) the cost effectiveness of the audit taking into consideration the audit fees and any other fees which are payable to the external auditors in respect of non-audit services; III) evaluation of the external auditors, concerning issues on compliance with accounting standards, and concerning the Company's internal auditing standards and controls; and IV) the auditors' report.
- (v) Approve the hiring, removal, evaluation and compensation of the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (vi) Review the adequacy and effectiveness of the internal audit function annually; and
- (vii) Review significant findings and recommendations of the internal auditors and management's responses.

The AC may commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position.

The AC meets with the external auditors, without the presence of management, at least once annually. The AC has met with the external auditors, without the presence of management during FY2018. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

# CORPORATE GOVERNANCE REPORT

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2018 are as follows:

## Amounts paid to Ernst & Young (Australia) for:

### Audit services

– Audit or review of the financial report	\$117,000
– Share of fees for the audit/review of the Bald Hill Joint Venture	\$39,000
	<u>\$156,000</u>

### Non-audit services

– Independent Practitioners' Assurance Report on the Compilation of unaudited Pro Forma Historical Financial Information Included in the Merger Circular	\$53,000
– Agreed upon procedures	\$32,375
– Tax compliance services	\$26,000
	<u>\$111,375</u>

## Amounts paid to Ernst & Young LLP (Singapore) for:

### Audit services

– Audit or review of the financial report	\$5,000
	<u>\$5,000</u>

### Non-audit services

– Independent Practitioners' Assurance Report on the Compilation of unaudited Pro Forma Historical Financial Information Included in the Merger Circular	\$12,000
	<u>\$12,000</u>

The AC reviews the independence of the external auditors annually. The AC had reviewed all non-audit services provided by the external auditors to the Company, and was satisfied that the nature and extent of such services do not affect the independence of the external auditors. It had recommended to the Board for the re-appointment of Messrs Ernst & Young (Australia) as the auditors of the Company for financial year ending 30 June 2019.

The external auditors present to the AC the audit plan and also relevant updates relating to any change in accounting standards which have a direct impact on financial statements before commencing audit.

The Company is in compliance with Rule 712 of the Listing Manual in relation to its external auditors. The Company incorporated a subsidiary on 28 June 2018. This Australian incorporated subsidiary was dormant as at 30 June 2018 and not subject to audit.

## Whistle-blowing Policy

During FY2018, the AC had put in place a whistle-blowing policy, whereby external parties, such as suppliers, sub-contractors and other stakeholders may in confidence, raise concerns about possible improper financial reporting or other matters to [AuditCommittee@alliancemineralassets.com.au](mailto:AuditCommittee@alliancemineralassets.com.au). The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions.

If an employee has a concern, he/she may put in writing either addressing it to the AC or its board of directors.

The AC did not receive any whistle-blowing report during FY2018.

# CORPORATE GOVERNANCE REPORT

## INTERNAL AUDIT

### Principle 13: Establishment of an Independent Internal Audit Function

The Board acknowledges that it is responsible for maintaining proper internal controls to safeguard shareholders' investment and the Company's assets and business.

The Board, having considered various factors, including the scale of the Company's operations whereby the production and sale of Lithium and Tantalite ("Production and Sale") had newly commenced, and that the Company was in the midst of negotiations and implementation of a Merger with Tawana resources NL, is of the opinion that an internal audit function is considered not necessary for FY2018. The AC (when reconstituted) will assess the adequacy of internal controls maintained by Management on a continual basis and may commission an independent internal audit if it is not satisfied with the effectiveness of these internal controls. The AC will conduct periodic reviews on the Company's level of operating activities to assess whether such establishment of an internal audit function and/or appointment of suitably qualified internal auditors is required.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights

The Company recognises and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Singapore Companies Act and the Company's Constitution. Information to all shareholders is disclosed to in a timely and transparent manner via SGXNET and in compliance with SGX disclosure requirements.

The Company shall ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders would be informed of the rules, including voting procedures that governs general meetings of shareholders. The Company also ensure that its shareholders have the opportunity to participate effectively in and vote at the general meetings by allowing shareholders to appoint one or two proxies to attend the general meeting of the Company and provide essential information relating to the proposed resolutions table at the general meeting and the voting procedures that governs general meetings.

## COMMUNICATION WITH SHAREHOLDERS

### Principle 15: Regular, Effective and Fair Communication with Shareholders

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. Where inadvertent disclosure has been made to a select Company, the Company will make the same disclosure publicly to all others as soon as practicable. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via the quarterly announcements of results; and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is sent to all shareholders and is available on request. The Company's latest Annual Report is also accessible via the Company's website.

In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Company's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors. Management shall observe and comply with SGX-ST's Corporate Disclose Policy set out in the Catalyst Rules on a continuous basis.



# CORPORATE GOVERNANCE REPORT

The Company currently does not have a fixed dividend policy. However, as and when the Company is profitable and if the Board determine it to be in the best interests of the Company and the Shareholders, the Board may recommend the payment of dividend. The declaration and payment of dividends will be determined at the sole discretion of Directors after considering the Company's profits, subject to the approval of shareholders. The Company does not propose any dividend payments for FY2018 as the Company did not have any profits available for distribution.

## CONDUCT OF SHAREHOLDER MEETINGS

### Principle 16: Encouragement of Greater Shareholder Participation at AGMs

The Company's general meetings, AGM and/or Extraordinary General Meeting ("EGM") are principal events for discussion with shareholders. The Chairman and members of the Board, the Chairman of all Board Committees and the Company's external auditors will be present at the general meetings to answer queries from shareholders.

Shareholders are encouraged to attend the AGM or EGM to be informed of the Company's goals and strategies. Shareholders shall be given the opportunity to ask questions and to clarify issues that they may have regarding the resolutions tabled at the AGM or EGM.

The Company's Constitution allows a shareholder to appoint not more than two proxies who need not be a shareholder to attend and vote at the meetings. It also allows a shareholder who is unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

The Company practices having separate resolutions at general meetings on each distinct issue. All resolutions at the Company's general meeting are put to vote by poll so as to better reflect shareholders' shareholding interests. The poll voting results will be announced at the meeting and in an announcement released after the meeting via SGXNET. The Company does not plan to implement electronic voting at general meetings in view of the cost involved, but will consider implementing it in future if electronic voting is more cost efficient to do so.

All queries from shareholders and the relevant responses from the Board and management shall be properly recorded. All minutes of general meetings will be available for inspection by shareholders within one month after the general meeting upon request by the shareholder of the Company.

## ADDITIONAL INFORMATION

### Dealings in Securities

In line with Rule 1204(19) of the Catalist Rules and the Company's internal compliance code, the Company will issue a memorandum to its Directors and all its officers to provide guidance with regards to dealings in securities of the Company by them, highlighting that Directors and all officers are prohibited from dealing in the Company's securities, commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters and one (1) month before the release of the Company's full-year financial results and ending on the date of the announcement of the financial results or when in possession of price-sensitive information which is not available to the public. They are also discouraged from dealing in the Company's securities on short-term considerations. The Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

# CORPORATE GOVERNANCE REPORT

## Interested Person Transactions ("IPT")

The Company has established procedures to ensure that all transactions entered into with interested persons are properly documented and reported in a timely manner to the AC and that the transactions are conducted on normal commercial terms and on an arm's length basis and are not prejudicial to the interest of the Company and its minority shareholders, in accordance with the internal controls set up by the Company on dealing with interested person transactions. In the event that a member of the AC is involved in any interested person transaction, he/she will abstain from reviewing that particular transaction.

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules. During FY2018, the Company did not enter into any IPT with value of S\$100,000 and above.

## Material Contracts and Loans

There were no other material contracts entered into by the Company and/or any of its subsidiaries during FY2018 involving the interests of CEO, any director or controlling shareholder of the Company either still subsisting at the end of FY2018 or if not then subsisting entered into since the end of FY2018.

## Update on Use of Proceeds

### Utilisation of Initial Public Offering ("IPO") Proceeds

The Company has raised gross proceeds amounting to S\$10 million (equivalent to approximately A\$8.569 million) from the IPO.

In accordance to the announcement released on 11 May 2018, the Company had fully utilised all the IPO proceeds, as set out below:

Use of Proceeds <sup>(1)</sup>	Amount Allocated (A\$'000)	Amount Utilised (A\$'000)	Amount Unutilised (A\$'000)
Exploration and drilling	1,028	1,028	–
Internal scoping study	428	428	–
Development of mining deposits	428	428	–
Working capital <sup>(2)</sup>	4,723	4,723	–
Listing expenses	1,962	1,962	–
<b>Total</b>	<b>8,569</b>	<b>8,569</b>	<b>–</b>

#### Notes:

- (1) The IPO Proceeds were received on 2 September 2014 and for the purpose of comparability have been converted to AUD on the date received.  
(2) The amount allocated for working capital has been utilised for refurbishment and construction of the Bald Hill and Boulder Facilities.

The use of the above IPO proceeds is in accordance with the allocation and its intended use as set out in the section entitled "Use of Proceeds from the Placement and Expenses Incurred" of the Offer Document.

# CORPORATE GOVERNANCE REPORT

## Use of Placement Proceeds from placement to Burwill Commodity Limited ("Placement")

The net proceeds from the Placement was approximately A\$19.548 million after deducting estimated expenses of A\$0.027 million). In accordance to the announcement released on 11 May 2018, the Company had fully utilised all the proceeds from Placement, as set out below:

Intended Purposes	Amount allocated A\$'000	Amount utilised A\$'000	Amount Unutilised A\$'000
Capital expenditure for the Bald Hill Project	6,842	6,842	–
Operational expenditure for the Bald Hill Project	10,360	10,360	–
General working capital <sup>(1)</sup>	2,346	2,346	–
<b>Total</b>	<b>19,548</b>	<b>19,548</b>	<b>–</b>

### Note:

(1) The amount allocated for working capital has been utilised for the administrative costs associated with the corporate activities of the Company.

## Use of Placement Proceeds

On 2 May 2018, the Company completed a placement to sophisticated and institutional investors to raise gross proceeds of A\$25 million. The net proceeds from the placement was approximately A\$23.5 million ("**Net Proceeds**") (after deducting expenses of A\$1.5 million). In accordance to the announcement released on 29 August 2018 ("**29 August Announcement**"), the Net Proceeds have been fully utilised as follows:

Intended Purposes	Amount allocated A\$'000	Amount Re-allocated A\$'000	Amount utilised A\$'000	Amount Unutilised A\$'000
Capital expenditure for the Bald Hill Project	10,105	(3,995)	6,110	–
Working capital for the Bald Hill Project	10,105	7,050	17,155	–
Future exploration and other initiatives at the Bald Hill Project	3,290	(3,055)	235	–
<b>Total</b>	<b>23,500</b>	<b>–</b>	<b>23,500</b>	<b>–</b>

The working capital being applied towards the Bald Hill Project includes, amongst others, the operational expenses of the Bald Hill Project such as production activities, consumables inventory and general and administration expenses.

A\$3,995,000 originally allocated for capital expenditure and A\$3,055,000 originally allocated for future exploration and other initiatives at the Bald Hill Project, respectively, was re-allocated for the working capital for the Bald Hill Project as immediate working capital funding were required to bring the project into commercial production.

On 4 July 2018 and 24 July 2018, the Company completed a placement to Burwill, an Australian institutional investor and Canaccord to raise gross proceeds of A\$7.9 million. The net proceeds from the placement was approximately A\$7.4 million (after deducting expenses of A\$0.5 million). As at the date of this report, the Net Proceeds have not been utilised.



# CORPORATE GOVERNANCE **REPORT**

Intended Purposes	Amount allocated A\$'000	Amount utilised A\$'000	Amount Unutilised A\$'000
Capital expenditure for the Bald Hill Project	3,182	–	3,182
Operating expenses and working capital for the Bald Hill Project	3,182	–	3,182
Future exploration and other initiatives at the Bald Hill Project	1,036	–	1,036
<b>Total</b>	<b>7,400</b>	<b>–</b>	<b>7,400</b>

The Company will make periodic announcements on the material disbursement of the remaining Net Proceeds and as and when such proceeds are materially disbursed.

## **Non-Sponsorship Fees**

With reference to Rule 1204(21) of the Catalist Rules, the non-sponsorship fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., amounted to S\$190,000 during FY2018.

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# DIRECTOR'S REPORT

The following report is submitted in respect of the results of the Alliance Mineral Assets Limited (the "Company") and its controlled entities ("AMAL", "Alliance", the "group" or the "consolidated entity") for the financial year ended 30 June 2018, together with the state of affairs of the Group as at that date.

## DIRECTORS AND COMPANY SECRETARIES

The names, qualifications and experience of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire financial year to the date of this report unless otherwise stated.

### **Pauline Gately (Executive Chairperson from 17 August 2018, Independent Non-executive Chairperson up to 16 August 2018)**

Pauline Gately joined AMAL in March 2011 and was appointed Independent Non-Executive Chairman in 2014. She was re-designated as Executive Chairman on 17 August 2018 in recognition of the significant role she has undertaken in relation to the proposed merger of equals between Alliance Mineral Assets Ltd and Tawana Resources NL. Since 1 March 2018, Pauline has been responsible for overseeing the direction and operations of the Company as well as managing and providing leadership to the Board of Directors, liaising with investors, and managing development and strategic planning initiatives with the Company. An investment banking veteran with more than twenty years' experience at the most senior levels, Pauline is currently Non-Executive Director of ASX-listed Ardiden Ltd (appointed August 2018). She also sits on the Board of a Western Australian Cancer Charity.

Prior to joining AMAL, Pauline served as a senior consultant at one of Australia's leading economic consultancies. During her tenure in Asia from 1986 through 2000, Pauline was a Director of Merrill Lynch and Deutsche Bank in Hong Kong. As Head of Investment Strategy for the Asia Pacific Region, Pauline forecast macroeconomic conditions and investment prospects across nine East Asian countries. In the course of her work, Pauline has advised Asian, European and US institutions on a broad range of economic and financial issues of importance to institutional investors, industry and governments. She has led seminars on Asian Economics and Investment Strategy for institutions such as the Investment Arm of the Government of Singapore and World Economic Congress and has written extensively on global economics and investment prospects. In this regard, she worked with personnel from the Hong Kong Government's economic think-tank prior to the Handover of Hong Kong in 1997 and, in 2006, served as a technical advisor to the Ministry of Finance of the People's Republic of China.

Her previous responsibilities included Chairman of the Remuneration Committee, Member of the Audit Committee and Nominating Committee. Upon her appointment as Executive Chairperson on 17 August 2018 she became responsible for managing the direction and operations of the Company.

### **Mahtani Bhagwandas (Independent Director)**

Mahtani Bhagwandas joined AMAL on 11 Apr 2014 as an Independent Director. He graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree in 1992 and has been practicing as an advocate and solicitor of the Supreme Court of Singapore since 1993. He is currently the senior partner of LegalStandard LLP, a law firm in Singapore which firm specializes in commercial/corporate practice.

Apart from legal practice, Mr. Bhagwandas is also an Independent Director of GRP Limited and was formerly an Independent Director of SBI Offshore Limited, both companies listed on the Singapore Exchange. He has held, and continues, to hold directorships in several private companies. In the course of all his directorships, Mahtani Bhagwandas has chaired Audit, Nominating, Remuneration and Board Risk Committees.

Separately, and on charitable and social matters, Mahtani Bhagwandas has been, and continues to be involved as an honorary legal advisor.

# DIRECTOR'S REPORT

## DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

### **Ong Kian Guan (Independent Director)**

Ong Kian Guan joined AMAL in June 2014 as an Independent Director. He has been an Audit Partner with Baker Tilly TFW LLP since 2005, where he is currently the Head of its Assurance and Capital Market practices. He is also the independent director of Weiye Holdings Limited, China XLX Fertilisers Ltd, IAG Holdings Limited and RMH Holdings Limited which are listed on Hong Kong Stock Exchange.

Ong Kian Guan obtained a Bachelor of Accountancy from Nanyang Technological University in 1992. He is a fellow of the Institute of Singapore Chartered Accountants. He has also previously served as members of the Investigation and Disciplinary Panel and the Auditing and Assurance committee of ISCA.

Mr Ong's previous responsibilities included Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee.

