

ALLIANCE MINERAL ASSETS LIMITED

(Company Registration Number: ACN 147 393 735)

(Incorporated in the Australia on 6 December 2010)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES (AS DEFINED HEREIN) OF THE SGX-ST (AS DEFINED HEREIN) – EMPHASIS OF MATTER BY THE AUDITORS ON THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (the “**Board**”) of Alliance Mineral Assets Limited (the “**Company**”) wishes to announce that the Company’s independent auditor, Ernst & Young, had without modifying their opinion, included in the Independent Auditor’s Report an emphasis of matter in respect of the Company’s ability to continue as a going concern on the audited financial statements of the Company for the financial year ended 30 June 2018 (the “**Audited Financial Statements**”). A copy of the Independent Auditors’ Report, statement of comprehensive income for the year ended 30 June 2018, statements of financial statements as at 30 June 2018 and an extract of Note 2(c) from the notes to the Audited Financial Statements are attached to this announcement for information.

Notwithstanding the above, the Board is of the opinion that the Company will continue as a going concern, as the management has assessed the Company’s financial position and cash flow forecast for the next twelve months and is satisfied that should the need arise, they will be successful in securing additional funds through debt or equity issues to enable the Company to continue its operations and meet its obligations for the foreseeable future. Thus, it is appropriate to prepare the financial statements on a going concern basis;

The Board (i) is in the opinion that sufficient information has been disclosed for trading of the Company’s securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company’s shares to continue.

Shareholders of the Company are advised to read the Audited Financial Statements in its 2018 annual report, which will be distributed to Shareholders in due course.

BY ORDER OF THE BOARD

Pauline Gately
Executive Director
3 October 2018

This announcement has been prepared by Alliance Mineral Assets Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

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.

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"> ▶ Evaluated the Group's basis for reversal of previously recognised impairment including assessing the supporting documentation used in reaching this position. ▶ Involved our valuation specialists to provide input on key assumptions made by the independent experts in arriving at their preferred valuation. ▶ Evaluated the competency, qualifications and objectivity of the valuation specialist. ▶ Undertook a site visit to understand the current development status of the assets, including any evidence of obsolescence or physical damage. ▶ 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. ▶ Assessed the adequacy of the disclosure included in the financial 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"> ▶ Capitalisation of development costs cease other than those costs that qualify for capitalisation relating to mining asset additions or improvements. ▶ Depreciation of the mine development assets commences. ▶ The group ceases to capitalise proceeds received from the sale of product produced during the development phase. <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"> ▶ Assessed management’s judgement in determining the date of commercial production. ▶ Compared the current level of production of the Bald Hill plant to its design capacity. ▶ 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. ▶ Assessed the adequacy of the disclosure included in the financial report

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.

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.

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.



Ernst & Young



V L Hoang
Partner
Perth

3 October 2018

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	–
Loss before income tax		(1,133,511)	(4,803,859)
Income tax expense	4	–	–
Loss after tax attributable to equity holders of the Company		(1,133,511)	(4,803,859)
Other comprehensive income		–	–
Total comprehensive loss for the financial year attributable to equity holders of the Company		(1,133,511)	(4,803,859)
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 \$
CURRENT ASSETS			
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	–
TOTAL CURRENT ASSETS		<u>22,420,882</u>	<u>6,795,039</u>
NON CURRENT ASSETS			
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	–
TOTAL NON CURRENT ASSETS		<u>69,786,023</u>	<u>15,800,396</u>
TOTAL ASSETS		<u>92,206,905</u>	<u>22,595,435</u>
CURRENT LIABILITIES			
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
TOTAL CURRENT LIABILITIES		<u>16,537,721</u>	<u>7,071,273</u>
NON CURRENT LIABILITIES			
Provision for rehabilitation	16a	5,641,797	1,078,987
Interest bearing loans and borrowings	14	10,336,658	17,320
TOTAL NON CURRENT LIABILITIES		<u>15,978,455</u>	<u>1,096,307</u>
TOTAL LIABILITIES		<u>32,516,176</u>	<u>8,167,580</u>
NET ASSETS		<u>59,690,729</u>	<u>14,427,855</u>
EQUITY			
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)
TOTAL EQUITY		<u>59,690,729</u>	<u>14,427,855</u>

The accompanying notes form part of these financial statements

Extract from the Annual Report of Alliance Mineral Assets Limited

NOTES TO THE FINANCIAL STATEMENTS

Note 2

(b) 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.

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-raising:

- 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.