

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 Third Quarter Ended 31 March 2018 (“Q3 FY 2018”)**

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

	For 3 months Ended 31 March			For 9 months Ended 31 March		
	2018	2017	Increase /	2018	2017	Increase /
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	A\$	A\$	%	A\$	A\$	%
Interest income	20,900	3,829	n.m	116,532	21,193	n.m
Other Income	-	107,887	n.m	-	174,332	n.m
(Loss) / Gain on foreign exchange	12,744	(46,615)	n.m	(22,653)	(239,665)	n.m
Loss on disposal of fixed assets	-	-	n.m	-	(1,972)	n.m
Accounting and audit expenses	(28,025)	(30,696)	9	(128,972)	(86,121)	50
Consulting and directors' fees	(124,736)	(66,657)	87	(414,837)	(229,224)	81
Administrative expenses	(654,026)	(1,161,972)	(44)	(1,231,052)	(1,539,905)	(20)
Employee salaries and other benefits expenses	(273,734)	(58,515)	n.m	(572,292)	(253,892)	125
Site operating expenses	-	(371,506)	n.m	-	(1,445,427)	n.m
Borrowing costs	(25,791)	(107,254)	(76)	(194,253)	(390,960)	(50)
Other expenses	-	-	-	(352,249)	-	n.m
Loss before income tax	(1,072,668)	(1,731,499)	(38)	(2,799,776)	(3,991,641)	(30)
Income tax expense	-	-	-	-	-	-
Loss after tax	(1,072,668)	(1,731,499)	(38)	(2,799,776)	(3,991,641)	(30)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period attributable to owners of the Company	(1,072,668)	(1,731,499)	(38)	(2,799,776)	(3,991,641)	(30)

(i) n.m. = not meaningful

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

	For 3 months Ended			For 9 months Ended		
	31 March		Increase / (Decrease)	31 March		Increase / (Decrease)
	2018	2017		2018	2017	
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	A\$	A\$	%	A\$	A\$	%
Interest income	20,900	3,829	n.m	116,532	21,193	n.m
(Loss) / Gain on foreign exchange	12,744	(46,615)	n.m	(22,653)	(239,665)	n.m
Borrowing costs	(25,791)	(107,254)	n.m	(194,253)	(390,960)	(50)
Depreciation expense	(27,421)	(328,502)	n.m	(42,620)	(991,148)	n.m

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	
	31 March 2018 (Unaudited) A\$	30 June 2017 (Audited) A\$
CURRENT ASSETS		
Cash and cash equivalents	4,483,582	2,857,090
Other receivables	758,373	147,600
Other current assets	5,668,603	3,790,349
Inventory	846,696	-
TOTAL CURRENT ASSETS	11,757,254	6,795,039
NON CURRENT ASSETS		
Mine development	12,815,632	3,506,374
Property plant & equipment	32,879,290	12,294,022
TOTAL NON CURRENT ASSETS	45,694,922	15,800,396
TOTAL ASSETS	57,452,176	22,595,435
CURRENT LIABILITIES		
Trade and other payables	18,386,191	7,001,220
Employee Benefit Liabilities	68,196	45,002
Interest bearing loans and borrowings	70,954	25,051
TOTAL CURRENT LIABILITIES	18,525,341	7,071,273
NON CURRENT LIABILITIES		
Provision for rehabilitation	662,395	1,078,987
Interest bearing loans and borrowings	4,928,684	17,320
TOTAL NON CURRENT LIABILITIES	5,591,079	1,096,307
TOTAL LIABILITIES	24,116,420	8,167,580
NET ASSETS	33,335,756	14,427,855
EQUITY		
Issued capital	58,535,275	38,960,275
Reserves	5,982,116	3,849,439
Accumulated losses	(31,181,635)	(28,381,859)
TOTAL EQUITY	33,335,756	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 31 March 2018 (Unaudited)		As at 30 June 2017 (Audited)	
Secured A\$	Unsecured A\$	Secured A\$	Unsecured A\$
17,187	1,234,751	17,187	2,444,684