### **Chan Hung Chiu Eddy (Non-Executive Director appointed 28 November 2017)**

Chan Hung Chiu Eddy joined AMAL in November 2017 as a Non-Executive Director and nominee for Burwill Holdings Limited ("Burwill"). Mr Chan is currently a Deputy General Manager of Burwill and is responsible for regional activity and developing new projects and mineral commodity trading and mining. Mr Chan attended The Open University of Hong Kong where he studied Business Administration.

Mr Chan's special responsibilities are as the board representative of Burwill, a significant shareholder of the company. Over the past three years he did not hold any Directorships of other listed companies.

### **Shaun Menezes (Finance Director appointed 25 July 2018, Joint Company Secretary appointed 21 November 2017)**

Shaun joined AMAL in November 2017 as Chief Financial Officer. Shaun was appointed to the board as a finance director on 25 July 2018. Shaun is also joint company secretary of AMAL. Shaun is an accounting and finance professional with over 15 years' experience. He has worked in a consulting capacity for AMAL since 2016, and Mount Magnet South Limited from 2014 to 2016, Company Secretary for Sterling Plantations Limited from 2013 to current and Group Commercial Manager for Mount Gibson Iron Limited from 2011 to 2013. Prior to that, he was with Ernst & Young in Australia between 1999 and 2011 and was an Executive Director before his departure in 2011. Shaun graduated from the University of Western Australia with a Bachelor of Commerce (Accounting and Finance) and Bachelor of Laws. He also holds a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia.

Mr Menezes' responsibilities are managing all financial aspects of the company. Over the past three years he did not hold any Directorships of other listed companies.



# DIRECTOR'S REPORT

## DIRECTORS AND COMPANY SECRETARIES (CONTINUED)

### Suen Sze Man (Executive Director to 1 March 2018, Non-Executive Director 1 March 2018 to 25 June 2018)

Ms Suen joined on 6 December 2010 as an Executive Director. Her executive function was terminated effective from 1 March 2018. She continued to be a Non-Executive Director until 25 June 2018. As a founder of our Company, she procured, mobilised and organised relevant experienced staff and resources for the setting up of our business and operations. She was responsible during the period of her appointment as Executive Director for devising the business direction of our Company and overseeing the management of mining proposals and Tenements in relation to the Bald Hill Project. In 1990, Suen Sze Man was appointed as a non-executive director of Sun Kong Pty. Ltd, a company which specialised in the export of raw wool from Australia into China, between 1991 and 1997. In 1998, Suen Sze Man was appointed as a director in D & S Trading Pty Ltd, a family holding company involved in a number of businesses ranging from building and construction to health supplements. Initially, Suen Sze Man conducted her own import and distribution agreements for building and landscaping materials and was later involved in the importation and distribution of health supplements in Australia.

In 1999, Suen Sze Man was appointed as a director of Indo Expo Building Products Pty Ltd, a company which specialised in the supply of building and construction materials and services such as granite and marble. In this position, Suen Sze Man gained her initial experience in the mining industry. Between 2005 and 2010, Suen Sze Man was appointed as an executive director of Cell-Tech Suisse Pty Ltd, a company which specialised in stem cell transplantation services.

Suen Sze Man obtained a Bachelor of Business from Edith Cowan University, Western Australia, in 1994. She ceased as an Executive Director on 1 March 2018, after which she was a Non-Executive Director until her resignation from the board on 25 June 2018. Over the past three years she did not hold any Directorships of other listed companies.

### Fiona Leaw Mun Ni (Joint Company Secretary)

Ms Leaw was appointed as Company Secretary on 21 May 2014. Ms. Leaw holds a Bachelor of Commerce from Edith Cowan University, Western Australia and is a member of the Australian Certified Practising Accountants. In 2007 to 2008, Fiona worked for Westnet Infrastructure Group as their corporate accountant. During 2009 to 2010, Fiona worked for Department of Environment and Conservation and Department of Agriculture, both are divisions of the Government of Western Australia performing an Accounts Executive role with its IT and Procurement departments. From 2010 to early 2014 Fiona was solely in charge of all preparation of financial accounts for AMAL for audit. Currently Fiona performs all corporate secretarial duties and ensures that Company's announcements are appropriately disseminated on the SGXNET. Aside from performing our corporate secretarial work, Fiona assists with accounting and administrative matters.

## INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Alliance Mineral Assets Limited were:

Director	Ordinary Shares
Pauline Gately	326,081
Mahtani Bhagwandas	250,000
Chan Hung Chiu Eddy <sup>1</sup>	–
Ong Kian Guan	250,000
Shaun Menezes	1,125,000

# DIRECTOR'S REPORT

## INTERESTS IN THE SECURITIES OF THE COMPANY (CONTINUED)

For the purposes of Rule 1204(7) of the SGX-ST Listing Manual Section B: Rules of Catalist of the SGX-ST, the following changes in the above mentioned interests in the Company took place between the end of the financial year and 21 July 2018.

- Mahtani Bhagwandas & Ong Kian Guan: 250,000 compensation shares each were issued on 5 July 2018 (these were approved by shareholders at the Extraordinary General Meeting held on 25 June 2018)
- Shaun Menezes: 1,125,000 compensation shares were issued on 5 July 2018 (these were approved by shareholders at the Extraordinary General Meeting convened on 25 June 2018)

1 Chan Hung Chiu Eddy is a General Manager of Burwill and acts as a representative of Burwill on the Board of Alliance Mineral Assets Limited. Burwill hold a total of 93,388,728 ordinary shares in the company as at the date of this report.

## DIVIDENDS

No dividend was paid or declared by the Company in the financial year and up to the date of this report.

## OUR COMPANY

On 6 December 2010, our Company was incorporated in the Commonwealth of Australia under the Corporations Act as a public company limited by shares, under the name of "HRM Resources Australia Ltd". On 13 March 2014, our name was changed to "Alliance Mineral Assets Limited". Our Company registration number is ACN 147 393 735. The Company listed on the Catalist Board of the Singapore Stock Exchange Limited on 25 July 2014.

Our Company is currently headquartered in Perth, Western Australia, and our Company possesses the rights to explore and mine Tantalum and Lithium at the Bald Hill Project through the Bald Hill Joint Venture located within the Eastern Goldfields Province of the Archaean Yilgran Block, within the Shire of Coolgardie, which is approximately 50km east of Widgiemooltha, the nearest township.

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

We are principally engaged in the business of exploring and developing Tantalum and Lithium Mineral Resources in Australia.

During the financial year, the principal activity was the exploration, evaluation and development of the Bald Hill Project for lithium and tantalum, together with Lithco No.2 Pty Ltd, who now has a 50% interest in the project, with the mining activities being carried out through the Bald Hill joint arrangement ("Bald Hill Joint Venture").

## EMPLOYEES

As at 30 June 2018, we have three (3) Australian employees, all based in our Perth Head Office.

# DIRECTOR'S REPORT

## REVIEW OF OPERATIONS

The net loss of the Group for the financial year after income tax was \$1,133,511 (2017: \$4,803,859 loss). This included reversal of impairment of \$5,296,771 (2017: nil). There was a significant increase specifically in employee salaries and other benefits expenses and administration expenses for the year as a result of the increased activity on the Bald Hill project and the activities in the lead-up to the proposed merger with Tawana Resources NL.

The agreement entered into between AMAL and Tawana Resources NL ("Tawana") in relation to the Bald Hill project had continued exploratory drilling at the Bald Hill targeted area, adding to the overall understanding of the resource potential extending from the current pits. Deeper extensional drilling has commenced on the Bald Hill mining lease, on a nominal 320m x 160m grid. Core drilling also commenced to obtain additional metallurgical samples. The drilling confirmed the continuity of the pegmatites previously mined at Bald Hill some hundreds of metres at depth and along strike beyond the current resource models and identified another thick mineralised pegmatite approximately 30-100 metres below the current AMAL resource model.

Exploration has recently focused on initial grade control, water bore installation and water exploration drilling. The extensional step-out drilling and mapping has significantly increased the footprint of the known lithium and tantalum pegmatite swarm.

On 15 August 2017, the Group announced the execution of an Engineering, Procurement and Construction contract ("EPC") with Primero Group to build a 1.2 million tonne per annum Dense Media Separation ("DMS") at the Bald Hill Lithium and Tantalum Mine. The EPC contract is a "lump sum, fixed price" contract valued at \$30 million. The contract was executed in conjunction with the Group's then JV partner, Lithco No.2 Pty Ltd (a subsidiary of Tawana).

On 2 October 2017, the Group entered into a Binding Term Sheet with Burwill to vary the terms of the Lithium Concentrate Off-take Agreement dated 20 April 2017 and to raise additional funds from Burwill. This required that Burwill pay:

- \$4.375 million (formerly to be an advance payment under the offtake agreement) as subscription funds for a placement of AMAL shares ("Tranche 1");
- \$5 million as subscription funds for a placement of AMAL shares on or before 6 October 2017 ("Tranche 2");
- \$5.2 million as subscription funds for a placement of AMAL shares on or before 15 October 2017 ("Tranche 3"); and
- \$5 million as subscription funds for a placement of AMAL shares by 31 December 2017 ("Tranche 4").

\$4.8 million to be extended by Burwill to AMAL by way of a loan on or before 31 October 2017, with interest accruing at 11% per annum.

The offtake agreement was also amended by the following key items:

- First delivery date is delayed to 15 April 2018, with other delivery dates consequentially delayed;
- AMAL is not obliged to sell the Minimum Annual Quantity to Burwill. Instead AMA is required to sell all of its share to Burwill, up to the minimum annual quantity (with Burwill having the first right of refusal over excess volume);

# DIRECTOR'S REPORT

## REVIEW OF OPERATIONS (CONTINUED)

- Burwill will reduce the advance payment repayments under the offtake contract from 20% per shipment to 15% per shipment;
- Burwill will request one Board seat on the AMAL Board once the third tranche for the subscription shares has been paid.

On 4 October 2017, the Group entered into a Subscription Agreement with Burwill pursuant to which the Group agreed to allot and issue to Burwill up to 74,810,228 ordinary shares in the capital of the Company in tranches; for an aggregate subscription consideration of \$19.575 million as set out in the binding term sheet. In addition, Burwill intended to extend a loan of \$4.8 million on or before 31 October 2017 to the Group with interest accruing at 11% per annum secured by the granting of a security interest over the Group's interest in the new plant on the Bald Hill Project. On 30 October 2017, the Group entered into a Letter of Variation with Burwill to vary the terms of the Binding Term Sheet dated 2 October 2017, in which the sequence of disbursement of funds pursuant to the grant of the loan and the subscription of Tranche 4 Subscription Shares shall be reversed such that Burwill shall pay:

- \$5.0 million as subscription consideration for the Tranche 4 Subscription Shares by 7 November 2017. AMAL will waive its right to retain the sum of \$4.375 million paid by Burwill as the second prepayment under the off-take agreement if it receives the aforesaid \$5.0 million by 7 November 2017; and
- \$4.8 million by granting the loan on or before 31 December 2017.

The Tranche 4 Subscription Shares transaction was completed on 16 November 2017 upon receipt of the final consideration on the same day. On 17 April 2018, the Group announced that Burwill and the Group have mutually agreed to discontinue the loan from Burwill.

On 24 October 2017, the Group announced that Tawana had spent the required \$12,500,000 to earn a 50% interest in the Bald Hill Project and the Bald Hill Joint Venture Agreement has come into effect.

On 25 January 2018, the Group executed a non-binding in principle term sheet for the offtake of tantalum concentrate from the Bald Hill Mine whereby the buyer has agreed to purchase a minimum 600,000 pounds of tantalum concentrate in aggregate from April 2018 to 31 December 2020 or all of the standard grade tantalum concentrate produced at Bald Hill within the period if delivery is less than 600,000 pounds.

On 1 March 2018, the Group gave notice of termination to the then Chief Executive Officer and Executive Director in accordance with the terms of their service contracts that expires six months from the date of termination. In the intervening period, both the Chief Executive Officer and Executive Director were on gardening leave. Suen Sze Man remained a director of the Company in a non-executive capacity until her resignation on 25 June 2018.

During the period, the construction of the Dense Media Separation ("DMS") plant took place. On 14 March 2018, the Group announced that lithium trial production had commenced at Bald Hill.



# DIRECTOR'S REPORT

## REVIEW OF OPERATIONS (CONTINUED)

On 28 March 2018, the Group entered into a loan deed for up to \$13 million with a consortium of lenders to fund the development of the Bald Hill Lithium and Tantalum mine, which is secured over the Group's 50% interest in the Bald Hill Joint Venture and its interest in all tenements connected with the Bald Hill Joint Venture. The loan was drawn down by the Group for \$8 million prior to 30 April 2018 pending the registration of the mortgage security and to \$13 million in May 2018. The loan is repayable on the second anniversary of the advance date and interest of 11% per annum is payable for the first 6 calendar months, and thereafter at 20% per annum for the remaining tenure. An establishment fee of 1.5% was paid to the lenders. The lenders were also granted 15.6 million options exercisable at S\$0.4875 per share, expiring 3 years from date of issue. A commission of 5% was payable to the joint arrangers. As at the date of this report, the loan is fully drawn down.

On 5 April 2018, the Group announced a merger of equals with Tawana proposed to be implemented by way of a Tawana scheme of arrangement under the Australian Corporations Act 2001 (Cth), subject to all necessary approvals. The Company's shareholders and Tawana's Shareholders will each own an estimated 50% of the combined Alliance/Tawana Group, comprising Alliance and its proposed wholly-owned subsidiary, Tawana.

On 5 April 2018, the Group also announced that it was conducting a fully underwritten placement to sophisticated and institutional investors outside of Singapore to raise gross proceeds of \$25 million (approximately S\$25.2 million) ("Underwritten Placement") and a non-underwritten placement to Burwill, being an existing substantial shareholder of the Company, which is conditional on shareholder approval, to raise additional gross proceeds of up to \$7.8 million (approximately S\$7.9 million) ("Conditional Placement"). Funds from the Underwritten Placement were received on 2 May 2018 and 76,522,804 new shares were allotted and issued to three sophisticated and institutional investors and the shareholders have approved the issuance of 23,875,115 shares to Burwill on 25 June 2018.

On 24 April 2018, the Group announced that haulage of lithium concentrate had commenced to the Port of Esperance to be shipped to customers in May 2018.

On 2 May 2018, 76,522,804 new shares were allotted to three sophisticated and institutional investors.

On 3 May 2018, the Group completed its first shipment of lithium concentrate from the Bald Hill Lithium and Tantalum Mine.

On 6 June 2018, the Group announced that there has been a 105% increase in the ore reserves on the Bald Hill Project.

On 25 June 2018, shareholders approved the issue of 3,500,000 shares to Directors and management and approved the allotment and issuance of up to 23,875,115 placement shares to Burwill or its subsidiaries.

On 25 June 2018, Suen Sze Man resigned as a director of the Company.

The Company's business strategy is to continue to focus on the Bald Hill Project and progress the merger with Tawana Resources NL.

As at 30 June 2018, the Company had cash on hand of \$18.8 million and working capital of \$5.9 million.

# DIRECTOR'S REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than what has been disclosed in the review of operations section, there has been no change in the state of affairs during the financial year.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 5 July 2018, the Company issued 13,000,000 shares to Burwill to raise approximately A\$4.2 million (approximately S\$4.3 million) (before costs).

On 9 July 2018, the Group announced it had amended the Scheme Implementation Agreement with Tawana Resources NL announced on 5 April 2018 to address the treatment of shareholders with a registered address in South Africa to:

- update the Scheme timetable following a 'no objection' ruling from the Singapore Exchange Securities Trading Limited (SGX-ST);
- include the provision for the cancellation of 1,000,000 Tawana options in exchange for the issue of 354,196 Alliance shares; and
- other technical and minor consequential amendments.

On 24 July 2018, the Company issued 3,275,115 shares to an institutional investor and 7,600,000 shares to Canaccord as the underwriter to raise approximately A\$3.6 million (approximately S\$3.7 million) (before costs).

On 25 July 2018, Shaun Menezes was appointed as Finance Director of the Company.

