**ALLIANCE MINERAL ASSETS LIMITED**
(Company Registration Number: ACN 147 393 735)
(Incorporated in Australia on 6 December 2010)

**Unaudited Financial Statement and Dividend Announcement**
**For the Financial Year Ended 30 June 2018 ("FY2018")**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

| | Financial year ended 30 June | | |
|---|---|---|---|
| | **2018 (Unaudited) A$** | **2017 (Audited) A$** | **Increase / (Decrease) %** |
| 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 | (287,431) | (186,020) | 55 |
| Consulting and directors' fees | (586,782) | (273,777) | 114 |
| Administrative expenses | (2,327,382) | (1,826,635) | 27 |
| Employment expenses | (1,008,065) | (368,596) | 173 |
| Borrowing costs | (1,034,731) | (487,632) | 112 |
| Site operating expenses | - | (1,840,434) | n.m |
| Share-based payment expense | (1,246,543) | - | n.m |
| Loss on deemed disposal of interest in non-current asset | (352,232) | - | n.m |
| Reversal of impairment | 5,296,771 | - | n.m |
| **Loss before income tax** | **(1,133,511)** | **(4,803,859)** | **(76)** |
| Income tax expense | - | - | n.m |
| **Loss after tax** | **(1,133,511)** | **(4,803,859)** | **(76)** |
| **Other comprehensive income** | - | - | |
| **Total comprehensive loss for the financial year attributable to owners of the Company** | **(1,133,511)** | **(4,803,859)** | **(76)** |

n.m = not meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

| | Financial year ended 30 June | | |
|---|---|---|---|
| | **2018 (Unaudited)** | **2017 (Audited)** | **Increase / (Decrease)** |
| | **A$** | **A$** | **%** |
| Interest income | 176,319 | 35,013 | n.m |
| Gain / (Loss) on foreign exchange | 236,565 | (174,424) | n.m |
| Borrowing costs | (1,034,731) | (487,632) | 112 |
| Depreciation expense | (101,500) | (1,317,437) | n.m |

n.m = not meaningful

## 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

| | As at 30 June | |
|---|---|---|
| | **2018** | **2017** |
| | **(Unaudited)** | **(Audited)** |
| | **A$** | **A$** |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 18,841,160 | 2,857,090 |
| Other receivables | 2,151,374 | 147,600 |
| Other current assets | 586,090 | 3,790,349 |
| Inventory | 842,258 | - |
| TOTAL CURRENT ASSETS | **22,420,882** | **6,795,039** |
| NON CURRENT ASSETS | | |
| Mine development | 29,426,968 | 3,506,374 |
| Property plant & equipment | 37,538,157 | 12,294,022 |
| Reimbursement asset – rehabilitation obligation | 2,820,898 | - |
| TOTAL NON CURRENT ASSETS | **69,786,023** | **15,800,396** |
| TOTAL ASSETS | **92,206,905** | **22,595,435** |
| CURRENT LIABILITIES | | |
| Trade and other payables | 8,326,833 | 3,299,398 |
| Deferred revenue | 7,342,683 | 3,701,822 |
| Employee benefit liabilities | 209,763 | 45,002 |
| Interest bearing loans and borrowings | 658,442 | 25,051 |
| TOTAL CURRENT LIABILITIES | **16,537,721** | **7,071,273** |
| NON CURRENT LIABILITIES | | |
| Provision for rehabilitation | 5,641,797 | 1,078,987 |
| Interest bearing loans and borrowings | 10,336,658 | 17,320 |
| TOTAL NON CURRENT LIABILITIES | **15,978,455** | **1,096,307** |
| TOTAL LIABILITIES | **32,516,176** | **8,167,580** |
| **NET ASSETS** | **59,690,729** | **14,427,855** |
| EQUITY | | |
| Issued capital | 83,263,522 | 38,960,275 |
| Reserves | 5,942,577 | 3,849,439 |
| Accumulated losses | (29,515,370) | (28,381,859) |
| **TOTAL EQUITY** | **59,690,729** | **14,427,855** |