Amount repayable after one year

As at 31 March 2018 (Unaudited)		As at 30 June 2017 (Audited)	
Secured A\$	Unsecured A\$	Secured A\$	Unsecured A\$
8,003,776	-	17,320	-

Details of any collateral

The secured borrowings comprised finance lease liabilities of A\$20,963 (30 June 2017: A\$34,507), which are secured on the Company's motor vehicles and a project loan of A\$8,000,000 (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 3 months Ended 31 March		For 9 months Ended 31 March	
	2018	2017	2018	2017
	Unaudited A\$	Unaudited A\$	Unaudited A\$	Unaudited A\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	20,900	3,829	116,532	21,193
Interest paid	(1,904)	(577)	(11,470)	(10,324)
Research and development tax rebate on operating expenditure	-	399,774	-	399,774
Income Received	-	67,274	-	133,720
Payments to suppliers, contractors and employees	(1,304,391)	(392,912)	(2,765,020)	(1,776,373)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	(1,285,395)	77,388	(2,659,958)	(1,232,010)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of tantalum	-	187,574	-	187,574
Payments for mine development	(3,814,654)	-	(1,226,369)	-
Research and development tax rebate on capital expenditure	-	705,619	-	705,619
Purchase and refurbishment of plant & equipment	-	(1,597)	-	(3,774)
Payments for property, plant and equipment	(8,405,225)	-	(23,402,807)	28,710
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(12,219,879)	891,596	(24,446,174)	918,129
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	-	-	19,575,000	-
Proceeds from product sale prepayment	-	-	8,125,000	-
Proceeds from redemption of term deposit	-	-	-	988,021
Repayment of secured loan	-	-	-	(942,907)
Payment to insurance premium loan principal	(23,047)	(47,881)	(32,872)	(122,079)
Payment to finance lease principal	(4,579)	(4,327)	(13,544)	(12,799)
Proceeds from borrowing	2,461,538	-	2,540,313	160,130
Repayment of unsecured loan	(347,133)	(347,133)	(1,438,621)	(1,041,399)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	2,086,779	(399,341)	28,755,276	(971,033)
Net increase/(decrease) in cash and cash equivalents	(11,418,494)	569,643	1,649,145	(1,284,914)
Cash and cash equivalents at beginning of period	15,889,332	3,342,056	2,857,090	5,389,663
Net foreign exchange difference on cash balances	12,744	(46,615)	(22,653)	(239,665)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,483,582	3,865,084	4,483,582	3,865,084

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\$
(Unaudited)				
Balance as at 1 July 2016	38,960,275	2,463,505	(23,578,000)	17,845,780
Loss for the period	-	-	(3,991,641)	(3,991,641)
Total comprehensive loss for the period	-	-	(3,991,641)	(3,991,641)
<u>Equity Transactions:</u>				
Parent equity contributions – interest free loan	-	442,415	-	442,415
Share-based payments	-	943,519	-	943,519
Balance as at 31 March 2017	38,960,275	3,849,439	(27,569,641)	15,240,073
(Unaudited)				
Balance as at 1 July 2017	38,960,275	3,849,439	(28,381,859)	14,427,855
Loss for the period	-	-	(2,799,776)	(2,799,776)
Total comprehensive loss for the period	-	-	(2,799,776)	(2,799,776)
<u>Equity Transactions:</u>				
Issue of fully paid ordinary shares	19,575,000	-	-	19,575,000
Share-based payments	-	2,132,677	-	2,132,677
Balance as at 31 March 2018	58,535,275	5,982,116	(31,181,635)	33,335,756

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 December 2017 and 31 March 2018	555,573,988	58,535,275

The Company had on 16 June 2014, adopted the Alliance Employee Share Option Scheme (“**Scheme**”). No options have been granted under the Scheme since its adoption.

As at 31 March 2018, the Company had 11,400,000 options which were issued on 24 May 2017 to Canaccord Genuity (Australia) Ltd in three tranches that are exercisable into 11,400,000 new ordinary shares of the Company (31 March 2017: nil).