On 31 July 2018, the Group announced that the Bald Hill Mine had achieved commercial production with the successful commissioning of the Stage 1 DMS circuit.

On 13 August 2018, the Group announced that the listing and quotation notice had been received from the SGX-ST for the scheme consideration shares and nominal Alliance shares to be issued to facilitate the proposed dual listing.

On 20 August 2018, the Group despatched a circular for the proposed acquisition by Alliance of 100% of the issued and paid up share capital of Tawana through the implementation of the proposed scheme ("Proposed Scheme"), as a major transaction under Chapter 10 of the Catalyst Rules and the proposed issuance and allotment of up to an aggregate of 656,458,437 new Alliance shares in connection with the proposed scheme.

On 19 September 2018, the Group announced that Alliance and Tawana have determined that the Company will not seek admission to the ASX in connection with the proposed scheme at this time and will remain listed only on the SGX. It is expected that the Company will work towards an ASX listing as soon as practicable following completion of the Proposed Scheme.

On 21 September 2018, the proposed acquisition of 100% of the issued and paid-up share capital of Tawana Resources NL through the implementation of the Proposed Scheme, as a major transaction under Chapter 10 of the Catalyst Rules, and the proposed issuance and allotment of up to an aggregate of 656,458,437 new Alliance Shares in connection with the Proposed Scheme had been approved by shareholders at the Extraordinary General Meeting convened.

# DIRECTOR'S REPORT

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

On 28 September 2018, the Group announced that the proposed acquisition of Tawana was expected to be implemented in November 2018. The Group also indicated that Tawana made the following announcements also on 28 September 2018:

- Tawana had secured a \$20m debt facility with Tribeca Investment Partners Pty Ltd
- Tawana had for and on behalf of the merged group (being Tawana & AMAL once the acquisition was finalised), secured a conditional \$20m standby credit facility ("the facility"). The facility is conditional on the scheme being implemented, the Company receiving conditional ASX listing approval and entry into formal documentation, with draw down subject to customary conditions.

No other matters or circumstances have arisen subsequent to the balance date which would significantly affect the operations of the Group, its operating results or its state of affair in the subsequent financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors expect to continue with the production activities through the Bald Hill Joint Venture.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations of the Group are presently subject to environmental regulation under the laws of the Commonwealth of Australia and Western Australia. The Group has been, at all times, in full environmental compliance with the conditions of its licenses.

## SHARE OPTIONS

As at the date of this report, there were 27,000,000 options exercisable into 27,000,000 new ordinary shares of the Company as follows:

Conditions	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of options	3,800,000	3,800,000	3,800,000	15,600,000
Exercise price	S\$0.24	S\$ 0.30	S\$ 0.36	S\$ 0.49
Expiry	3 years from date of issue (May 2020)	3 years from date of issue (May 2020)	3 years from date of issue (May 2020)	3 years from date of issue (April 2021)
Vesting conditions	None	None	None	None

No options were exercised during the financial year.

# DIRECTOR'S REPORT

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has entered into an agreement indemnifying all the Directors and officers of the Group against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Group to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence.

A Director's and Officer's insurance policy is in place for which a premium of A\$40,180 was paid by the Group during the financial year.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## DIRECTORS' MEETINGS

The attendance of the Directors at Board meetings during the financial year was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Pauline Gately	9	9
Suen Sze Man	9	8
Mahtani Bhagwandas	9	8
Ong Kian Guan	9	9
Chan Hung Chiu Eddy	7	7

The attendance of members of Remuneration Committee at its meetings held during the financial year was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Pauline Gately	2	2
Mahtani Bhagwandas	2	2
Ong Kian Guan	2	2



# DIRECTOR'S REPORT

## DIRECTORS' MEETINGS (CONTINUED)

The attendance of members of Audit Committee at its meetings held during the financial year was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Pauline Gately	4	4
Mahtani Bhagwandas	4	4
Ong Kian Guan	4	4

The attendance of members of Nomination Committee at its meetings held during the financial year was as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Pauline Gately	2	2
Mahtani Bhagwandas	2	2
Ong Kian Guan	2	2

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial year.

## AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Alliance Mineral Assets Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included at page 57 of this report.

## NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, Ernst and Young, during the financial year. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

# DIRECTOR'S REPORT

## NON-AUDIT SERVICES (CONTINUED)

	<b>FY2018</b>	<b>FY2017</b>
	<b>\$</b>	<b>\$</b>
Amounts paid or payable to Ernst & Young (Australia) for:		
– agreed upon procedures	<b>32,375</b>	8,000
– taxation services – compliance	<b>26,000</b>	20,000
– independent Practitioners' Assurance Report on the Compilation of unaudited Pro Forma Historical Financial Information Included in the Merger Circular	<b>53,000</b>	–
	<b>111,375</b>	28,000
Amounts paid or payable to Ernst & Young (Singapore) for:		
– independent Practitioners' Assurance Report on the Compilation of unaudited Pro Forma Historical Financial Information Included in the Merger Circular	<b>12,000</b>	–
	<b>12,000</b>	–

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.



**Pauline Gately**  
Chairperson  
3 October 2018

# AUDITOR'S INDEPENDENCE **DECLARATION**



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## Auditor's Independence Declaration to the Directors of Alliance Mineral Assets Limited

As lead auditor for the audit of Alliance Mineral Assets Limited for the year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Alliance Mineral Assets Limited and the entities it controlled during the financial year.

Ernst & Young

V L Hoang  
Partner  
Perth  
3 October 2018

# INDEPENDENT AUDITOR'S REPORT



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## Independent auditor's report to the members of Alliance Mineral Assets Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Alliance Mineral Assets Limited (the Company) and its subsidiary (collectively the Group), which comprises the statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its financial performance for the year ended on that date;
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- c) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2(c) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



# INDEPENDENT AUDITOR'S REPORT



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

### 1. Impairment assessment of Bald Hill project's non-current assets

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2018, the Group's Ball Hill Cash Generating Unit ("CGU") includes mine development and property, plant and equipment amounting to a total of \$66,965,125 (refer to note 6 and note 7).</p> <p>At the end of each reporting period, the Group exercises judgment in determining whether there is any indication of impairment or indication that an impairment loss recognised in prior periods should be reversed. If any such indicators exists, the Group estimates the recoverable amount of that asset.</p> <p>As detailed in note 32, several indicators of impairment reversal were identified in the current period. Accordingly, the Bald Hill CGU was tested for impairment reversal where the CGU's recoverable amount was determined based on an independent expert valuation. This resulted in an impairment reversal of \$5,296,771.</p> <p>This matter is considered significant because the independent expert valuation incorporated primary inputs that were not directly market observable, and contained a degree of subjectivity.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"><li>▶ Evaluated the Group's basis for reversal of previously recognised impairment including assessing the supporting documentation used in reaching this position.</li><li>▶ Involved our valuation specialists to provide input on key assumptions made by the independent experts in arriving at their preferred valuation.</li><li>▶ Evaluated the competency, qualifications and objectivity of the valuation specialist.</li><li>▶ Undertook a site visit to understand the current development status of the assets, including any evidence of obsolescence or physical damage.</li><li>▶ Assessed the Board of Director's meeting minutes and various operational reports and plans in order to understand the future plans of the Group and to evaluate whether these were considered in the Group's evaluation of impairment.</li><li>▶ Assessed the adequacy of the disclosure included in the financial report.</li></ul>

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# INDEPENDENT AUDITOR'S REPORT



## 2. Production start date

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 2(d) to the financial statements, the date of commencement of production at the Bald Hill Project is a key judgment applied by the Group, as this is the date at which:</p> <ul style="list-style-type: none"> <li>▶ Capitalisation of development costs cease other than those costs that qualify for capitalisation relating to mining asset additions or improvements.</li> <li>▶ Depreciation of the mine development assets commences.</li> <li>▶ The group ceases to capitalise proceeds received from the sale of product produced during the development phase.</li> </ul> <p>Australian Accounting Standards do not provide specific guidance as to when a mine has reached the production stage - that is, when it is in a condition necessary to operate in a manner as intended by management- and therefore the determination of this date is subjective. As a result of the factors disclosed in Note 2(d) to the financial statements, the Group determined that production had not yet commenced at 30 June 2018. The audit of the Bald Hill joint arrangement was performed by component auditors.</p> <p>This matter is considered significant due to the degree of judgement involved and the material implications of the accounting treatment.</p>	<p>Our audit procedures included assessing the audit work undertaken by the component auditors on the Bald Hill joint arrangement to determine whether they have:</p> <ul style="list-style-type: none"> <li>▶ Assessed management's judgement in determining the date of commercial production.</li> <li>▶ Compared the current level of production of the Bald Hill plant to its design capacity.</li> <li>▶ Assessed the appropriateness of accounting for the capitalisation of development expenditure and proceeds received from the sale of product produced during the development phase based on the stage of development of the project.</li> <li>▶ Assessed the adequacy of the disclosure included in the financial report</li> </ul>

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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# INDEPENDENT AUDITOR'S REPORT



In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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# INDEPENDENT AUDITOR'S REPORT



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A stylized, handwritten-style logo of 'Ernst &amp; Young' in a light grey font.

Ernst & Young

A handwritten signature in black ink, appearing to read 'V L Hoang', written over a light grey rectangular background.

V L Hoang  
Partner  
Perth

3 October 2018

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Interest income		176,319	35,013
Other income	5	–	320,618
Foreign exchange gain/(loss)	5	236,565	(174,424)
Loss on disposal of assets		–	(1,972)
Accounting and audit expenses		(287,414)	(186,020)
Consulting and directors' fees		(764,859)	(273,777)
Administrative expenses	5	(2,327,382)	(1,826,635)
Employee salaries and other benefits	5	(2,076,531)	(368,596)
Site operating expenses	5	–	(1,840,434)
Borrowing costs	5	(1,034,731)	(487,632)
Loss on deemed disposal of interest in non-current assets	7	(352,249)	–
Reversal of impairment	32	5,296,771	–
<b>Loss before income tax</b>		<b>(1,133,511)</b>	<b>(4,803,859)</b>
Income tax expense	4	–	–
<b>Loss after tax attributable to equity holders of the Company</b>		<b>(1,133,511)</b>	<b>(4,803,859)</b>
Other comprehensive income		–	–
<b>Total comprehensive loss for the financial year attributable to equity holders of the Company</b>		<b>(1,133,511)</b>	<b>(4,803,859)</b>
Basic and diluted loss per share (cents per share)	22	(0.2)	(1.0)

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	20	18,841,160	2,857,090
Receivables	8	2,151,374	147,600
Other current assets	9	586,090	3,790,349
Inventory	10	842,258	–
<b>TOTAL CURRENT ASSETS</b>		<b>22,420,882</b>	<b>6,795,039</b>
<b>NON CURRENT ASSETS</b>			
Mine development	6	29,426,968	3,506,374
Property, plant & equipment	7	37,538,157	12,294,022
Reimbursement asset – rehabilitation obligation	16b	2,820,898	–
<b>TOTAL NON CURRENT ASSETS</b>		<b>69,786,023</b>	<b>15,800,396</b>
<b>TOTAL ASSETS</b>		<b>92,206,905</b>	<b>22,595,435</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	8,326,833	3,299,398
Deferred revenue	12	7,342,683	3,701,822
Employee benefit liabilities	13	209,763	45,002
Interest bearing loans and borrowings	14	658,442	25,051
<b>TOTAL CURRENT LIABILITIES</b>		<b>16,537,721</b>	<b>7,071,273</b>
<b>NON CURRENT LIABILITIES</b>			
Provision for rehabilitation	16a	5,641,797	1,078,987
Interest bearing loans and borrowings	14	10,336,658	17,320
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>15,978,455</b>	<b>1,096,307</b>
<b>TOTAL LIABILITIES</b>		<b>32,516,176</b>	<b>8,167,580</b>
<b>NET ASSETS</b>		<b>59,690,729</b>	<b>14,427,855</b>
<b>EQUITY</b>			
Issued capital	17	82,016,978	38,960,275
Reserves	18	7,189,121	3,849,439
Accumulated losses	19	(29,515,370)	(28,381,859)
<b>TOTAL EQUITY</b>		<b>59,690,729</b>	<b>14,427,855</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Issued Capital	Parent Equity Contribution Reserve	Share-based payment reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2016	38,960,275	1,786,822	676,683	(23,578,000)	17,845,780
Loss for the financial year	–	–	–	(4,803,859)	(4,803,859)
Total comprehensive loss for the financial year	–	–	–	(4,803,859)	(4,803,859)
Equity Transactions:					
Parent equity contributions – interest free loan	–	442,415	–	–	442,415
Share-based payments	–	–	943,519	–	943,519
<b>Balance as at 30 June 2017</b>	<b>38,960,275</b>	<b>2,229,237</b>	<b>1,620,202</b>	<b>(28,381,859)</b>	<b>14,427,855</b>
Balance as at 1 July 2017	38,960,275	2,229,237	1,620,202	(28,381,859)	14,427,855
Loss for the financial year	–	–	–	(1,133,511)	(1,133,511)
Total comprehensive loss for the financial year	–	–	–	(1,133,511)	(1,133,511)
Equity Transactions:					
Issue of fully paid ordinary shares	44,575,000	–	–	–	44,575,000
Capital raising costs	(1,518,297)	–	–	–	(1,518,297)
Share-based payments	–	–	3,339,682	–	3,339,682
<b>Balance as at 30 June 2018</b>	<b>82,016,978</b>	<b>2,229,237</b>	<b>4,959,884</b>	<b>(29,515,370)</b>	<b>59,690,729</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		176,319	35,013
Interest paid		(29,954)	(10,838)
Research and development tax rebate on operating expenditure		–	399,774
Services income received		120,242	191,010
Revenue received in advance		8,125,000	–
Payments to suppliers and employees		(3,666,761)	(2,520,802)
<b>NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	20	<u>4,724,846</u>	<u>(1,905,843)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of assets		–	28,710
Proceeds from redemption of fixed deposit		–	988,021
Proceeds from sale of product during the development phase		4,310,959	187,574
Research and development tax rebate on capital expenditure		–	705,619
Cash calls paid to joint operation not yet spent		(396,521)	–
Mine development expenditure		(20,543,086)	–
Purchase and refurbishment of plant & equipment		(24,440,274)	(3,773)
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		<u>(41,068,922)</u>	<u>1,906,151</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues	17	44,575,000	–
Payments for share issue costs	17	(1,518,297)	–
Repayment of secured loan		–	(942,907)
Payment of finance lease principal	26(d)	(18,187)	(17,187)
Payment of insurance premium loan principal	26(d)	(55,921)	(169,961)
Loan drawdowns	26(d)	13,078,775	160,130
Transaction costs associated with borrowings	26(d)	(1,061,294)	–
Repayment of unsecured loan	26(d)	(2,611,468)	(1,388,532)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<u>52,388,608</u>	<u>(2,358,457)</u>
Net increase/(decrease) in cash and cash equivalents		16,044,532	(2,358,149)
Cash and cash equivalents at beginning of financial year		2,857,090	5,389,663
Net foreign exchange difference on cash balances		(60,462)	(174,424)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	20	<u>18,841,160</u>	<u>2,857,090</u>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 1. CORPORATE INFORMATION

The financial report of Alliance Mineral Assets Limited ("the Company") and its controlled entity ("AMAL", "Alliance", the "consolidated entity" or the "group") for the financial year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 1 October 2018.

Alliance is a public company limited by shares incorporated in Australia and listed on SGX-ST. The Group is principally engaged in the business of exploring and developing Lithium and Tantalum Mineral Resources in Australia. During the financial year, the principal activity was exploration, evaluation and development for lithium and tantalum at the Bald Hill Project. The Company's registered office and principal place of business is Unit 6, 24 Parkland Road, Osborne Park, Western Australia 6017.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards as issued by the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis in accordance with the accounting policies below. The presentation and functional currency of the Company is Australian dollars.

The Group is a for-profit entity for the purpose of preparing financial statements.

The accounting policies adopted in the preparation of the financial report are consistent with those followed in the prior year, other than the adoption of the additional accounting policies for:

- Joint operations (see policy note 2(ad))
- Inventories (see policy note 2(ae))
- Reimbursement asset (see policy note 2(af))
- Certain comparatives have been reclassified to conform with current year classification.