**(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

| As at 30 June 2018 (Unaudited) | | As at 30 June 2017 (Audited) | |
|---|---|---|---|
| **Secured A$** | **Unsecured A$** | **Secured A$** | **Unsecured A$** |
| 313,014 | 30,721 | 17,187 | 2,444,684 |

**Amount repayable after one year**

| As at 30 June 2018 (Unaudited) | | As at 30 June 2017 (Audited) | |
|---|---|---|---|
| **Secured A$** | **Unsecured A$** | **Secured A$** | **Unsecured A$** |
| 13,001,731 | - | 17,320 | - |

**Details of any collateral**

The secured borrowings comprised finance lease liabilities of A$16,319 (30 June 2017: A$34,507), which are secured on the Company's motor vehicles and a project loan of A$13,298,426 (30 June 2017: Nil) which is secured over the Company's interest in the Bald Hill Joint Venture.

## 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

| | For the financial year ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | Unaudited | Audited |
| | A$ | A$ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Interest received | 176,319 | 35,013 |
| Interest paid | (29,954) | (10,838) |
| Research and development tax rebate on operating expenditure | - | 399,774 |
| Other income received | 120,242 | 191,010 |
| Revenue received in advance | 8,125,000 | - |
| Payments to suppliers and employees | (3,666,761) | (2,520,800) |
| **NET CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES** | **4,724,846** | **(1,905,841)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of lithium | 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) | - |
| Inventory purchases – stores | (2,119,265) | - |
| Payments for mine development | (18,423,821) | - |
| Payments for plant & equipment | (24,440,274) | (3,773) |
| Proceeds from redemption of fixed deposit | - | 988,021 |
| Proceeds from sale of assets | - | 28,710 |
| **NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES** | **(41,068,922)** | **1,906,151** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from share issue | 44,575,000 | - |
| Payments for share issue costs | (1,518,296) | - |
| Repayment of secured loan | - | (942,907) |
| Payment to finance lease principle | (18,188) | (17,187) |
| Repayment of insurance premium loan principle | (55,921) | (169,961) |
| Loan drawdowns | 13,078,775 | 160,130 |
| Payment of costs of borrowing | (1,061,294) | - |
| Repayment of unsecured loan | (2,611,468) | (1,388,532) |
| **NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES** | **52,388,608** | **(2,358,457)** |
| Net increase/(decrease) in cash and cash equivalents | 16,044,532 | (2,358,149) |
| Cash and cash equivalents at beginning of year | 2,857,090 | 5,389,663 |
| Net foreign exchange difference on cash balances | (60,462) | (174,424) |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | **18,841,160** | **2,857,090** |

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

| | Issued Capital A$ | Reserves A$ | Accumulated Losses A$ | Total A$ |
|---|---|---|---|---|
| **(Audited)** | | | | |
| Balance as at 1 July 2016 | 38,960,275 | 2,463,505 | (23,578,000) | 17,845,780 |
| Loss for the 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 |
| **Balance as at 30 June 2017** | **38,960,275** | **3,849,439** | **(28,381,859)** | **14,427,855** |
| **(Unaudited)** | | | | |
| Balance as at 1 July 2017 | 38,960,275 | 3,849,439 | (28,381,859) | 14,427,855 |
| Loss for the 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 | (1,518,296) | - | - | (1,518,296) |
| Share-based payments | 1,246,543 | 2,093,138 | - | 3,339,681 |
| **Balance as at 30 June 2018** | **83,263,522** | **5,942,577** | **(29,515,370)** | **59,690,729** |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

| | Number of ordinary shares | Share Capital A$ |
|---|---|---|
| As at 31 March 2018 | 555,573,988 | 58,535,275 |
| Allotment and issuance of shares to three (3) sophisticated and institutional investors Australia and Hong Kong | 76,522,804 | 25,000,000 |
| Share based payments[(1)] | - | 1,246,543 |
| Capital raising costs[(2)] | - | (1,518,296) |
| As at 30 June 2018 | 632,096,792 | 83,263,522 |

[(1)]3,500,000 shares to be issued to executives and directors were approved at EGM on 25 June 2018 and issued post 30 June 2018.