The number of issued shares of the Company as at 31 March 2018 and 31 March 2017 were 555,573,988 shares and 480,763,760 shares respectively.

Save as disclosed above, there were no outstanding convertibles as at 31 March 2018 and 31 March 2017.

The Company did not have any treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 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 555,573,988 as at 31 March 2018 and 480,763,760 as at 30 June 2017.

The Company did not have any treasury shares as at 31 March 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. There were no 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 period 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

	3 months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Basic and diluted loss per share (AU cents)	(0.19)	(0.04) ⁽¹⁾
Loss for the period attributable to owners of the Company (A\$)	<u>(1,072,668)</u>	<u>(1,731,499)</u>
Number of weighted ordinary shares used in calculating basic and diluted loss per share for the financial period	<u>555,573,988</u>	<u>480,763,760</u>

Notes:

- (1) The basic and diluted loss per share for the 3-month financial period ended 31 March 2018 were the same as 11,400,000 potential ordinary shares from outstanding options are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.
- (2) The basic and diluted loss per share for the 3-month financial period ended 31 March 2017 were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2017.

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	
	31 March	30 June
	2018	2017
	(Unaudited)	(Audited)
Net asset value per ordinary share based on issued share capital (AU cents)	6.0	3.0
Net asset value as at the end of the respective financial period/year (A\$)	<u>33,335,756</u>	<u>14,427,855</u>
Number of ordinary shares as at the end of the respective financial period/year	<u>555,573,988</u>	<u>480,763,760</u>

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**

3 months ended 31 March 2018 ("3Q FY2018") vs. 3 months ended 31 March 2017 ("3Q FY2017")

Review of the Income Statement

Revenue

There was no revenue in both 3Q FY2018 and 3Q FY2017 even though the Company has commenced the production of Lithium and/or Tantalite Concentrate as a shipment was only made post 31 March 2018.

Interest income

Interest income increased to A\$20,900 in 3Q FY2018 from A\$3,829 in 3Q FY2017 mainly due to a higher amount of AUD short-term deposits placed pursuant to the proceeds from the placement exercise that was announced on 5 October 2017.

Other Income

Other income in 3Q FY2017 of A\$107,887 relates mainly 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. There was no other income earned from Lithco in 3Q FY2018 as the Bald Hill Joint Venture was formed during the third quarter resulting in the Bald Hill Mine Site being jointly owned with Lithco.

Loss on foreign exchange

The gain on foreign exchange of A\$12,744 in 3Q FY2018 (3Q FY2017: A\$46,615 loss) is mainly due to the foreign exchange movement on translation of our Singapore dollar bank balance to Australian dollars and the weakening of the Australian dollar exchange rate.

Consulting and directors' fees

Consulting and directors' fees have increased by A\$58,079 from A\$66,657 in 3Q FY2017 to A\$124,736 in 3Q FY2018 due to an increase in directors' fees approved at the AGM.

Administrative expenses

Administrative expenses decreased by A\$507,946 from A\$1,161,972 in 3Q FY2017 to A\$654,026 in 3Q FY2018 mainly due to the cost of options of AS\$943,519 recognised in 3Q2017 pertaining to options issued to the Company's corporate advisor, Canaccord Genuity (Australia) Ltd. No such expenses had been incurred in 3Q2018.

Excluding this one-off expense in 3Q2017, administrative expenses were higher in 3Q FY2018 mainly due to the increase in legal fees, compliance costs and advisory costs associated with the proposed merger with Tawana Resources NL that was announced on 5 April 2018.

Employee salaries and other benefits

Employee salaries and other benefits of A\$273,734 in 3Q FY2018 increased from A\$58,515 in 3Q 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.

Site operating costs

Site operating costs of A\$371,506 in 3Q FY2017 relates to costs incurred to maintain the Bald Hill Mine Site. No such costs incurred in 3Q2018 as all cost had been capitalised as mine development cost, as the project had been in construction phase.

Borrowing costs

Borrowing costs decreased from A\$107,254 in 3Q FY2017 to \$25,791 in 3Q FY2018 due mainly to the decrease in notional interest on the amount owing to Living Waters Mining Pty Ltd ("LWMA") as a result of instalment payments made.