### (b) Statement of Compliance

The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### (c) Going concern

This financial 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 Group has incurred a loss after tax for the year of \$1,133,511 (2017: \$4,803,859) and experienced net cash outflows from operating and investing activities of \$36,344,076 (2017: cash inflows of \$308). As at 30 June 2018 and 28 September 2018, the Group had cash totalling to \$18,841,160 and \$12,601,893 respectively.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Going concern (Continued)

During the financial year, Alliance and Lithco have worked together to bring the Bald Hill Project ("the Project") into production, with the first spodumene (lithium) concentrate production announced on 14 March 2018. During the initial phase of the Project (being the next 6-12 months from March 2018), the Group will be exposed to a higher level of cash outflows due to pre-strip activities and repayment of Burwill prepayment. Further, during the early stages of the Bald Hill Project and similar to other companies whose performance is dependent upon newly-constructed assets and start-up operations, The Group will also be exposed to normal risks and uncertainties, such as the Bald Hill Project failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, key additional infrastructure not coming on stream when required or within budget, potential equipment breakdown, failures, and operational errors.

The Directors recognise that the Group may need to raise additional funds via equity raisings or financing facilities to fund ongoing operating and capital expenditure (in particular, where actual cash flows differ from budgeted cash flows in light of the above-mentioned risks and uncertainties associated with newly-constructed assets and start-up operations) during the initial phase of the Bald Hill Project.

During the financial year the Group raised A\$44.57 million through the placement of shares and A\$13 million from a loan deed with a consortium of investors to fund the development of the Bald Hill Project.

Subsequent to 30 June 2018, the Group raised the following additional funds via equity fund-raisings:

- on 4 July 2018, the Group issued 13,000,000 shares to Burwill to raise approximately A\$4.2 million (approximately S\$4.3 million) (before costs); and
- on 24 July 2018, the Group issued 3,275,115 shares to an institutional investor and 7,600,000 shares to Canaccord as the underwriter to raise approximately A\$3.6 million (approximately S\$3.7 million) (before costs).

As detailed in Note 21, the Group have also through Tawana Resources NL, subsequently secured a \$20m standby credit facility subject to the merger with Tawana, and other conditions.

The Directors are satisfied they will be able to raise additional funds as required and thus it is appropriate to prepare the financial statements on a going concern basis. In the event that the Group is unable to obtain sufficient funding for ongoing operating and capital requirements, there is material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group and Company not be able to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Key Judgements

##### *Production start date*

The Group assesses the stage of each mine under development to determine when a mine transitions into the production phase, being when the mine is substantially complete and ready for its intended use. The criteria used to assess the mine start date are determined based on the unique nature of each mine development project, such as the complexity of the project and its location. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from mine development to producing mines. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment for its designed capacity
- Ability to produce ore in a saleable form (within specifications)
- Ability to sustain ongoing production of ores

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory, expensed, or continue to be capitalised for costs that qualify for capitalisation relating to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

The Group has determined that as at 30 June 2018 the Bald Hill Mine had not yet transitioned into the production phase.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Critical Accounting Estimates and Judgements (Continued)

#### Key Estimates

##### *Determination of mineral resources*

The Group estimates its mineral resources in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC code'). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in mineral resources may impact the recoverability and useful lives of the exploration and evaluation, mine development and property, plant and equipment assets as well as the valuation of restoration obligations. Refer to Note 6 for mine development and Note 7 for property, plant and equipment.

##### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees or third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black Scholes model, using the assumptions detailed in note 30.

##### *Recognition of deferred tax asset*

The Group recognises deferred tax assets on the basis that it is considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future. Refer to note 4.

##### *Rehabilitation provision*

The Group records the present value of the estimated cost of restoring operating locations in the period in which the obligation arises, which is typically at acquisition or disturbance to the environment. The nature of the restoration activities includes the removal of facilities, abandonment of mine sites and rehabilitation of the affected areas. In most instances this arises many years in the future. The application of this policy necessarily requires judgmental estimates and assumptions regarding the date of abandonment, environmental legislation, the engineering methodology adopted, technologies to be used, expected future inflation rates and the asset specific discount rates used to determine the present value of these cash flows. Refer to Note 16.

##### *Impairment of property, plant and equipment and mine development*

The Group assesses each asset or cash generating unit (CGU) in each reporting period to determine whether any indication of impairment or impairment reversal exists. Where an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU). Refer to note 32 for details of the assessment undertaken for the current period, including the key assumptions that were used. The fair value methodology adopted was categorised as Level 3 in the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Critical Accounting Estimates and Judgements (Continued)

#### Key Estimates (Continued)

##### *Deferred revenue*

The Directors considered whether the deferred revenue received under the Bald Hill Lithium Concentrate Offtake agreement (see note 12) contained a significant financing component. The Directors concluded that any discount in the arrangement was provided to secure a foundation customer and was therefore provided for reasons other than financing. Accordingly, no discounting has been inputted into the transaction.

### (e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (g) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration and evaluation expenditure incurred post acquisition for each area of interest is expensed as incurred.

Carried forward expenditure on areas of interest where tenure is no longer current is written off. Furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure if impairment indicators are present and make write downs if the values are not expected to be recoverable.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Exploration expenditure (Continued)

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

### (h) Mine Development Expenditure

From the date that the commercial viability of extracting a mineral resource is demonstrable expenditure on that area of interest is capitalised as development expenditure. At the same time an appropriate portion of the carrying amount of exploration and evaluation is reclassified to development expenditure.

Development expenditure ceases to be capitalised once the asset is considered to be in the production phase and the asset is amortised over the assessed useful life from that date.

### (i) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost and, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Once an asset is installed and commissioned it is depreciated over its useful live using the straight-line method. Useful lives for asset categories is as follows:

- Buildings: 20 years
- Furniture and fittings: 3-10 years
- Motor vehicles: 8-12 years
- Plant and equipment: 3-10 years
- Office equipment: 3-10 years

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Trade Receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

### (k) Cash and Cash Equivalents

Cash and short term deposits in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above.

### (l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Provision for rehabilitation

The provision for rehabilitation represents the cost of restoring site damage following initial disturbance. Increases in the provision are capitalised to the associated assets to the extent that the future benefits will arise. Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Gross rehabilitation costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risk specific to the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

### (n) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

### (o) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### *Interest income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### *Services income*

Services income comprises of mining camp and administrative services. This income is recognised in the period that it is earned.

### (q) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset it is netted off against the cost of the related asset.

### (r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### (s) Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Earnings per share (Continued)

#### *Diluted earnings per share*

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

Where there has been a share split the number of shares used in calculating both basic and diluted earnings per share are adjusted on a retrospective basis.

### (t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

### (u) Trade and other payables

Liabilities for trade creditors and other payables are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 30.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the value of the shares of Alliance Mineral Assets Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 22).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (w) Interest bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, all interest bearing loans and borrowings, other than liabilities held for trading, are subsequently measured at amortised cost using the effective interest method.

### (x) Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Foreign currencies

Transactions in foreign currencies are recorded in the functional currency of the transacting entity within the Group at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All exchange differences on monetary items are included in determining profit or loss. Non-monetary items are recorded in the applicable functional currency using the exchange rate at the date of the transaction.

### (z) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (aa) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. Liabilities arising in respect of wages and salaries, annual leave and other benefits due to be settled within twelve months of the reporting date are measured at rates which are expected to be paid when the liability is settled.

Contributions for pensions and other post-employment benefits to defined contribution plans are recognised in comprehensive income as incurred during the period in which employees render the related service.

### (ab) Unearned revenue

Revenue from long-term offtake agreements is a payment for future product to be delivered. Advance customer payments are unearned revenues at the time of receipt. When the product is delivered to the customer the unearned revenue will be released to the profit or loss on an undiscounted basis.

### (ac) Deposits

Deposits paid are classified as other current assets until such time that they are no longer restricted in terms of their use.

### (ad) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its assets and liabilities, and its share of jointly held assets, liabilities, revenues and expenses of joint operations in accordance with the term of the arrangement which are in proportion to its interest in the joint operation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (ae) Inventories

Stores and consumables are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs.

### (af) Reimbursement asset – rehabilitation obligation

The reimbursement asset represents the expected 50% reimbursement from the joint operator, Tawana, under the agreement entered into between AMAL and Tawana in relation to the Bald Hill project for rehabilitation expenditure on the Bald Hill Joint Venture tenements that are currently registered in the name of the Company. The reimbursement asset is measured at the amount of the rehabilitation obligation recognised at reporting date recoverable from the joint operator.

## 3. SEGMENT INFORMATION

For management purposes, the Group is organised into one operating segment, which involves exploration for and development of the mineral assets in Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board of Directors (Chief Operating Decision Makers) as a single segment.

Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. All of the Group's non-current assets reside in Australia.

## 4. INCOME TAX

### (a) Income tax expense

Major component of tax expense for the financial year:

Current tax

Deferred tax

2018	2017
\$	\$
-	-
-	-
-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 4. INCOME TAX (CONTINUED)

### (b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

	2018 \$	2017 \$
Loss before tax	(1,133,511)	(4,803,859)
Tax at the company rate of 27.5% (2017: 27.5%)	(311,716)	(1,321,061)
Equity contribution share based payments	342,799	259,468
Non-deductible expenses	199,897	131,118
Taxable gains on issue of lithium rights	989,448	–
Non-assessable income	(1,456,612)	(8,956)
Income tax benefit not brought to account	236,184	939,431
Income tax expense	–	–

### (c) Deferred tax

The following deferred tax balances have not been brought to account:

	2018 \$	2017 \$
<i>Deferred Tax Liabilities</i>		
Prepayments	(82,586)	(8,428)
Offset by deferred tax assets	82,586	8,428
	–	–
<i>Deferred Tax Assets</i>		
Total losses available to offset against future taxable income	3,392,959	2,637,597
Provisions and accruals	80,816	204,795
Impairment of non-current assets	–	106,190
Section 40-880 expenditure	402,834	195,495
Others	–	47,967
Deferred tax assets offset against deferred tax liabilities	(82,586)	(8,428)
Deferred tax assets not brought to account as realisation is not regarded as probable	(3,794,023)	(3,183,616)
Deferred Tax asset	–	–



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 4. INCOME TAX (CONTINUED)

### (d) Unused tax losses

	2018 \$	2017 \$
Potential tax benefit not recognised	12,338,032	9,591,262
Potential tax benefit not recognised at 27.5% (2017: 27.5%)	3,392,959	2,637,597

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
- (iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

No deferred tax assets have been recognised as at 30 June 2018 (30 June 2017: nil) as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 5. OTHER INCOME AND EXPENDITURES

	2018 \$	2017 \$
Other income comprises:		
Government grants	–	32,566
Mining camp and administration services	–	286,805
Sundry income	–	1,247
Total Other income	–	320,618
Gain/(Loss) on foreign exchange	<b>236,565</b>	(174,424)
Administrative expenses includes:		
Legal fees	<b>971,487</b>	177,882
Listing associated fees	<b>539,851</b>	224,073
Share based payments (advisor fees)	–	943,520
Depreciation	<b>101,500</b>	51,710
Consultants	<b>213,094</b>	15,248
General expenses	<b>501,450</b>	414,202
Total administrative expenses	<b>2,327,382</b>	1,826,635
Employee salaries and other benefits expenses comprises:		
Salaries and wages	<b>893,342</b>	282,140
Superannuation	<b>84,114</b>	38,370
Payroll tax and worker compensations	<b>30,609</b>	48,086
Share based payments (compensation shares issued)	<b>1,068,466</b>	–
Total employee benefits expense	<b>2,076,531</b>	368,596
Site operating expenses includes:		
Plant maintenance	–	62,578
Tenement maintenance	–	178,549
Depreciation	–	1,265,727
Other site operating expenses	–	333,580
Total site operating expenses	–	1,840,434
Site operating costs in the prior year relates to costs incurred to maintain the Bald Hill Mine Site. No such costs were expensed in the current year as all costs had been capitalised as mine development, due to the Bald Hill project being in the construction phase.		
Borrowing costs comprises:		
Accretion of discount on Living Waters Mining loan	<b>174,648</b>	476,794
Interest payable on project loan	<b>828,902</b>	–
Interest accretion on provision for rehabilitation	<b>17,896</b>	–
Interest payable on secured loan	<b>4,668</b>	8,407
Interest payable on other loans	<b>8,617</b>	2,431
Total borrowing costs	<b>1,034,731</b>	487,632

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 6. MINE DEVELOPMENT

	2018 \$	2017 \$
At beginning of the financial year – at cost	3,506,374	3,088,018
Additions	27,493,115	596,565
Proceeds from sale of product during the development phase	(5,214,106)	(178,209)
Reversal of impairment (see note 32 for further details)	5,296,771	–
Share of asset derecognised on formation of the Bald Hill Joint Venture (see note 7 for further details)	(1,655,186)	–
Total mine development	29,426,968	3,506,374

The project loan is secured over AMAL's 50% interest in the Bald Hill Joint Venture. See Note 14 for further details.

Refer to note 32 for discussion on impairment of non-current assets.

## 7. PROPERTY, PLANT AND EQUIPMENT

	2018 \$	2017 \$
<b>Assets under construction</b>		
At cost	34,995,583	70,045
<b>Buildings</b>		
Gross carrying amount at cost	1,629,922	2,966,353
Less: Accumulated depreciation	(130,444)	(515,407)
Net carrying amount	1,499,478	2,450,946
<b>Furniture and fittings</b>		
Gross carrying amount at cost	21,391	97,263
Less: Accumulated depreciation	(9,431)	(38,992)
Net carrying amount	11,960	58,271
<b>Office equipment</b>		
Gross carrying amount at cost	303,622	187,401
Less: Accumulated depreciation	(196,841)	(100,526)
Net carrying amount	106,781	86,875
<b>Plant and equipment</b>		
Gross carrying amount at cost	658,283	11,516,457
Less: Accumulated depreciation	(78,227)	(1,992,902)
Net carrying amount	580,056	9,523,555
<b>Motor vehicles</b>		
Gross carrying amount at cost	131,389	198,885
Less: Accumulated depreciation	(47,846)	(94,555)
Net carrying amount	83,543	104,330
<b>Leased assets</b>		
Gross carrying amount at cost	262,949	–
Less: Accumulated depreciation	(2,192)	–
Net carrying amount	260,757	–
<b>Total Property, plant &amp; equipment</b>		
Gross carrying amount at cost	38,003,139	15,036,404
Less: Accumulated depreciation	(464,982)	(2,742,382)
Net carrying amount	37,538,157	12,294,022

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The project loan is secured over AMAL's 50% interest in the Bald Hill Joint Venture. See Note 14 for further details.

Reconciliation of movement in property, plant and equipment:

	Assets under construction*	Buildings	Furniture and fittings	Office equipment	Plant & equipment	Motor vehicles	Leased assets	Total
Balance at 1 July 2017	70,045	2,450,946	58,271	86,875	9,523,555	104,330	–	12,294,022
Additions	30,899,638	1,823	760	116,221	64,748	10,940	262,949	31,357,079
Share of asset derecognised on formation of the Bald Hill Joint Venture	(35,023)	(836,414)	(20,384)	–	(4,634,070)	(15,164)	–	(5,541,055)
Transfers**	4,060,923	–	(20,384)	–	(4,040,539)	–	–	–
Depreciation expense	–	(116,877)	(6,303)	(96,315)	(333,638)	(16,563)	(2,192)	(571,888)
Balance at 30 June 2018	34,995,583	1,499,478	11,960	106,781	580,056	83,543	260,757	37,538,157
Balance at 1 July 2016	70,045	2,641,171	73,167	124,081	10,557,674	169,620	–	13,635,758
Additions	–	–	–	3,773	–	–	–	3,773
Disposals	–	–	–	–	–	(28,072)	–	(28,072)
Depreciation expense	–	(190,225)	(14,896)	(40,979)	(1,034,119)	(37,218)	–	(1,317,437)
Balance at 30 June 2017	70,045	2,450,946	58,271	86,875	9,523,555	104,330	–	12,294,022

\* This is not regarded a qualifying asset under AASB 123 Borrowing Costs (IAS 23) because the group has determined that the asset will not take a substantial period of time to it get ready for its intended use.