[(2)] Capital raising costs relate to the underwriting fee and minor legal expenses associated with the A$25,000,000 capital raising.

The Company had on 16 June 2014, adopted the Alliance Employee Share Option Scheme ("**Scheme**"). As at 30 June 2017 and 30 June 2018, no options had been granted under the Scheme.

As at 30 June 2018, the Company had the following options in issue:

1) 11,400,000 options issued on 18 May 2017 to Canaccord Genuity (Australia) Ltd in three tranches ("**Canaccord Options**") that are exercisable into 11,400,000 new ordinary shares of the Company.

2) 15,600,000 options issued on 12 April 2018 to a consortium of lenders in relation to the A$13 million debt funding agreement that are exercisable into 15,600,000 new ordinary shares of the Company ("**Syndicated Loan Facility**").

As at 30 June 2017, the Company had only Canaccord Options in issue which are exercisable into 11,400,000 new ordinary shares of the Company.

Save as disclosed above, there were no other outstanding convertibles as at 30 June 2018 and 30 June 2017.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

The total number of issued ordinary shares was 632,096,792 as at 30 June 2018 and 480,763,760 as at 30 June 2017.

The Company did not have any treasury shares as at 30 June 2018 and 30 June 2017.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the Company has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited financial statements for the financial year ended 30 June 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Company adopted a number of new International Financial Reporting Standards ("**IFRS**"), amendments to standards and interpretations that are effective for annual periods beginning on or after 1 July 2017. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Company for the current financial year reported on.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

| | Financial year ended 30 June | |
|---|---|---|
| | **2018 (Unaudited)** | **2017 (Audited)** |
| Basic and diluted loss per share (AU cents) | (0.20)[(1)] | (1.0) [(2)] |
| Loss for the period attributable to owners of the Company (A$) | (1,133,511) | (4,803,859) |
| Weighted average number of ordinary shares used in calculating basic and diluted loss per share for the respective financial years | 564,305,713 | 480,763,760 |

Notes:

(1) The basic and diluted loss per share for FY2018 were the same as the 27,000,000 options which are exercisable into 27,000,000 new ordinary shares of the Company as at 30 June 2018 are anti-dilutive.
(2) The basic and diluted loss per share for FY2017 were the same as the 11,400,000 options which are exercisable into 11,400,000 new ordinary shares of the Company as at 30 June 2017 are anti-dilutive.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

**(a) current financial period reported on; and**
**(b) immediately preceding financial year.**

| | As at 30 June | |
|---|---|---|
| | **2018 (Unaudited)** | **2017 (Audited)** |
| Net asset value per ordinary share based on the total number of ordinary shares as at the end of the respective financial years (AU cents) | 9.4 | 3.0 |
| Net asset value as at the end of the respective financial years (A$) | 59,690,729 | 14,427,855 |
| Number of ordinary shares as at the end of the respective financial years | 632,096,792 | 480,763,760 |

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Financial year ended 30 June 2018 ("FY2018") vs. 30 June 2017 ("FY2017")**

**Review of the Income Statement**

Revenue

There was no revenue reported in FY2018 and FY2017 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$287,431 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$586,782 in FY2018 increased from A$273,777 in FY2017 mainly due to an increase in directors' fees that was approved at the Company's EGM on 30 October 2017.

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$1,008,065 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.

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.

Share-based payment expense

Share-based payment expense relates to the issuance of 3,500,000 compensation shares to entitled `directors and employees which was approved by shareholders at an EGM on 25 June 2018.

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$352,232 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 4$^{th}$ 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.

## **Review of the Financial Position of the Group**

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 tenement 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.

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.

**Review of the Cash Flow Statement of the Group**

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$18,423,821, 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 and inventory purchases of A$2,119,265, 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$1,518,296, repayment of insurance premium loan principal of A$55,919, repayment of hire purchase of A$18,188, 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.