The aforementioned notional interest expenses 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.

Depreciation expenses

Depreciation expense decreased by A\$301,081 from A\$328,502 in 3Q FY2017 to A\$27,421 in 3Q FY2018 as depreciation expense relating to property, plant and equipment at the Bald Hill Mine Site has been capitalised during 3Q2018 as the project had been in the construction phase.

Loss before income tax

In view of the foregoing, loss before taxation decreased from A\$1,731,499 in 3Q FY2017 to A\$1,072,668 in 3Q FY2018.

Review of the Financial Position of the Group

Non-current assets

As at 31 March 2018, our non-current assets of A\$45,694,922 accounted for approximately 80% of our total assets. Our non-current assets comprised of mine development and property, plant and equipment.

Mine development increased by A\$9,309,258 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\$20,585,268 to A\$32,879,290 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.

Current assets

As at 31 March 2018, our current assets of A\$11,757,254, represents approximately 20% of our total assets. Our current assets as at 31 March 2018 consist of cash and cash equivalents, other receivables, other current assets and inventory.

Cash and cash equivalents of A\$4,483,582 increased by A\$1,626,492 pursuant to a capital raising of A\$19,575,000 pursuant to the placement to Burwill Commodity Limited as announced in October 2017, the recognition of a lithium product prepayment of A\$8,125,000, funds received from the drawdown of a new loan facility of A\$2,461,583 offset by expenditure relating to the construction of the Bald Hill Project, repayment of the loan from Living Waters Mining (Australia) Pty Ltd and associated administration overheads.

Other receivables increased by A\$610,773 to A\$758,373 mainly as a result of the Company's share of receivables within the Bald Hill Joint Venture of which A\$606,918 relates to GST receivable.

Other current assets comprised prepayments of A\$50,846 which relates to insurance premium prepaid, 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 and prepayments of A\$29,296 and a loan receivable of A\$5,538,461. The loan receivable relates to the loan facility from a consortium of financial investors ("Syndicated Loan Facility") that was announced by the Company on 29 March 2018 of which a portion of first tranche of funds drawn down of A\$8,000,000 had not been received by the Company as at 31 March 2018. The funds were received on 5 April 2018.

Inventory of A\$846,696 relates to the Company's 50% interest in stores and spares held at the Bald Hill mine site.

Non-current liabilities

As at 31 March 2018, our non-current liabilities of A\$5,591,079 represented approximately 23% of our total liabilities. Our non-current liabilities relate to the provision for rehabilitation required at the Bald Hill mine site and interest-bearing loans and borrowings.

Provision for rehabilitation decreased to A\$662,395 due to the Company's 50% share pursuant to the Bald Hill Joint Venture. The amount represents the joint venture operator's best estimate as at balance sheet date to rehabilitate the existing Bald Hill mine site.

Interest-bearing loans and borrowing of A\$4,928,684, increased from A\$17,320 as at 30 June 2017 due to the drawdown of the first tranche of the Syndicated Loan Facility of A\$8,000,000 offset by the costs of the loan facility of A\$3,075,092 which includes the cost of the options issued to the Lenders of A\$2,132,677 and an establishment fee of A\$195,000. These costs were payable on execution of the loan agreement and relate to the full loan facility of A\$13,000,000.

Current liabilities

As at 31 March 2018, our current liabilities of A\$18,525,341 representing approximately 77% of our total liabilities comprised trade and other payables, employee benefit liabilities and interest-bearing loans and borrowings.

Trade and other payables increased by A\$11,384,971 to A\$18,386,191 mainly attributable to the Company's 50% share of the Bald Hill Joint Venture's liabilities of \$7,833,838 relating to construction of the Bald Hill Project; second tranche of prepayment received under the lithium concentrate offtake agreement of A\$4,375,000 in July 2017, offset by the repayment of a portion of the loan to LWMA.

Employee benefit liabilities increased by A\$23,194 to A\$68,196 as a result of annual leave accruals for the Company's employees.