\*\* Transfers have arisen primarily as a result of plant undergoing refurbishment during the year and therefore being reclassified to assets under construction.

Included above are assets with a cost of \$368,238 (2017: \$105,287) and accumulated depreciation of \$45,535 (2017: \$32,945) which are secured pursuant to a finance lease arrangements.

On 24 October 2017, Lithco No. 2 completed its earn-in to the Bald Hill Project and the Bald Hill Joint Venture was formed. As a result of this there was a loss on disposal computed as follows:

	\$
Share of the fair value of assets contributed by Lithco No. 2 Pty Ltd on formation of the Bald Hill Joint Venture	6,250,000
Add: assets contributed to the Bald Hill Joint Venture by Lithco No. 2 Pty Ltd (shown as additions above)	54,500
Add: recognition of reimbursement asset – rehabilitation obligation	539,493
Carrying value of net assets disposed of to the Bald Hill Joint Venture	
– Property, plant and equipment	(5,541,056)
– Mine development	(1,655,186)
Loss on disposal	(352,249)

Refer to note 32 for discussion on impairment of non-current assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 8. RECEIVABLES

	2018 \$	2017 \$
<b>Current</b>		
Trade debtors	175,483	–
GST Receivable	1,878,879	17,936
Other Receivables	97,012	129,664
	<b>2,151,374</b>	<b>147,600</b>

Trade debtors, GST and other receivables are non-interest bearing. Due to their short term nature, the carrying value is assumed to approximate their fair value. Other receivables in the current year mainly relate to back-charges to contractors and diesel fuel rebate and are aged between 30 and 90 days. All trade debtors are neither past due nor impaired and are aged between 30 and 60 days. Terms of trade debtors are on 30-60 days terms.

## 9. OTHER CURRENT ASSETS

	2018 \$	2017 \$
Prepayments	63,749	30,646
Term deposit	50,000	–
Bank guarantees	50,000	–
Bonds receivable	25,820	–
Prepaid expenditure – joint operation <sup>(iii)</sup>	396,521	–
Restricted cash <sup>(i)</sup>	–	3,759,703
	<b>586,090</b>	<b>3,790,349</b>

(i) Restricted cash related to the first prepayment received under the long-term lithium concentrate offtake contract with a wholly owned subsidiary of Burwill. The cash became unrestricted during the year ended 30 June 2018. The prepayments were to be used for the development and operating costs of the Bald Hill Project and were considered to therefore still be restricted as at 30 June 2017.

(ii) This represents the balance of a cash call paid to the Bald Hill Joint Venture manager in advance of expenditure incurred.

## 10. INVENTORY

	2018 \$	2017 \$
<b>Current</b>		
Consumables (at cost)	842,258	–
	<b>842,258</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 11. TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
<b>Current</b>		
Trade and other payables (i)	3,586,191	175,345
Accruals	4,740,642	687,233
Due to related entity, Living Waters Mining Pty Ltd (ii)	–	2,436,820
	<b>8,326,833</b>	<b>3,299,398</b>

(i) Trade and other payables and accruals are non-interest bearing and payable on demand. Due to their short term nature, the carrying value of trade and other payables and accruals approximates their fair value.

(ii) The balance owing to Living Waters Mining Pty Ltd (LWM) is discussed further in note 25.

## 12. DEFERRED REVENUE

	2018 \$	2017 \$
Deferred revenue <sup>(i)</sup>	7,342,683	3,701,822
	<b>7,342,683</b>	<b>3,701,822</b>

(i) Refer to Note 28 for further details on the deferred revenue. The deferred revenue relating to the prepayments received has been reclassified and presented as a separate line item in the statement of financial position in order to more appropriately reflect the nature of this item. Previously, deferred revenue was presented as part of trade and other payables.

## 13. EMPLOYEE BENEFIT LIABILITIES

	2018 \$	2017 \$
<b>Current</b>		
Termination benefits payable	127,750	–
Annual leave	82,013	45,002
	<b>209,763</b>	<b>45,002</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 14. INTEREST BEARING LOANS AND BORROWINGS

	2018 \$	2017 \$
Current		
Finance lease liabilities <sup>(i)</sup>	103,975	17,186
Insurance Premium Funding	30,721	7,865
Interest payable	523,747	–
	<b>658,442</b>	25,051
Non-Current		
Project loan – principal drawn-down loan, net of transaction costs <sup>(ii)</sup>	10,166,973	–
Finance lease liabilities <sup>(i)</sup>	169,685	17,320
	<b>10,336,658</b>	17,320

(i) The carrying amount of the finance lease liabilities, insurance premium funding and interest payable approximates fair value. The finance leases incur interest of between 6-11% and are secured over the assets financed.

(ii) On 28 March 2018, the Company entered into a loan deed for up to \$13 million with a consortium of lenders to fund the development of the Bald Hill Lithium and Tantalum Mine, which is secured over the Company's 50% interest in the Bald Hill Joint Venture and its interest in all tenements connected with the Bald Hill Joint Venture.

The loan is repayable on the second anniversary of the advance date and interest of 11% per annum is payable for the first 6 calendar months, and thereafter at 20% per annum for the remaining tenure. The following fees are also payable:

- establishment fees of 1.5% payable to the lenders
- 15.6 million options exercisable at \$50.49 per share, expiring 3 years from date of issue payable to the lenders
- commission expenses of 5% payable to the joint arrangers.

The above fees were treated as transaction costs and form a part of the effective interest calculation on the loan. As at 30 June 2018, the loan is fully drawn down.

There are no other financing facilities available to the Group as at 30 June 2018.

## 15. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All of the Group's financial assets and financial liabilities are measure at amortised cost, which approximates fair value with the exception of the project loan which was considered to have a fair value of \$12,348,064 at 30 June 2018. The fair value measurement is classified as Level 3 on the fair value hierarchy. The fair value of the project loan was calculated by discounting future cash flows at the prevailing market interest rate at 30 June 2018 of 26.9%. If the interest rate was to increase/(decrease) by 1% this would result in the following fair value movements:

- Increase in interest rate by 1%: decrease in fair value of \$140,937
- Decrease in interest rate by 1%: increase in fair value of \$143,897

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 16. PROVISION FOR REHABILITATION & REIMBURSEMENT ASSET – REHABILITATION OBLIGATION

	2018 \$	2017 \$
<b>16a Provision for rehabilitation</b>		
At beginning of the year	1,078,987	1,078,987
Interest accretion for the year	17,896	–
Increase during the year	4,544,914	–
<b>Total provision for rehabilitation</b>	<b>5,641,797</b>	<b>1,078,987</b>

The provision for rehabilitation work relates to the Bald Hill Tantalum project. The increase during the year relates to the additional disturbance arising from mining and development activities during the year. The timing of settlement of this obligation cannot be established with any certainty but has been estimated to be in 2026. Many of the old pits identified for rehabilitation work will be subject to new mining. In calculating the provision for rehabilitation an inflation rate of 2.2% (2017: 1.9%) and discount rate of 2.7% (2017: 2.4%) have been used.

## 16b Reimbursement asset – rehabilitation obligation

	2018 \$	2017 \$
Recognised on formation of joint operation (Note 7)	539,493	–
Increase during the period	2,281,405	–
<b>Total reimbursement asset – rehabilitation obligation</b>	<b>2,820,898</b>	<b>–</b>

Alliance is the sole tenement holder of the Bald Hill Joint Venture tenements and is therefore liable for 100% of the rehabilitation obligations. However, under the Bald Hill Joint Venture agreement with Tawana, Alliance is able to recover 50% of the obligations. The rehabilitation reimbursement asset represents the expected reimbursement from Tawana under the agreement.

## 17. ISSUED CAPITAL

### (a) Issued and paid up capital

	2018 \$	2017 \$
Ordinary shares fully paid	82,016,978	38,960,275

	2018		2017	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in ordinary shares</b>				
Opening balance	480,763,760	38,960,275	480,763,760	38,960,275
Placements	151,333,032	44,575,000	–	–
Transaction costs on share issues	–	(1,518,297)	–	–
<b>Closing balance</b>	<b>632,096,792</b>	<b>82,016,978</b>	<b>480,763,760</b>	<b>38,960,275</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 17. ISSUED CAPITAL (CONTINUED)

### (c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

### (d) Capital risk management

The Group's capital comprises share capital and reserves less accumulated losses. As at 30 June 2018, the Group had net assets of \$59,690,729 (2017: \$14,427,855). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. Refer to note 26 for information on the Group's financial risk management policies.

## 18. RESERVES

	2018 \$	2017 \$
Parent equity contributed reserve <sup>(i)</sup>	2,229,237	2,229,237
Share based payments reserve <sup>(ii)</sup>	4,959,884	1,620,202
	<b>7,189,121</b>	<b>3,849,439</b>

- (i) The parent equity contributed reserve comprises benefits provided to the Company by the ultimate parent entity at the time, for which no compensation was payable by the Group.
- (ii) Share based payments reserve is the value of equity benefits provided to employees, directors, debt providers and consultants.

### (a) Movement in reserves

	2018 \$	2017 \$
Movements in the parent equity contribution reserve are as follows:		
Opening balance	2,229,237	1,786,822
Equity portion of interest-free loan	–	442,415
Closing balance	<b>2,229,237</b>	<b>2,229,237</b>
Movements in the share based payments reserve are as follows:		
Opening balance	1,620,202	676,683
Compensation shares approved by shareholders but not issued (Note 30(a))	1,246,543	–
Options issued during the year (Note 30(b))	2,093,139	943,519
Closing balance	<b>4,959,884</b>	<b>1,620,202</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 19. ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	2018 \$	2017 \$
Opening balance	28,381,859	23,578,000
Loss for the financial year	1,133,511	4,803,859
Closing balance	29,515,370	28,381,859

## 20. CASH AND CASH EQUIVALENTS

Reconciliation of operating loss after tax to net cash flows from operations

	2018 \$	2017 \$
Loss after tax	(1,133,511)	(4,803,859)
<i>Add/(less) non-cash items:</i>		
Non-cash borrowing costs	1,100,223	476,794
Depreciation	101,500	1,317,437
Foreign exchange gain	(236,565)	174,424
Share based payments	1,246,543	943,519
Reversal of impairment	(5,296,771)	–
Loss on deemed disposal of interest in non-current asset	352,249	–
<i>Changes in assets and liabilities:</i>		
Trade and other payables	204,856	(1,063,897)
Employee benefits	164,761	–
Other assets	3,726,600	–
Deferred revenue	4,365,297	–
Trade and other receivables	129,664	1,049,739
Net cash flow used in operating activities	4,724,846	(1,905,843)

### Reconciliation of cash and cash equivalents

Cash and cash equivalents comprises:

Cash at bank	18,841,160	2,857,090
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Cash at bank earns interest between 0–2.5%.

## 21. SUBSEQUENT EVENTS

On 5 July 2018, the Company issued 13,000,000 shares to Burwill to raise approximately A\$4.2 million (approximately S\$4.3 million) (before costs).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 21. SUBSEQUENT EVENTS (CONTINUED)

On 9 July 2018, the Group announced it had amended the Scheme Implementation Agreement with Tawana Resources NL announced on 5 April 2018 to address the treatment of shareholders with a registered address in South Africa to:

- update the Scheme timetable following a 'no objection' ruling from the Singapore Exchange Securities Trading Limited (SGX-ST);
- include the provision for the cancellation of 1,000,000 Tawana options in exchange for the issue of 354,196 Alliance shares; and
- other technical and minor consequential amendments.

On 24 July 2018, the Company issued 3,275,115 shares to an institutional investor and 7,600,000 shares to Canaccord as the underwriter to raise approximately A\$3.6 million (approximately S\$3.7 million) (before costs).

On 25 July 2018, Shaun Menezes was appointed as Finance Director of the Company.

On 31 July 2018, the Group announced that the Bald Hill Mine had achieved commercial production with the successful commissioning of the Stage 1 DMS circuit.

On 13 August 2018, the Group announced that the listing and quotation notice had been received from the SGX-ST for the scheme consideration shares and nominal Alliance shares to be issued to facilitate the proposed dual listing.

On 20 August 2018, the Group despatched a circular for the proposed acquisition by Alliance of 100% of the issued and paid up share capital of Tawana through the implementation of the proposed scheme, as a major transaction under Chapter 10 of the Catalyst Rules and the proposed issuance and allotment of up to an aggregate of 656,458,437 new Alliance shares in connection with the proposed scheme.

On 19 September 2018, the Group announced that Alliance and Tawana have determined that the Company will not seek admission to the ASX in connection with the proposed scheme at this time and will remain listed only on the SGX. It is expected that the Company will work towards an ASX listing as soon as practicable following completion of the Proposed Scheme.

On 21 September 2018, the proposed acquisition of 100% of the issued and paid-up share capital of Tawana Resources NL through the implementation of the Proposed Scheme, as a major transaction under Chapter 10 of the Catalyst Rules, and the proposed issuance and allotment of up to an aggregate of 656,458,437 new Alliance Shares in connection with the Proposed Scheme had been approved by shareholders at the Extraordinary General Meeting convened.

On 28 September 2018, the Group announced that the proposed acquisition of Tawana was expected to be implemented in November 2018. The Group also indicated that Tawana made the following announcements also on 28 September 2018:

- Tawana had secured a \$20m debt facility with Tribeca Investment Partners Pty Ltd

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 21. SUBSEQUENT EVENTS (CONTINUED)

- Tawana had for and on behalf of the merged group (being Tawana & AMAL once the acquisition was finalised), secured a conditional \$20m standby credit facility ("the facility"). The facility is conditional on the scheme being implemented, the Company receiving conditional ASX listing approval and entry into formal documentation, with draw down subject to customary conditions.

Other than as stated above, no other matters or circumstances have arisen subsequent to the balance date which would significantly affect the operations of the Company or Group, its operating results or its state of affair in the subsequent financial years.

## 22. LOSS PER SHARE

	2018 \$	2017 \$
Basic loss per share (cents)	(0.2)	(1.0)
Diluted loss per share (cents)	(0.2)	(1.0)
Loss used in calculating basic and diluted loss per share	<u>(1,133,511)</u>	<u>(4,803,859)</u>
Weighted average number of ordinary shares used in calculating basic and diluted loss per share:	<u>564,305,713</u>	<u>502,625,712</u>

In November 2017, 74,810,228 shares were issued at a discount to market value. The loss per share calculation prior to the issue of these shares has been adjusted by a factor of 1.03 as a result to reflect the impact of the discount.

In May 2018, 76,522,804 shares were issued at a discount to market value. The loss per share calculation prior to the issue of these shares has been adjusted by a factor of 1.01 as a result to reflect the impact of the discount.

The earnings per share calculation prior to the issue of these shares has been adjusted by a factor of 1.05 up to 29 September 2017, and a factor of 1.05 up to 2 May 2018 to reflect the impact of the discount.

At balance date, 27,000,000 unlisted options (2017: 11,400,000 options) were not included in the diluted loss per share calculation as they were considered anti-dilutive.