## Going concern

The Company recorded a loss of A$1,133,511 and had cash outflows from operating and investing activities of A$36,344,076 for the year ended 30 June 2018. The Company had cash and cash equivalents of A$18,841,160 as at 30 June 2018.

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 Company 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, Alliance 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 Company 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 Company 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 Company raised the following additional funds via equity fund-raisings:
- on 4 July 2018, the Company issued 13,000,000 shares to Burwill Holdings Ltd to raise approximately A$4.2 million (approximately S$4.3 million) (before costs); and
- 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).

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 Company 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 company not be able to continue as a going concern.

## Contingent Liabilities

Certain tenements held by the Company 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 Company gave notice of termination of the contracts of Executive Director Suen Sze Man and Chief Executive Officer Tjandra Pramoko (collectively, the "**Former Executives**") effective from 1 March 2018. Both individuals indicated that they reserve the right to challenge the decision to terminate their services with the Company

On 17 August 2018, the Company received letters from lawyers representing the individuals requesting, among other things, when the Company intends to issue 3,750,000 ordinary shares of the Company in favour of each of them as compensation arising from previous services rendered.

The Company currently is in consultation with its legal counsels on the requests and will be responding to the Former Executives in due course.

## 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

In the 2017 Annual Report, it was stated in the Directors' report that the Directors expects the Company to report a loss for the financial year ending 30 June 2018 and there is no variance between what was previously disclosed and the actual results.

Information about the Bald Hill Mine project has been previously disclosed to shareholders via SGXNET announcements. Any material development or variation of the project will be updated progressively to shareholders via SGX announcements when appropriate.

## 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry and market trends

A significant trend recently within the lithium sector is the recent marked downturn in Chinese lithium carbonate prices. Commentary on this topic has dominated sector research and discussions since early 2018, and particularly over the last three months. When lithium prices began to spike in second half of 2015, it seems that few analysts were expecting battery-grade lithium carbonate to peak around $24,750/tonne in 1Q 2018[1].

Industry commentators explain that a slow supply response to rising carbonate prices pushed prices beyond most expectations, but a disconnect between lithium prices in China and the rest of the world, also appears to have been at play. Consequently, the recent correction in China's lithium carbonate prices should not have been particularly surprising. Commentators like Benchmark Mineral Intelligence[1] indicate that what's happening in China is not necessarily a reflection of global market conditions elsewhere; nor does it appear to be the case for lithium hydroxide. The longer-term nature of contracts for most of the market outside China is likely to continue to insulate companies like AMAL whose offtake agreement has fixed the for a period of time. In AMAL's case, the Company's selling price for lithium are fixed through 2018 and 2019.

There is also another important factor at play, a change in China's Electric Vehicle ("**EV**") subsidy programme in first half of 2018 has interrupted anticipated demand growth. Nonetheless, reports suggest that new EV production in China is still up 94% in 2018. The ongoing ramp up of Tesla's Nevada Gigafactory and other mega-factory expansions around lithium-ion technology, also suggest the longer-term outlook for lithium demand is still strong.[2]

The bottom line seems to be that the price downturn in Chinese carbonate is not the complete story for lithium. Segments along the battery supply chain, from mine to chemical plant to cathode and battery manufacturing, are unlikely to be entirely in unison. Consequently, there are likely to be periods of supply/demand imbalance[3]. However, with companies like LG Chem announcing significant expansion in manufacturing capacity, the volume of raw materials being locked-in by such industrial titans suggests to us that lithium's long-term positive trajectory remains intact[4].