Interest-bearing loans and borrowings, amounting to A\$70,954 which increased by A\$45,903 due to the increase of insurance premium funding in line with the insurance program renewal.

Shareholders' equity

As at 31 March 2018, our Shareholders' equity amounted to A\$33,335,756 comprising A\$58,535,275 of issued share capital, A\$2,229,236 of parent equity contribution, A\$3,752,880 of option reserve and A\$31,181,635 of accumulated losses.

Working capital

The Company has a negative working capital of A\$6,768,087 mainly due to the Company's 50% share of the Bald Hill Joint Venture liabilities of \$7,833,838 relating to the construction of the Bald Hill Project.

On 5 April 2018, the Company also announced that 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)("Unconditional Placement") and a non-underwritten placement to Burwill Holdings Ltd, 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 Unconditional Placement were received on 2 May 2018 and 76,522,804 new shares were allotted to three sophisticated and institutional investors. An Extraordinary General Meeting to approve the Conditional Placement is proposed to be held on 4 June 2018.

Review of the Cash Flow Statement of the Group

In 3Q FY2018, we recorded a net cash outflow from operating activities of A\$1,285,395 which comprised payments made to suppliers and employees of A\$1,304,391, interests for finance lease of A\$1,904, offset by interest received from bank deposits of A\$20,900.

Net cash outflow from investing activities amounted to A\$12,219,879, which was attributable to payments for mine development of A\$3,814,654 and payments for property, plant and equipment of A\$8,405,225.

Net cash inflow from financing activities amounted to A\$2,086,779 were mainly as a result of receipt of funds from borrowings of A\$2,461,538 offset by payment in insurance premium loan principal of A\$23,047, repayment of hire purchase of A\$4,579 and repayment of loan to LWMA of A\$347,133.

As at 31 March 2018, our cash and cash equivalents amounted to A\$4,483,582.

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

Exploration drilling on lithium on the Bald Hill Mine Site has continued. The Company has commenced production of tantalum and lithium and will continue to keep shareholders updated in relation thereto.

No profit forecast or projection was previously disclosed to shareholders in relation to 3Q FY2018. In the 2017 Annual Report, it was stated that the Directors expects the Company to report a loss for the financial year ending 30 June 2018.

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.

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.

Global demand for lithium continues to accelerate underpinned primarily by a surge in demand for Lithium-ion batteries for automotive applications.

China's drive to vehicle electrification is at the forefront of this trend. Although China's electric vehicle (EV) race began a couple of year ago when the government set ambitious targets of up to 4 million electric cars by 2020, more aggressive mandates in recent months appear to have precipitated EV initiatives.

Not surprisingly, EVs dominated at the recent Beijing Motor Show, with several companies unveiling new EV brands with fast-tracked production. Jianghuai Volkswagen Automotive's new electric-only brand, for example, is expected to be on the market by September this year, while local giant, Great Wall Motors, introduced a fourth brand to its portfolio, and an EV sports car from Qiantu Motor was promoted as a Tesla-competitor with production targeted for July.

Industry observers are now forecasting some 2.5 million plug-in vehicle sales by 2020, with non-plug-in hybrids and other lower hybridisation vehicles likely to reach around 7 million vehicles over the next two years. Demand is therefore expected to continue to be buoyant to 2020.

Global lithium supply has also been adjusted upwards with forecasts raised over the last three months to incorporate planned and actual capacity increases from both major mine producers and new entrants like AMAL.

However, there is reason to believe that any price pressure is likely to be short-lived as enhanced mine production is unlikely translate into Lithium Carbonate Equivalent (LCE) in the short term due to limited converter capacity potentially acting as a supply chain bottleneck.

Supply/demand dynamics are therefore likely to remain supportive for producers like AMAL in the near term.

References:

<https://roskill.com/news/electric-vehicles-oem-plans-for-china-xe-vs-revealed-at-beijing-motor-show/>
Lithium 2018 Recharge: Global Equity Research 26 April 2018, Reg Spencer, Canaccord Genuity

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 3Q 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 3Q 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 more than S\$100,000 entered into during the financial period reported on.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

We confirm that we have procured undertakings from our Directors, namely Pauline Gately, Suen Sze Man, Ong Kian Guan, Mahtani Bhagwandas and Chan Hung Chiu Eddy and executive officers, namely, Fiona Leaw Mun Ni and Shaun Menezes as required under Rule 720(1).