An additional 27,375,115 shares were issued after 30 June 2018 but prior to the authorisation of these financial statements, which would change the outcome of the loss per share shown above if issued prior to the end of the year. Of these shares, 13,000,000 were issued at a 10% discount to the share price.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 23. AUDITOR'S REMUNERATION

The auditor of Alliance Mineral Assets Limited is Ernst & Young Australia:

### Amounts paid or payable to Ernst & Young (Australia) for:

#### Audit services:

	2018 \$	2017 \$
– audit or review of the financial report	117,000	48,000
– share of fees for the audit/review of the Bald Hill Joint Venture	39,000	–
– audit of the farm-in exploration expenditure	–	9,000
Total audit services:	156,000	57,000

#### Other services:

– independent Practitioners' Assurance Report on the Compilation of unaudited Pro Forma Historical Financial Information Included in the Merger Circular	53,000	–
– agreed upon procedures	32,375	–
– tax compliance services	26,000	28,000
	111,375	28,000

### Amounts paid or payable to Ernst & Young LLP (Singapore) for:

#### Audit services:

– audit or review of the financial report	5,000	8,000
Total audit services:	5,000	8,000

#### Other services:

– independent Practitioners' Assurance Report on the Compilation of unaudited Pro Forma Historical Financial Information Included in the Merger Circular	12,000	–
	12,000	–

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Details of Key Management Personnel

Ms. Pauline Gately (Non-Executive Chairperson to 16 August 2018, redesignated Executive Chairperson from 17 August 2018)

Mr. Mahtani Bhagwandas (Non-Executive Director)

Mr. Ong Kian Guan (Independent Non-Executive Director)

Mr. Chan Hung Chiu Eddy (Independent Non-Executive Director, appointed 28 November 2017)

Ms. Fiona Leaw Mun Ni (Joint Company Secretary)

Mr. Shaun Menezes (Chief Financial Officer and Joint Company Secretary, appointed 21 November 2017. Appointed Finance Director from 25 July 2018)

Ms. Suen Sze Man (Non-Executive Director, redesignated from Executive Director 1 March 2018, resigned 25 June 2018)

Mr. Tjandra Pramoko (CEO, terminated 1 March 2018)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

### (b) Compensation of Key Management Personnel

	2018 \$	2017 \$
Short-term benefits:		
• Directors fees	188,000	99,409
• Salary, Wages & other benefits	757,379	453,071
Post-employment benefits		
• Superannuation and other entitlements	20,582	24,005
Termination benefits	383,250	–
Share-based payment expenses	979,000	–
Total Key Management Personnel remuneration	2,328,211	576,485

The compensation of key management personnel was within the following bands:

	2018	2017
<b>Directors</b>		
Pauline Gately	Band A	Band A
Suen Sze Man	Band B	Band A
Mahtani Bhagwandas	Band A	Band A
Ong Kian Guan	Band A	Band A
Chan Hung Chiu Eddy	Band A	N/A
<b>Executive officers</b>		
Tjandra Pramoko	Band B	B and A
Fiona Leaw Mun Ni	Band C	B and A
Shaun Menezes	Band C	N/A

Band A compensation (including share based payments) is between \$0 and \$248,084 (S\$0 and S\$250,000) per annum.

Band B compensation (including share based payments) is between \$248,084 and \$496,167 (S\$250,000 and S\$500,000) per annum.

Band C compensation (including share based payments) is between \$496,167 and \$744,251 (S\$500,000 and S\$750,000) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

### (c) Shareholdings and option holdings of key management personnel

The number of shares in the company held during the financial year held by each key management personnel of Alliance Mineral Assets Limited, including their personally related parties, is set out below.

30 June 2018	Balance at the beginning of the financial year	Acquisitions during the financial year	Disposals during the financial year	Other	Balance at the end of the financial year
Key Management Personnel					
Pauline Gately	326,082	–	–	–	326,082
Tjandra Pramoko *	118,374,974	–	(51,270,400) <sup>(3)</sup>	(67,104,574)**	–
Suen Sze Man *	118,374,974	–	(118,270,400) <sup>(3)</sup>	(104,574)**	–
Mahtani Bhagwandas	–	–	–	–	–
Chan Hung Chiu Eddy ***	–	–	–	–	–
Ong Kian Guan	–	–	–	–	–
Shaun Menezes	–	–	–	–	–
Fiona Leaw Mun Ni	163,051	–	–	–	163,051

30 June 2017	Balance at the beginning of the financial year	Acquisitions during the financial year	Disposals during the financial year	Balance at the end of the financial year
Key Management Personnel				
Pauline Gately	326,082	–	–	326,082
Tjandra Pramoko *	196,187,950	300,000 <sup>(1)</sup>	(78,112,976) <sup>(2)</sup>	118,374,974 <sup>(2)</sup>
Suen Sze Man *	196,187,950	300,000 <sup>(1)</sup>	(78,112,976) <sup>(2)</sup>	118,374,974 <sup>(2)</sup>
Mahtani Bhagwandas	–	–	–	–
Ong Kian Guan	–	–	–	–
Fiona Leaw Mun Ni	163,051	–	–	163,051

\* The interests of Tjandra Pramoko and Suen Sze Man arise from their interest in Living Waters Mining (Australia) Pty Ltd ("Living Water").

\*\* Tjandra Pramoko was terminated as Chief Executive Officer effective from 1 March 2018. Suen Sze Man was terminated as an Executive Director effective from 1 March 2018, and at this date became a non-executive Director until her resignation on 25 June 2018. The balance shown above as "other" for these individuals represent the balances at these respective dates of them ceasing as key management personnel. Both individuals were on garden leave for a period of six months from 1 March 2018.

\*\*\* Chan Hung Chiu Eddy is a General Manager of Burwill and acts as a representative of Burwill on the Board of Alliance Mineral Assets Limited. As at 30 June 2018, Burwill held a total of 80,388,728 ordinary shares in the Company.

(1) This relates to on-market acquisition as announced on 3 April 2017.

(2) Disposals for the year ended 30 June 2017 by Living Waters were as follows:

- on-market disposal of 32,038,188 shares as announced to the market on 14 October 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

### (c) Shareholdings and option holdings of key management personnel (Continued)

- off-market disposal of 46,074,788 shares as announced on 17 June 2017, where Living Waters transferred 46,074,788 of the Company's shares as agreed under a personal settlement agreement between Living Water, its shareholders and Grande Pacific Limited ("Grande Pacific") ("the Settlement Agreement"). As further clarified in the announcement dated 2 August 2017, a further 46,074,788 shares held by Living Water were frozen ("Frozen Shares") under an order of the court as security for a potential payment for which Living Waters is liable to Grande Pacific, in connection with the following arrangement:
  - (i) If by 24 October 2017 (the "Expiration Date"), the value of the shares transferred to Jonathan Lim under the Settlement Agreement does not reach a price of \$0.50 per share (the "Strike Price"), then Living Waters Mining shall be liable to pay Grande Pacific Limited a sum equivalent to the difference between the Strike Price and the volume weighted average price ("VWAP") of the shares in the Company based on a "7 calendar day lookback period from the Expiration Date", for the number of shares in the Company held by Grande Pacific as at the Expiration Date. Following such payment, the Frozen Shares would be released to the Relevant Parties.
  - (ii) If by the Expiration Date the value of the shares transferred to Jonathan Lim reaches a value equal to the Strike Price, as determined by the VWAP with a "7 calendar day lookback period" from the Expiration Date, then the above payment obligations will not apply and the Frozen Shares would be released to the Relevant Parties.

A separate sum of S\$7,000,000 was also agreed to be paid to Grande Pacific under the Settlement Agreement, but this sum was unavailable to be transferred to Grande Pacific on the date as agreed in the Settlement Agreement. As a result, Grande Pacific Limited proceeded to apply for a writ of seizure and sale ("WSS") to recover this sum through Living Waters Mining ownership of shares in the Company.

On 30 June 2017, the WSS was filed and served by the Sheriff's Office, Supreme Court of Singapore to seize 72,300,186 shares (excluding the above 46,074,788 frozen shares) in the Company belonging to Living Waters. The WSS was however limited to a sum of S\$7,000,000 plus interest, and post judgment costs and disbursements. The actual number of shares to be sold would be determined based on the prevailing market price of the Company's shares at the time of the sale, with any remaining shares will be transferred back to Living Waters. The seized shares were subsequently released back to Living Waters in January 2018.

#### (3) Disposals for the year ended 30 June 2018 by Living Waters were as follows:

- On 30 October 2017, Living Water received notification that Sheriff Office, Supreme Court of Singapore had in accordance with the Writ of Seizure and Sale, disposed of 32,270,400 shares to satisfy the sum of S\$7,000,000, plus interest and post judgement costs and disbursements.
- On 29 January 2018, Living Waters sold 19,000,000 shares pursuant to a sale and purchase agreement (the "sale shares"). The sale shares were part of the 46,074,788 frozen shares subject to an injunction order which has been lifted. Separately, the Sheriff has also subsequently released the 40,029,786 seized as at 31 December 2017.
- On 21 May 2018, Living Waters sold 30,000,000 shares in an off-market transaction.
- On 1 June 2018, Living Waters sold 37,000,000 shares in an off-market transaction.

The above seizures and sales are matters between a major shareholder and a third party and does not affect the financial position or the performance of the Company.

### (d) Compensation shares unissued at 30 June 2018

On 25 June 2018, shareholders approved the issue of the following compensation shares to key management personnel. These were subsequently issued on 5 July 2018:

- Ong Kian Guan: 250,000
- Mahtani Bhagwandas: 250,000
- Fiona Leaw Mun Ni: 1,125,000
- Shaun Menezes: 1,125,000

### (e) Other transactions with key management personnel

With the exception of items disclosed in note 24 and note 25 there were no other transactions with key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 25. RELATED PARTY DISCLOSURES

The ultimate parent entity of the Group is Alliance Mineral Assets Limited.

### **Payables owing to Living Waters Mining Pty Ltd:**

The balance owing to Living Waters Mining Pty Ltd (LWM), an entity related to Suen Sze Man and Tjandra Pramoko represented a balance due under the agreement to purchase the Bald Hill Tantalum Project. The original balance of \$4 million was interest free and was previously payable on demand. Pursuant to a Supplemental Deed dated 18 June 2014 between LWM and the Group, LWM agreed, confirmed and undertook to the Group that LWM shall not be paid the outstanding Cash Component (or any part thereof) for a period of 18 months commencing from the date of the Listing ("Minimum Non-Payment Period"); and LWM agreed not to demand repayment unless the Group has adequate funds.

As at 30 June 2016, due to the cash received from the R&D claims and the capital raising in June 2016, \$2,777,065 became due and payable to LWM in accordance with the terms of the revised loan agreement. On 5 September 2016, the repayment of the amount owing of \$2,777,065 was agreed to be made in 24 equal monthly instalments of \$115,711 commencing in July 2016.

In July 2017, an amount \$397,222 was repaid as a result of Free Cash Flow generated from the receipt of the 30 June 2016 R&D claim in February 2017. In addition instalments of \$1,388,532 were paid during the year and a further amount of \$825,714 was repaid from free cash flows generated from capital raising activities resulting in the balance being repaid in full by 30 June 2018.

### **Suen Sze Man and Tjandra Pramoko**

In March 2018, the Group terminated the services of two key management personnel. The notice of termination was given in accordance with the terms of service contracts and expires six months from 1 March 2018. The full cost under the notices of termination of \$383,250 has been expensed during the period. A balance of \$127,750 remains outstanding at 30 June 2018. As at the date of this report, the full amount owing has been paid.

### **Burwill Lithium Company Limited**

The Group has received lithium product prepayments through an offtake agreement with Burwill, an entity which is a substantial shareholder and customer of the Group, as well as having a seat on the Board of the Company. This is discussed further in note 28. Burwill also participated in a placement during the period of 74,810,228 ordinary shares. As at 30 June 2018 the company had trade receivables outstanding from Burwill of \$175,083 (2017:nil). Sales of product to Burwill for the year ended 30 June 2018 totalled \$5,214,106 (2017: nil).

### **Lithco No. 2 Pty Ltd and Tawana Resources Limited**

During the year the Bald Hill Joint Venture had recharges from Lithco No. 2 Pty Ltd (the operator for the Bald Hill Joint Venture) and Tawana Resources NL (the parent of Lithco No. 2 Pty Ltd) totalling \$8,795,388 (2017: nil).

### **Director and key management personnel**

For Director and key management personnel related party transactions please refer to Note 24 "Key management personnel disclosures".

There were no other related party disclosures for the financial year ended 30 June 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 26. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, interest rate risk, liquidity risk and foreign exchange movements arises in the normal course of the Group's business.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security. The Finance Director (formerly Chief Financial Officer) is responsible for the management of financial risk.

### (a) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has adopted the policy of primarily dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group is exposed to credit risk from its operating activities (primarily trade receivables (note 8) and cash and cash equivalents (note 20)).

The only customer of the company for the current year is Burwill. All outstanding balances are within their normal credit terms at 30 June 2018. There were no trade debtors in the prior year. Cash and cash equivalents are held with reputable financial institutions in Australia and Singapore.

### (b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business. The responsibility for liquidity risk management rests with the Board of Directors of the Company.

#### *Maturity analysis for financial liabilities*

Financial liabilities of the Group comprise trade and other payables and interest bearing loans and borrowings. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2018	Less than 6 months \$	6-12 months \$	1-5 years \$	Total \$
Interest-bearing liabilities	1,390,996	1,349,261	15,211,558	17,951,815
Trade and other payables	8,326,833	–	–	8,326,833
Total	9,717,829	1,349,261	15,211,558	26,278,648



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 26. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Liquidity Risk (Continued)

*Maturity analysis for financial liabilities (Continued)*

Year ended 30 June 2017	Less than 6 months \$	6-12 months \$	1-5 years \$	Total \$
Interest-bearing liabilities	17,671	9,807	16,777	44,255
Trade and other payables	1,954,066	1,519,980	–	3,474,046
Total	1,971,737	1,529,787	16,777	3,518,301

### (c) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash (see note 20).

- If the interest rate were to increase by 0.5% it would result in an increase in profit and equity by \$94,205 (2017: \$14,285).
- If the interest rate were to decrease by 0.5% it would result in a decrease in profit and equity by \$94,205 (2017: \$14,285).

Interest-bearing loans and finance leases are subject to fixed interest rates. Accordingly, the Group's exposure to interest rate risk for financial liabilities is considered to be immaterial.

### (d) Foreign exchange risk

The Company and subsidiary's functional currency is Australian dollars (AUD). The Group's foreign exchange risk arises from currency exposures to the Singapore Dollar and United States Dollar. The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency exposures in light of exchange rate movements. At balance date the Group held Singapore dollar and United States dollar denominated balances as follows:

	2018 \$	2017 \$
Cash and cash equivalents denominated in Singapore dollars	513,738	1,259,410
Payables denominated in Singapore dollars	(56,570)	–
Net exposure	457,168	1,259,410

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 26. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Foreign exchange risk (Continued)

	\$	\$
Cash and cash equivalents denominated in United States dollars	2,645,340	219,528
Receivables denominated in United States dollars	190,890	–
Net exposure	2,836,230	219,528

The following table summarises the sensitivity of financial instruments held at balance date to movements in the Singapore dollar and United States dollar exchange rate. These are based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding financial year period.

Judgments of reasonable possible movements	Impact on profit/equity Pre-tax gain/(loss)	
	2018	2017
	\$	\$
10% strengthening of Singapore \$ against AUD (2017: 10%)	45,717	125,941
10% weakening of Singapore \$ against AUD (2017: 10%)	(45,717)	(125,941)
<hr/>		
	\$	\$
10% strengthening of United States \$ against AUD	283,623	21,953
10% weakening of United States \$ against AUD	(283,623)	(21,953)

### (e) Change in liabilities arising from financing activities

	1 July 2017	Cash flows	New borrowings	Non-cash transaction costs	Accretion of interest	Reclassification	Total
	\$	\$	\$	\$	\$	\$	\$
Living Waters Mining loan	2,436,820	(2,611,468)	–	–	174,648	–	–
Current finance lease liabilities	17,186	(18,188)	89,388	–	–	15,589	103,975
Current insurance premium funding	7,865	22,856	–	–	–	–	30,721
Non-current project loan	–	13,000,000	–	–	–	–	13,000,000
Non-current project loan transaction costs	–	(1,061,294)	–	(1,771,733)	–	–	(2,833,027)
Non-current finance lease liabilities	17,320	–	167,954	–	–	(15,589)	169,685
Total	2,479,191	9,331,906	257,342	(1,771,733)	174,648	–	10,471,354

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 27. CONTINGENT LIABILITIES

Certain tenements held by the Group are subject to a royalty equal to 2.5% of the sale of all finished processed material of tantalum and tin and 5% of the sale of all finished processed materials other than tantalum and tin mined and extracted from those tenements. The Group's resource estimate arises from tenements that are not subject to this royalty.

The Group gave notice of termination of the contracts of Executive Director Suen Sze Man and Chief Executive Officer Tjandra Pramoko effective from 1 March 2018. Both individuals indicated that they reserve the right to challenge the decision to terminate their services with the Group. On 17 August 2018, the Group received letters from lawyers representing Suen Sze Man and Tjandra Pramoko requesting, among other things, confirmation of when the Group intends to issue 3,750,000 ordinary shares of the Company in favour of each of them as compensation arising from their previous services rendered to the Group. As announced on 25 June 2018, the resolutions pertaining to the proposed issuance of the Compensation Shares to the Former Executives were not approved by Shareholders at the extraordinary general meeting of the Company held on 25 June 2018. The Group has responded to these requests at the date of this report and does not believe that it is probable that any outflow of economic benefits will be required.