*References:*
*1. https://benchmarkmineralsl.com/ China's Lithium price decline is not the full picture to an industry surging, August 2018*
*2. https://roskill.com/Lithium: LG Chem locks-in more raw material to meet future battery demand/*
*3. Lithium 2018 Recharge: Global Equity Research 26 April 2018, Reg Spencer, Canaccord Genuity*
*4. https://roskill.com/Lithium: LG Chem locks-in more raw material to meet future battery demand*
*Lithium 2018 Recharge: Global Equity Research 26 April 2018, Reg Spencer, Canaccord Genuity*

Proposed Merger

On 5 April 2018, the Company and Tawana entered into (and subsequently amended on 6 July 2018) a Scheme Implementation Agreement, under which Tawana has agreed to pursue a members' scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which, if implemented, the Company will acquire all of the Tawana shares for a consideration of 1.1 new Alliance Shares per Tawana Share.

Following implementation of the Proposed Merger, Tawana will become a wholly-owned subsidiary of the Company and the Company's shareholders will own approximately 50.1% of the Merged Group.

The Proposed Merger represents an opportunity for a simplified ownership structure and operational management of the Bald Hill Project to create a mid-tier producer of high-demand lithium concentrate. The creation of the Merged Group is expected to deliver a number of benefits to both companies, including but not limited to the following:

1. Single Ownership Structure
2. Experienced Merged Group Board and Management Team
3. Enhanced scale
4. Diversified shareholder base and enhanced profile

On 20 August 2018, Tawana lodged its' Scheme Booklet with ASIC and the Company has also announced and despatched the circular, which contains, *inter alia*, a notice to convene the extraordinary general meeting on 21 September 2018 to approve the Proposed Merger.

The Company will keep shareholders updated on any material developments on the aforementioned as and when appropriate.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared for FY2018.

**(b)(i) Amount per share (cents)**

Not applicable.

**(b)(ii) Previous corresponding period (cents)**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) Book closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for FY2018.

**13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a general mandate for recurrent interested person transactions. There were no interested person transactions which were S$100,000 and above entered into during the financial year.

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

The Company is organised into one operating segment, which involves development of mineral assets.

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

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments**

Not applicable.

**16. A breakdown of sales**

| | Latest Financial Year A$000 | Previous Financial Year A$'000 | '% increase/ (decrease) |
|---|---|---|---|
| (a) Sales reported for the first half year | - | - | - |
| (b) Operating profit/loss after tax before deducting minority interests reported for first half year | - | - | - |
| (c) Sales reported for the second half year | - | - | - |
| (d) Operating profit/loss after tax before deducting minority interests reported for second half year | - | - | - |

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend had been declared during FY2018 and FY2017.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

Not applicable. There is no person occupying a managerial position in the Company who is a relative of a director or chief executive officer or substantial shareholder of the Company.

## 19. 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). As at 29 August 2018, 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 | - |
| **Total** | **23,500** | **-** | **23,500** | **-** |

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 Hilll 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 of 29 August 2018, the Net Proceeds have not been utilised.

| **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 |
| **Total** | **7,400** | **-** | **7,400** |

## ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

### 20a. Rule 705 (6)(a) of the Catalist Listing Manual

#### i. Use of funds/cash for the quarter:-

For the quarter ended 30 June 2018 ("**4Q 2018**"), funds / cash were mainly used for the following activities:-

| Purpose | Amount (A$) Projected | Amount (A$) Actual Usage |
|---|---|---|
| Corporate administrative expenses | 6,600,000 | 5,679,508 |
| Bald Hill Joint Venture Contributions | 25,000,000 | 27,543,669 |
| **Total** | **31,600,000** | **33,223,177** |

**Explanation for the variances:**

Cash utilised for corporate administrative expenses was lower than forecast for the period largely due to timing of costs for the proposed merger with Tawana Resources NL. Bald Hill Joint Venture Contributions were higher than projected due to the timing of cash calls made by the Bald Hill Joint Venture operator, Lithco

#### ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

For the next immediate quarter (financial period from 1 July 2018 to 30 September 2018 ("**1Q 2019**")), the Group's use of funds/cash for development activities are expected to be as follows:-

| Purpose | Amount (A$) |
|---|---|
| Corporate administrative expenses | 2,100,000 |
| Bald Hill Joint Venture Contributions | 27,100,000 |
| **Total** | **29,200,000** |

The above projection is based on the Company's budgeted cashflow which draws from the cash call forecast from the joint venture with Lithco and corporate budget.