15. Use of IPO proceeds

Use of Proceeds ⁽¹⁾	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 ⁽²⁾	4,723	4,723	-
Listing expenses	1,962	1,962	-
Total	8,569	8,569	-

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.

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

The net proceeds from the Placement was approximately A\$19.548 million ("**Net Proceeds**") (after deducting estimated expenses of A\$0.027 million). As at 30 April 2018, the Net Proceeds have been utilised as follows:

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 ⁽¹⁾	2,346	2,346	-
Total	19,548	19,548	-

Notes:

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

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

16a. Rule 705 (6)(a) of the Catalist Listing Manual

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

For the quarter ended 31 March 2018 ("**3Q FY2018**"), funds / cash were mainly used for the following activities:-

Purpose	Amount (A\$) Projected Usage	Amount (A\$) Actual Usage
Corporate administrative expenses	600,000	1,304,391
Mine Development Costs	16,400,000	12,219,879
Total	17,000,000	13,524,270

Explanation for the variances:

Cash utilised for corporate administrative expenses was higher than forecast for the period largely due to an increase in unbudgeted corporate activity, being the proposed merger with Tawana Resources NL. Mine development costs were lower than forecast due to the timing of cash calls made by the Bald Hill Joint Venture operator.

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 April 2018 to 30 June 2018 (“**4Q FY2018**”), the Company’s use of funds/cash for development activities are expected to be as follows:-

Purpose	Amount (A\$)
Corporate administrative expenses	6,600,000
Bald Hill Joint Venture Contributions	25,000,000
Total	31,600,000

The above projection is based on the Company’s budgeted cashflow which draws from the Pre-Feasibility Study report issued by Tawana in July 2017, cash call forecast from the joint venture with Lithco and corporate budget.

17a. 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;

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. 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.

A concept study has commenced with the aim of obtaining indicative capital and operating costs for the addition of a 1Mtpa spodumene concentrator.

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.

During 3Q FY2018, the construction of the DMS plant was completed and the plant was commissioned with the primary gravity concentration circuit exceeding name-plate throughput during a 24-hour performance test run, producing high quality concentrates in excess of 6% Li₂O. In addition, the power plant is operational and mining, crushing and stockpiling of ore has commenced.

The commencement of spodumene production at Bald Hill followed key commissioning milestones for the project achieved during 3Q FY2018:

-
- Completion of wet commissioning
 - Practical completion achieved by EPC contractor – Primero Group
 - Ferrosilicon media introduced to the plant and stabilized
 - Continuation of crusher commissioning and stockpiling of 20,000 tonnes of crushed ore
 - Commencement of first ore feed into the processing plant

In April 2018, the haulage of lithium concentrate from the Bald Hill mine site to the Port of Esperance had commenced with an initial shipment of 3,250t on 2 May 2018 and is destined for the Port of Zhenjiang in China.

17b. 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 Company has no material updates on the reserves and resources as set out in the IQPR (Independent Qualified Person's Report) dated 24 October 2017. A copy of the IQPR can be found in the Company's SGX Announcement dated 25 October 2017.

18. Negative Confirmation by the Board pursuant to Rule 705(5) and Rule 705(6)(b) of Catalist Listing Manual.

We, Pauline Gately and Joshua Ong Kian Guan, being two directors of Alliance Mineral Assets Limited, do hereby confirm on behalf of the Board of Directors of the Company (the "**Board**") that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the 3-month financial period ended 31 March 2018 and the above information provided to be false or misleading in any material aspect.

On behalf of the Board

Pauline Gately
Independent Non-Executive Chairperson

Joshua Ong Kian Guan
Independent Non-Executive Director

BY ORDER OF THE BOARD

Pauline Gately
Independent Non-Executive Chairperson
11 May 2018