## 28. COMMITMENTS

### Exploration commitments:

At 30 June 2018 the Group has the following commitments relating to exploration expenditure incurred in prospecting the licensed area of the group's tenements.

	2018 \$	2017 \$
Within one year	314,235	412,607
After one year but not more than five years	856,481	1,048,422
Longer than five years	–	394,372
	<u>1,170,716</u>	<u>1,855,401</u>

The exploration commitments presented above represent the Group's share under the terms of the Bald Hill Joint Venture.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 28. COMMITMENTS (CONTINUED)

### Capital expenditure commitments

The Bald Hill Joint Venture has contractual capital expenditure commitments, the Group's share of these commitments is set out below:

	2018 \$	2017 \$
Within one year	420,106	-
After one year but not more than five years	-	-
	<b>420,106</b>	<b>-</b>

### Finance lease commitments:

The Bald Hill Joint Venture and Group have finance lease commitments relating to plant & equipment and motor vehicles. The Group's share of these commitments is set out below:

	2018 \$	2017 \$
Within one year	98,522	19,613
After one year but not more than five years	204,572	16,777
Total minimum lease payments	303,094	36,930
Less amounts representing finance charges	(29,434)	-
	<b>273,660</b>	<b>36,390</b>

### Lithium concentrate offtake agreement

On 20 April 2017, the Group entered into a lithium concentrate offtake agreement with a wholly owned subsidiary of Burwill for the supply of lithium concentrate from the Bald Hill Project over an approximate initial five year term. As part of the terms of the agreement, Burwill also agreed to advance \$8,125,000 ("Advance Payment Amount") in the amounts and on the dates set out below:

- \$3,750,000 was received on signing of this agreement; and
- \$4,375,000 on 15 July 2017;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 28. COMMITMENTS (CONTINUED)

### Lithium concentrate offtake agreement (Continued)

The contract is subject to certain conditions precedent. Under the original terms of the contract, the Group was to supply Burwill an agreed minimum amount of 6% Li2O concentrate commencing from the first quarter 2018 and receive a fixed price of US\$880 per tonne subject to adjustment for grade, punctuality of delivery and punctuality of acceptance of delivery. This was subsequently amended as follows:

- First delivery date is delayed to 15 April 2018, with other delivery dates consequentially delayed;
- AMAL is not obliged to sell the Minimum Annual Quantity to Burwill. Instead AMA is required to sell all of its share to Burwill, up to the minimum annual quantity (with Burwill having the first right of refusal over excess volume);
- Burwill will reduce the advance payment repayments under the offtake contract from 20% per shipment to 15% per shipment;
- Burwill will request one Board seat on the AMAL Board once the third tranche for the subscription shares has been paid.

Under the terms of the agreement and subsequent amendments, Burwill made total prepayments of \$8,125,000 of which the full amount has been received at balance date. Of this amount, a total of \$782,317 has been repaid through product sales during the year, resulting in a remaining balance of \$7,342,683 as at 30 June 2018.

## 29. DIVIDENDS

No dividend was paid or declared by the Company in the period since the end of the financial year, and up to the date of this report. The Directors' do not recommend that any amount be paid by way of a dividend for the financial year ended 30 June 2018 (2017: Nil).

The balance of the franking account is Nil at 30 June 2018 (2017: Nil).

## 30. SHARE BASED PAYMENTS

### (a) Share based payment transactions in profit or loss

Share based payment transactions recognised in the statement of comprehensive income during the financial year were as follows:

	2018 \$	2017 \$
Shares payable to executives and directors (i)	1,246,543	–
Options issued for corporate advisory services (ii)	–	943,519
	1,246,543	943,519

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 30. SHARE BASED PAYMENTS (CONTINUED)

### (a) Share based payment transactions in profit or loss (Continued)

(i) On 3 April 2018, the allotment of the following compensation shares was proposed to the shareholders by the Board:

- 3,000,000 compensation shares to executives
- 10,250,000 compensation shares to the directors and the former chief executive officer ("CEO")

At the Extraordinary General Meeting ("EGM") held on 25 June 2018 the shareholders voted to issue a total of 3,500,000 shares to executives and directors. These shares were subsequently allotted on 5 July 2018, and accordingly they are currently classified in the share-based payment reserve. The remaining 9,750,000 shares that were proposed to be issued to directors and the former CEO were not approved. In respect of these shares that were not approved, there was no cash alternative if the allotment was not approved by the shareholders, accordingly no expense has been recognised as at 30 June 2018.

The allotment of the compensation shares was based on the recommendations made by an external remuneration consultant in 2017, taking into account the past achievement of specific performance milestones, including the execution of the Bald Hill Joint Venture Agreement and off-take agreement as well as the commencement of commercial production for the Bald Hill Project. There were no specific vesting conditions attached to the shares. The share-based payment expense has been recognised at a value of \$1,246,543, representing the fair value of the shares to be issued using the share price as at 25 June 2018 of \$0.36.

(ii) In 2017 the Company issued the following options for corporate advisory services:

	Tranche 1	Tranche 2	Tranche 3
Number of options	3,800,000	3,800,000	3,800,000
Grant date	14 March 2017	14 March 2017	14 March 2017
Expiry date	24 May 2020	24 May 2020	24 May 2020
Exercise price	\$0.24	\$0.30	\$0.36
Vesting conditions	None	None	None
Fair value at grant date	\$0.099	\$0.088	\$0.079

The weighted average fair value of the options granted was \$0.088. As the fair value of the services received from the corporate advisory services could not be determined reliably, the fair value of the options of \$943,519 was used to value of the services received. Options were valued using the Black-Scholes model taking into account the following assumptions:

Dividend yield	Nil
Expected volatility	80%
Risk-free interest rate	1.54%
Share price	\$0.205



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 30. SHARE BASED PAYMENTS (CONTINUED)

### (b) Share based payment transactions capitalised as borrowing costs

In 2018, the Group issued the following options in lieu for cash services provided by the lender in relation to the \$13 million debt funding agreement (see note 14):

Number of options	15,600,000
Grant date	12 April 2018
Expiry date	12 April 2021
Exercise price	\$0.49
Vesting conditions	None
Fair value at grant date	\$0.13

As the fair value of the services received from the lenders could not be determined reliably, the fair value of the options of \$2,093,139 was used to value of the services received. Options were valued using the Black-Scholes model taking into account the following assumptions:

Dividend yield	Nil
Expected volatility	65%
Risk-free interest rate	2.1%
Share price	\$0.37

## 31. INTEREST IN BALD HILL JOINT VENTURE

On 24 October 2017, the Bald Hill Joint Venture ("BHJV") was established as a result of Lithco No. 2 Pty Ltd earning in to the Bald Hill Project. The Group has a 50% interest in the BHJV which is accounted for as a joint operation. BHJV is an unincorporated joint arrangement and its registered office and principal place of business is Level 3, 20 Parkland Road, Osborne Park WA 6017. Its principal activities are the development of the Bald Hill Lithium and Tantalum Project.

### (a) Commitments relating to the joint operations

The exploration and capital expenditure commitments relating to the joint operation are the same as those disclosed in Note 28.

### (b) Contingent liabilities relating to joint operations

There were no contingent liabilities relating to the joint operation as at 30 June 2018.

## 32. REVERSAL OF IMPAIRMENT

On 30 June 2015, the Group recognised an impairment expense in respect of mine development assets of \$10,593,541. During the year period, the Group established the Bald Hill Joint Venture, and has expanded the project to mining for lithium in addition to tantalum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 32. REVERSAL OF IMPAIRMENT (CONTINUED)

On 30 April 2018 the Group re-assessed the recoverable value of the Bald Hill Cash Generating Unit (CGU) and due to the following factors, an impairment reversal of \$5,296,771 was recorded:-

- the expansion of mining operations to include the economical extraction and processing of lithium in addition to tantalum;
- the completion of construction of a dense media separation plant on the Bald Hill Project;
- the achievement of project funding through debt of \$13 million and a capital raising of \$19.58 million up to April 2018;
- the commencement of production and the haulage of lithium concentrate in April 2018 to the Port of Esperance which was shipped to customers in May 2018; and
- the company's market capitalisation was significantly higher than the carrying value of its net assets.

In estimating the recoverable amount of the Bald Hill CGU, management has used fair value less costs of disposal (FVLCD) determined by an independent expert using a discounted cash flow model. The key assumptions used in the discounted cash flow model included but not limited to:

- Forecasted mining and production volumes;
- Commodity prices;
- Start-up and sustaining capital expenditure;
- Foreign exchange rates;
- Discount rate; and
- Commercial production commencing in July 2018.

The forecast commodity prices over the life of mine were estimated to be in a range of USD\$700-\$880/t for lithium concentrate and USD\$70/lb for tantalum concentrate, the discount rate adopted was 11% (nominal, post-tax), and the USD:AUD exchange rate adopted was 0.75.

Based on the valuation reports prepared by the independent valuers, management has concluded that the valuation of the project is significantly higher than its carrying value, and accordingly the full amount of prior impairment was able to be reversed. However, as the Group disposed of 50% of its interest in the Bald Hill Project on formation of the Bald Hill Joint Venture (refer to note 7 for details), 50% of the impairment expense recognised on 30 June 2015 (\$5,296,771) was reversed in the current financial period in the profit or loss.

The fair value methodology adopted for the Bald Hill CGU was categorised as Level 3 in the fair value hierarchy.

An assessment of any impairment was considered again as at 30 June 2018 and it was concluded that there was no change to the position reached at 30 April 2018.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 33. GROUP INFORMATION

Alliance Mineral Assets Limited is the parent entity of the consolidated group. The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% Equity interest	
			2018	2017
Alliance Mineral Assets Exploration Pty Ltd*	Dormant	Australia	100	–

\* Incorporated on 28 June 2018.

## 34. INFORMATION RELATING TO ALLIANCE MINERAL ASSETS LIMITED (THE PARENT)

	2018 \$	2017 \$
Current assets	22,420,822	6,795,039
Total assets	92,206,905	22,595,435
Current liabilities	16,537,721	7,071,273
Total liabilities	32,516,176	8,167,580
Issued capital	82,016,978	38,960,275
Accumulated losses	(29,515,370)	(28,381,859)
Parent entity contribution reserve	2,229,237	2,229,237
Share-based payment reserve	4,959,884	1,620,202
	<b>59,690,729</b>	<b>14,427,855</b>
Loss of the parent entity	(1,133,511)	(4,803,859)
Total comprehensive loss of the parent entity	(1,133,511)	(4,803,859)

Contractual commitments and contingent liabilities of the parent are the same as those disclosed for the Group in notes 27 and 28 respectively.

## 35. OTHER ACCOUNTING POLICIES

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the International Accounting Standards Board ('IASB') that are relevant to its operations and effective as at 1 July 2017. The adoption of these new and revised accounting standards and interpretations had no impact on the accounting policies of the group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 35. OTHER ACCOUNTING POLICIES (CONTINUED)

### **New or amended Accounting Standards and Interpretations adopted (Continued)**

Accounting Standards and Interpretations, relevant to the Group, that have recently been issued or amended but are not yet effective and have not been adopted by the Group are outlined as below.

### **AASB 9 Financial Instruments ("AASB 9")**

#### **Nature of change relevant to the Group**

AASB 9 (IFRS 9) replaces AASB 139 Financial Instruments: Recognition and Measurement (IAS 39).

Except for certain trade receivables, a company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs.

Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

The incurred credit loss model in AASB 139 (IAS 39) has been replaced with an expected credit loss model in AASB 9 (IFRS 9).

#### **Application date**

Annual reporting periods beginning on or after 1 January 2018. For Alliance this will be the year beginning 1 July 2018.

#### **Impact on initial application**

On adoption of AASB 9, the Group will classify financial assets as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics.

The Group intends to apply the new standard retrospectively at the date of initial application but will not restate comparatives. Based on the work completed to date and the financial instruments held at 30 June 2018, no significant change in the measurement of the Group's financial assets or liabilities is expected on adoption of this standard.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 35. OTHER ACCOUNTING POLICIES (CONTINUED)

### AASB 9 Financial Instruments ("AASB 9") (Continued)

The following table summarises the expected impact on the classification of the Group's financial assets and liabilities on adoption of AASB 9:

Presented in the statement of financial position	AASB 139 classification	AASB 9 classification
Cash and cash equivalents	Loans and receivables	Financial asset at amortised cost
Trade and other receivables	Loans and receivables	Financial asset at amortised cost
Deposits	Loans and receivables	Financial asset at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Loans and borrowings	Financial liability at amortised cost	Financial liability at amortised cost

### AASB 15 Revenue from Contracts with Customers ("AASB 15")

#### Nature of change relevant to the Group

AASB 15 (IFRS 15) replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts (IAS 11), AASB 118 Revenue (IAS 18), Interpretation 13 Customer Loyalty Programmes (IFRIC 13), Interpretation 15 Agreements for the Construction of Real Estate (IFRIC 15), Interpretation 18 Transfers of Assets from Customers (IFRIC 18) and Interpretation 131 Revenue – Barter Transactions (SIC 31) Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards.

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 35. OTHER ACCOUNTING POLICIES (CONTINUED)

### **AASB 15 Revenue from Contracts with Customers ("AASB 15") (Continued)**

#### **Application date**

Annual reporting periods beginning on or after 1 January 2018. For Alliance this will be the year beginning 1 July 2018.

#### **Impact on initial application**

In accordance with the transitional provisions in AASB 15 the standard is expected to be applied using the full retrospective approach. In this regard, the Group will apply the practical expedient and not restate any contracts that were completed at the beginning of the earliest period presented.

The Group has assessed all enforceable offtake agreements. In this regard, the Directors considered whether the deferred revenue received under the Bald Hill Lithium Concentrate Offtake agreement (see note 28) contained a significant financing component. The Directors concluded that any discount in the arrangement was provided to secure a foundation customer and was therefore provided for reasons other than financing. Accordingly, no discounting will be imputed into the transaction.

The offtake agreement with Burwill is on a "Free on Board" basis and revenue will be recognised when the goods have passed over the ship's rail at the Port of Esperance. Burwill will be responsible for organising transportation, shipping and logistics from the Port of Esperance to the place of destination. Accordingly, the Group has no performance obligation in relation to shipping. Sales are also subject to adjustment for grade and punctuality of delivery. This will be treated as variable consideration under AASB 15. Accordingly, the amount of consideration receivable will initially be recognised based on the expected value approach. Furthermore, the estimate of variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

### **AASB Interpretation 22: Foreign Currency Transactions and Advance Consideration (IFRIC 22)**

#### **Nature of change relevant to the Group**

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

#### **Application date**

Annual reporting periods beginning on or after 1 January 2018. For Alliance this will be the year beginning 1 July 2018.

#### **Impact on initial application**

The Group has assessed that this Interpretation will have no significant impact for the Group.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 35. OTHER ACCOUNTING POLICIES (CONTINUED)

### AASB 16 Leases ("AASB 16")

#### Nature of change

AASB 16 (IFRS 16) requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases (IAS 17). The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

#### Application date

Annual reporting periods beginning on or after 1 January 2019. For Alliance this will be the year beginning 1 July 2019.

#### Impact on initial application

To the extent that the Group, as lessee, has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 35. OTHER ACCOUNTING POLICIES (CONTINUED)

### **AASB 2018-1: Annual Improvements to IFRS Standards 2015-2017 Cycle**

#### **Nature of change relevant to the company**

The amendments clarify certain requirements in:

- ▶ AASB 3 Business Combinations and AASB 11 Joint Arrangements – previously held interest in a joint operation.
- ▶ AASB 112 Income Taxes – income tax consequences of payments on financial instruments classified as equity.
- ▶ AASB 123 Borrowing Costs – borrowing costs eligible for capitalisation.

#### **Application date**

Annual reporting periods beginning on or after 1 January 2019. For Alliance this will be the year beginning 1 July 2019.