### 20b. Rule 705 (6)(b) of the Catalist Listing Manual

The Board confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

**21a. Rule 705 (7)(a) of the Catalist Listing Manual**

**Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;**

Activities for the first 3 quarters had been provided in the Company's financial results announcements for Q1 FY2018, Q2 FY2018 and Q3 FY2018.

Lithium

Lithco had continued exploratory drilling at the Bald Hill targeted at adding to the overall understanding of the resource potential extending from the current pits. Infill drilling has commenced with a total of 70 holes completed for 11,655m targeting additional inferred resources. Exploration has recently focused on initial grade control, water bore installation and water exploration drilling. This has been successful in intersecting significant lithium mineralisation outside the current resource.

During 4Q FY2018, the mine produced 19,218wmt (inclusive of 1,815t from March 2018 commissioning) of spodumene concentrate. There were 2 shipments during the quarter with an average shipped concentrate grade of 6.14% $Li_2O$, 0.55% Fe, low K, Na and mica. Plant average throughput rate was 172tph for the quarter compared to nameplate of 161tph. Mining totalled 2.36$Mm^3$ of material including 212,000t of lithium ore at 1.01% $Li_2O$ and 86,000t of tantalum ore for the quarter.

Overall, operational performance of the DMS circuit during ramp-up was consistent with original test work, producing high grade concentrate with high recoveries to primary concentrate and middlings. The plant has already achieved daily feed rates of up to 230tph compared to the design feed rate of 161tph, and opportunities for increasing throughput are currently being assessed. Plant optimisation through improvement and refinement, is a key focus of management.

Tantalum

Tantalum pentoxide recovery into pre-concentrate from the DMS spirals commenced during the quarter. A total of 367wmt of tantalum pre-concentrate containing 26,480lbs of Ta2O5 was recovered from the lithium circuit. Work has commenced at Nagrom Mineral Laboratory in Perth to upgrade pre-concentrates: the initial parcel of 22.5wmt resulted in 91% recovery of tantalum to a 3.04t low impurity concentrate containing 25.7% Ta2O5.

**21b. Rule 705 (7)(b) of the Catalist Listing Manual**

**Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.**

The Group has updated its reserves and resources as set out in the IQPR (Independent Qualified Person's Report) dated 9 August 2018. A copy of the IQPR can be found in the Company's SGX Announcement dated 10 August 2018 and the subsequent corrigendum announcement in relation to the IQPR dated 16 August 2018. There have been no material changes since the issuance of the IQPR.

As disclosed in Table 1 of the IQPR, the summary of the reserves and resources for the Bald Hill Tantalum and Lithium Project as at 30 April 2018 as per Appendix 7D of the Catalist Rules is as follows:

| JORC category | Mineral type | Gross attributable to licence | | | Net attributable to issuer | | | |
|---|---|---|---|---|---|---|---|---|
| | | Tonnes (Mt) | Grade* $Ta_2O_5$ (ppm) | Grade* $Li_2O$ (%) | ##Tonnes (Mt) | Grade* $Ta_2O_5$ (ppm) | Grade* $Li_2O$ (%) | #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%** |

**Table 1: Resource and Reserve Summary for Bald Hill outside mined pits as at 30 April 2018. The Resources are inclusive of Reserves.**

*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% $Li_2O$ to 0.3% $Li_2O$ in line with the findings of the updated PFS in May 2018.*

## *Since 24 October 2017, Tawana has earnt 50% of the total resources and reserves including both their lithium and tantalum content. Previously Tawana had only earnt 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 Ta2O5 lower cut-off grade for Creekside, CSA Global used 200 ppm Ta2O5 and 0.3% Li2O as their lower cut-off grade for all other deposits except Creekside.*

**22. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited

**BY ORDER OF THE BOARD**

Pauline Gately
Executive Chairperson
29 August 2018

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*This announcement has been prepared by Alliance Mineral Assets Limited (the "**Company**") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

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