#### **Impact on initial application**

The Group has assessed that this pronouncement will have no significant impact for the Group.

# DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Alliance Mineral Assets Limited, I state that in the opinion of the directors:

- (a) the financial statements and notes of the Alliance Mineral Assets Limited and its controlled entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance, for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and
- (b) subject to the matters discussed in note 2(c), there are reasonable grounds to believe that the Company and Group will be able to pay its debts as and when they become due and payable; and
- (c) the financial statements and notes thereto comply with International Financial Reporting Standards issued by the International Accounting Standard Board, as disclosed in Note 2(b).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2018.

On behalf of the board



Pauline Gately  
Chairperson  
3 October 2018

# STATISTICS OF SHAREHOLDINGS

## STATISTICS OF SHAREHOLDINGS

As at 21 September 2018

Issued and paid-up capital	:	A\$83,263,522 (S\$82,774,500) <sup>(1)</sup>
Number of shares	:	659,471,907
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote per share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.16	200	0.00
100 – 1,000	40	2.13	19,548	0.00
1,001 – 10,000	381	20.30	2,940,863	0.45
10,001 – 1,000,000	1,400	74.59	158,910,863	24.10
1,000,001 and above	53	2.82	497,600,433	75.45
<b>TOTAL</b>	<b>1,877</b>	<b>100.00</b>	<b>659,471,907</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	100,932,828	15.31
2	CITIBANK NOMINEES SINGAPORE PTE LTD	87,360,436	13.25
3	RAFFLES NOMINEES (PTE) LIMITED	48,523,207	7.36
4	DBS NOMINEES (PRIVATE) LIMITED	46,345,500	7.03
5	MERRILL LYNCH (SINGAPORE) PTE LTD	40,954,538	6.21
6	HSBC (SINGAPORE) NOMINEES PTE LTD	21,186,800	3.21
7	OCBC SECURITIES PRIVATE LIMITED	18,052,100	2.74
8	RHB SECURITIES SINGAPORE PTE. LTD.	15,703,500	2.38
9	MAYBANK KIM ENG SECURITIES PTE. LTD	13,336,900	2.02
10	DBSN SERVICES PTE. LTD.	12,000,000	1.82
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,794,200	1.03
12	DB NOMINEES (SINGAPORE) PTE LTD	6,343,098	0.96
13	ANG POH HWEE	4,800,000	0.73
14	KANTILAL S/O CHAMPAKLAL RAMDAS	4,000,000	0.61
15	IFAST FINANCIAL PTE LTD	3,801,000	0.58
16	YEO KHEE YEOW ANTHONY	3,000,000	0.45
17	CHIN SIEW WENG	2,887,100	0.44
18	CHEN YI	2,815,000	0.43
19	OAN CHIM SENG	2,700,000	0.41
20	TAN CHWEE LAI	2,630,000	0.40
	<b>TOTAL</b>	<b>444,166,207</b>	<b>67.37</b>

### Note:

(1) The amount of issued and fully paid-up capital is calculated based on an exchange rate of A\$1:S\$0.99413. retrieved from <https://www.oanda.com/fx-for-business> as of 21 September 2018.

# STATISTICS OF SHAREHOLDINGS

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided by Boardroom Corporate & Advisory Services Pte. Ltd as of 21 September 2018, 54.36% of the issued ordinary shares ("Shares") of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NAME OF SHAREHOLDER	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Burwill Holdings Limited <sup>(2)</sup>	–	–	93,388,728	14.16	93,388,728	14.16
Regal Funds Managements Pty Ltd <sup>(3)</sup>	–	–	65,505,604	9.93	65,505,604	9.93
Lim Asia Special Situations Master Fund Limited	60,350,000	9.15			60,350,000	9.15
LIM Advisors Limited <sup>(4)</sup>	–	–	60,350,000	9.15	60,350,000	9.15
Long Investment Management International Limited <sup>(5)</sup>	–	–	60,350,000	9.15	60,350,000	9.15
George W Long <sup>(6)</sup>	–	–	60,350,000	9.15	60,350,000	9.15
Lim Keng Hock Jonathan <sup>(7)</sup>	–	–	46,074,788	6.99	46,074,788	6.99
Ting Hong Lean, Marilyn <sup>(8)</sup>	–	–	46,074,788	6.99	46,074,788	6.99
Credit Suisse AG <sup>(9)</sup>	–	–	33,853,333	5.13	33,853,333	5.13
Credit Suisse Group AG <sup>(10)</sup>	–	–	33,853,333	5.13	33,853,333	5.13

### Notes:

- (1) The percentage of shareholdings is calculated based on the number of issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company as at 21 September 2018.
- (2) Burwill Holdings Limited is deemed to be interested in the 93,388,728 Shares of the Company held through Hillot Limited and Burwill Lithium Company Limited, the wholly-owned subsidiaries within the group of which Burwill Holdings Limited is the holding company.
- (3) Regal Funds Management Pty Ltd is deemed to be interested in the 65,606,804 Shares held by Atlantic Absolute Return Fund, Zambezi Absolute Return Fund and Regal Emerging Companies Fund II, as Regal Funds is the trustee, for Atlantic Absolute Return Fund and Regal Emerging Companies Fund II and is sub-advisor of Zambezi Absolute Return Fund.
- (4) LIM Advisors Limited is deemed to be interested in the 60,350,000 Shares held by LIM Asia Special Situations Master Fund Limited as it is the investment manager of LIM Asia Special Situations Master Fund Limited.
- (5) Long Investment Management International Limited is deemed to be interested in the 60,350,000 Shares held by LIM Asia Special Situations Master Fund Limited as it owns 100% of the shareholdings in LIM Advisors Limited, which is in turn the investment manager of LIM Asia Special Situations Master Fund Limited.
- (6) George W. Long is deemed to be interested in the 60,350,000 Shares held by LIM Asia Special Situations Master Fund Limited as he owns 100% of the shareholding in Long Investment Management International Limited, which in turns owns 100% of the shareholdings in LIM Advisors Limited, the investment manager of LIM Asia Special Situations Master Fund Limited.
- (7) Lim Keng Hock Jonathan is deemed to be interested in the 46,074,788 Shares of the Company held in Citibank Nominees Singapore Pte Ltd in favour of Bank of Singapore Limited and his spouse, Madam Ting Hong Lean Marilyn.
- (8) Madam Ting Hong Lean Marilyn is deemed to be interested in the 46,074,788 Shares held by her spouse Lim Keng Hock Jonathan.
- (9) Deemed interests arising by virtue of (a) Credit Suisse AG having an interest, or (b) Section 4 of the SFA in Alliance Shares over which subsidiaries/affiliates of Credit Suisse AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of those shares.
- (10) Deemed interests arising by virtue of (a) Credit Suisse Group AG having an interest, or (b) Section 4 of the SFA in Alliance Shares over which subsidiaries/affiliates of Credit Suisse Group AG have an interest, by reason of the ability to exercise voting discretion and to acquire/dispose of those shares.

# NOTICE OF ANNUAL GENERAL MEETING

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+618) 9388 8826.***

## TIME AND PLACE OF MEETING AND HOW TO VOTE

### VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00 p.m. (Singapore time) on Wednesday, 31 October 2018 at:

The SAF Warrant Officers and Specialist Club  
Carnation Room 1 and 2  
Level 3, 48 Boon Lay Way  
Singapore 609961

### YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting of the Company affects your shareholding and your vote is important.

### VOTING IN PERSON

To vote in person, please attend the Annual General Meeting of the Company on the date and at the place set out above.

### VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

(a) **by post or by hand to the Company's office at:**

**Unit 6, 24 Parkland Road, Osborne Park 6017, Western Australia;**

**or**

**by post or by hand to the Company's share registrar's office at:**

**Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower 048623; or**

(b) **by email to [admin@alliancemineralassets.com.au](mailto:admin@alliancemineralassets.com.au),**

so that it is received not later than 2.00 p.m. (Singapore time) on 29 October 2018.



# NOTICE OF ANNUAL GENERAL MEETING

## IMPORTANT NOTES:

- (i) **Depositors shall use the Proxy form entitled “Annual General Meeting – Depositor Proxy Form”.**
- (ii) **Proxy Forms received later than this time will be invalid.**

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder (including each Depositor who has Shares of the Company entered against their name in the Depository Register held by the CDP) has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.
- (d) Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:
  - (i) if proxy holders vote, they must cast all directed proxies as directed; and
  - (ii) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

# NOTICE OF ANNUAL GENERAL MEETING

## *Transfer of non-chair proxy to chair in certain circumstances*

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting; or
  - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 2.00 p.m. (Singapore time) on Wednesday, 31 October 2018 at The SAF Warrant Officers and Specialists Club, Carnation Room 1 and 2, Level 3, 48 Boon Lay Way, Singapore 609961.

The Explanatory Statement to this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting of the Company.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting of the Company are those who are registered Shareholders of the Company (or Depositors who have Shares of the Company entered against their name in the Depository Register held by the CDP) as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting of the Company.

A Depositor shall not be entitled to attend and vote at the Annual General Meeting unless they are shown to have Shares of the Company entered against their name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting of the Company, as certified by CDP to the Company.

All shareholders entitled to vote on an item of business at the AGM will do so by way of poll (as required under Rule 730A(2) of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST")).

# NOTICE OF ANNUAL GENERAL MEETING

## AGENDA

### ORDINARY BUSINESS

#### RESOLUTION 1 – FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial statements of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, and the auditor's report.

#### RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MS PAULINE THERESE GATELY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"THAT, for the purpose of clause 12.3 of the Company's Constitution and for all other purposes, Ms Pauline Therese Gately, a Director, retires by rotation, and being eligible, is re-elected as a Director."

Ms Pauline Therese Gately will, upon re-election as a Director of the Company, remain as Executive Chairperson of the Company.

#### RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR MAHTANI BHAGWANDAS

To consider, and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"THAT, for the purpose of clause 12.3 of the Company's Constitution and for all other purposes, Mr Mahtani Bhagwandas, a Director, who retires by rotation, and being eligible, is re-elected as a Director."

Mr Mahtani Bhagwandas will, upon election as a Director of Company, remain as a Non-Executive Director.

#### RESOLUTION 4 – ELECTION OF DIRECTOR – MR EDDY CHAN HUNG CHIU

To consider, and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"THAT, for the purpose of clause 12.5 of the Company's Constitution and for all other purposes, Mr Eddy Chan Hung Chiu, a director who was appointed on 28 November 2017, and being eligible, is re-elected as a Director."

Mr Eddy Chan Hung Chiu will, upon election as a Director of Company, remain as a Non-Executive Director.

#### RESOLUTION 5 – ELECTION OF DIRECTOR – MR SHAUN MENEZES

To consider, and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"THAT, for the purpose of clause 12.5 of the Company's Constitution and for all other purposes, Mr Shaun Menezes, a director who was appointed on 25 July 2018, and being eligible, is re-elected as a Director."

Mr Shaun Menezes will, upon election as a Director of Company, remain as a Finance Director.

# NOTICE OF ANNUAL GENERAL MEETING

## RESOLUTION 6 – AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“THAT pursuant to Rule 806 of the Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) of Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors be authorised and empowered to:

- (a)
  - (i) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

### PROVIDED THAT:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued to in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance to the Instruments made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below;
- (2) subject to such manner of calculation as may be prescribed by (SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, after adjusting for:
  - (A) new Shares arising from the conversion or exercise of any convertible securities;
  - (B) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and
  - (C) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

# NOTICE OF ANNUAL GENERAL MEETING

## AGENDA (CONTINUED)

- (4) unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law or by the Constitution of the Company to be held, whichever is earlier, except that our Directors shall be authorised to allot and issue new Shares pursuant to convertible securities notwithstanding that such authority has ceased."

## RESOLUTION 7 – AUTHORITY TO DIRECTORS TO GRANT OPTIONS AND ISSUE SHARES PURSUANT TO THE ALLIANCE EMPLOYEE SHARE OPTION SCHEME

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"That, authority be and is hereby given to the Directors of the Company to offer and grant options ("Options") in accordance with the provision of the Alliance Employee Share Option Scheme ("ESOS") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued and pursuant to the ESOS, when added to the number of Shares issued and issuable in respect of all Options granted under the ESOS, and any other share option schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding the date of the relevant grant of an Option."

To transact any other ordinary business which may be properly transacted at the AGM.

By order of the Board

LEAW MUN NI  
SHAUN MENEZES  
JOINT COMPANY SECRETARIES

9 OCTOBER 2018



# NOTICE OF ANNUAL GENERAL MEETING

## AGENDA (CONTINUED)

### EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders (including Depositors who hold Shares in the Company through CDP) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at 2.00 p.m. (Singapore time) on Wednesday, 31 October 2018 at The SAF Warrant Officers and Specialists Club, Carnation Room 1 and 2, Level 3, 48 Boon Lay Way, Singapore 609961.

#### 1. Resolution 1- Financial Statements And Reports

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the financial statements of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report and the auditor's report.

#### 2. Resolutions 2 and 3 – Re-election of Director – Ms Pauline Therese Gately and Mr Mahtani Bhagwandas

Clause 12.3 of the Constitution provides that:

- (a) At the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) A Director who retires by rotation under clause 12.3 of the Constitution is eligible for re-election; and
- (d) In determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 12.5 of the Constitution; and/or
  - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has three (3) Directors calculated in accordance with Clause 12.3 of the Constitution and accordingly one (1) must retire at the forthcoming Annual General Meeting of the Company.

Ms Pauline Therese Gately and Mr Mahtani Bhagwandas retire by rotation and seeks re-election.

Ms Pauline Therese Gately, will upon re-election as a Director of the Company, remain as Executive Chairperson of the Company.

Mr Mahtani Bhagwandas, will upon re-election as a Director of the Company, remain as a Non-Executive Director of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## AGENDA (CONTINUED)

### 3. Resolutions 4 and 5 – Election of Director – Mr Eddy Chan Hung Chiu and Mr Shaun Menezes

Clause 12.5 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Clause 12.5 of the Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In accordance with Clause 12.5 of the Constitution, Mr Eddy Chan Hung Chiu and Mr Shaun Menezes having been appointed on 28 November 2017 and 25 July 2018 respectively, holds office until the next annual general meeting and being eligible, seeks election from Shareholders.

Mr Eddy Chan Hung Chiu will, upon election as a Director of Company, remain as the Non-Executive Director.

Mr Shaun Menezes will, upon election as a Director of Company, remain as the Finance Director.

## ENQUIRIES

Shareholders may contact the Company Secretary at (+61 8) 9388 8826 if they have any queries in respect of the matters set out in these documents.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# GLOSSARY

\$ means Australian dollars.

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

**ASIC** means the Australian Securities and Investments Commission.

**Board** means the current board of directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Alliance Mineral Assets Limited (ACN 147 393 735).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CDP** means the Central Depository (Pte) Limited.

**Depositor, Depository Agent and Depository Register** shall have the respective meanings ascribed to them in the Securities and Futures Act (Chapter 289) of Singapore.

**Directors** mean the current directors of the Company.

**ESOS** means the Alliance Mineral Assets Employee Share Option Scheme.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

# GLOSSARY

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting or any one of them, as the context requires.

**S\$** means Singapore dollars.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means persons who are registered holders of Shares in the Register of Members of the Company except where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors in the Depository Register maintained by CDP and into whose securities accounts those Share are credited.

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#### DISCLAIMER

This document contains certain forward-looking statements that are not statements of historical fact. Investors can identify some of these statements by forward-looking items such as 'expect,' 'believe,' 'plan,' 'intend,' 'estimate,' 'anticipate,' 'may,' 'will,' 'would,' and 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These statements are based on current expectations, projections and assumptions about future events. Although Alliance Mineral Assets Limited believes that these expectations, projections, and assumptions are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions about its business operations. As such, the forward-looking events referred to in this document may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements. This document does not constitute or form part of any opinion on any advice to sell, or any solicitation of any offer to purchase or subscribe for, any shares nor shall it or any part of it nor the fact of its document form the basis of, or be relied upon in connection with, any contract or investment decision. Alliance Mineral Assets Limited does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this document to reflect subsequent events or circumstances.

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**ALLIANCE MINERAL  
ASSETS LIMITED**

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

