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 Quarter and twelve-months Ended 31 December 2018

Background

Alliance Mineral Assets Limited (the "Company" or "Alliance") was incorporated in the Commonwealth of Australia on 6 December 2010 under the Corporations Act 2001 as a public company limited by shares, under the name of "HRM Resources Australia Ltd". The Company changed its name to "Alliance Mineral Assets Limited" on 13 March 2014. The Company was admitted to the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 25 July 2014.

The Company, its subsidiaries and associated companies (the "Group") were formed pursuant to a merger of equals with ASX listed Tawana Resources NL ("Tawana") ("Merger") by way of a Tawana member's scheme of arrangement ("Scheme") pursuant to which, Alliance acquired all of Tawana shares and Tawana shareholders received 1.1 new Alliance shares for every 1 Tawana share held at the Scheme record date ("Merger"). Tawana and Alliance entered into a Scheme Implementation Agreement (as amended on 6 July 2018) which documented the terms of the Merger. The Merger was implemented on 14 December 2018 following approval of the Scheme by shareholders of Alliance on 21 September 2018, shareholders of Tawana on 27 November 2018 and by the Federal Court of Australia on 3 December 2018. Following the Merger, Alliance is primary dual-listed on the ASX and Catalist Board of the SGX-ST.
Please refer to Alliance's circular dated 20 August 2018 and Tawana's Supplementary Scheme Booklet dated 20 August 2018 for further details on the Merger.

Australian and International Financial Reporting Standards require that where two or more entities combine through an exchange of equity for the purposes of a combination, one of the entities must be determined to be the accounting acquirer. Alliance is the legal acquirer under the Merger (in that Alliance has acquired all Tawana shares) and is therefore the legal parent company. However, after assessing the guidance under International Financial Reporting Standard IFRS 3: *Business Combinations*, in particular the Board and management composition of the merged group, Tawana has been determined to be the accounting acquirer. Accordingly, this business combination has been accounted for as a reverse acquisition. As such, the interim consolidated financial statements of the Merged Group have been prepared as a continuation of the business and operations of Tawana.

Tawana, as the accounting acquirer, has accounted for the acquisition of the business and operations of Alliance from 14 December 2018. The last financial year end of Tawana was 31 December 2017. Alliance (legal acquirer) has a balance date of 30 June and its last financial year end was 30 June 2018.

The consolidated entity will now have a 30 June year end. Accordingly, the interim consolidated financial statements represent the accounting period from the last year end of Tawana, 31 December 2017, to 31 December 2018. The comparative information presented in the interim consolidated financial statements is that of Tawana for the 12 month period ended 31 December 2017.

Issuer financial information presented is the Alliance head entity standalone only numbers.

The Company's 31 December 2018 Interim Financial Statements have been lodged with ASX and are expected to be available from 18 March 2019 at www.asx.com.au (ASX ticker: A40).

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

	Group For 3 months Ended 31 December			Group For 12 months Ended 31 December		
	2018	2017	Increase /	2018	2017	Increase /
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	A$'000	A$'000	%	A$'000	A$'000	%
Revenue from sale of product	14,068	-	n.m	24,716	-	n.m
Cost of sales	(13,000)	-	n.m	(25,055)	-	n.m
Gross profit/(loss)	**1,068**	**-**	**n.m**	**(339)**	**-**	**n.m**
Other items of revenue and expenditure						
Other Income	50	27	85	220	84	161
Administrative expense	(381)	(157)	142	(1,664)	(815)	(104)
Employee benefits expense	(1,131)	(320)	253	(2,633)	(995)	(164)
Share-based payment expense	-	(969)	n.m	(448)	(4,334)	90
Compliance and regulatory expense	(354)	(79)	348	(693)	(318)	118
Depreciation expense	(19)	(4)	375	(71)	(39)	82
Exploration expense	-	(83)	n.m	-	(164)	n.m
Foreign exchange gain/(loss)	(879)	-	n.m	795	-	n.m
Acquisition costs	(12,877)	-	n.m	(13,832)	-	n.m
Finance costs	(1,179)	-	n.m	(1,584)	-	n.m
Impairment/write-off expense	(21,151)	-	n.m	(25,210)	(1,559)	n.m
Loss before income tax	**(36,853)**	**(1,585)**	**n.m**	**(45,459)**	**(8,140)**	**n.m**
Income tax gain	4,939	-	n.m	4,939	-	n.m
Loss after tax	**(31,914)**	**(1,585)**	**n.m**	**(40,520)**	**(8,140)**	**n.m**
Other comprehensive income						
Exchange differences on translation of foreign operations	19	-	n.m	(1,510)	(177)	753
Total comprehensive loss for the period attributable to owners of the Company	**(31,895)**	**(1,585)**	**n.m**	**(42,030)**	**(8,317)**	**n.m**

(i) n.m = not meaningful

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

	Group For 3 months Ended 31 December			Group For 12 months Ended 31 December		
	2018	2017	Increase /	2018	2017	Increase /
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	A$'000	A$'000	%	A$'000	A$'000	%
Cost of sales:						
- Operational expenditure	(12,186)	-	n.m	(22,586)	-	n.m
- Royalties	(609)	-	n.m	(1,416)	-	n.m
- Depreciation and amortisation	(1,602)	-	n.m	(3,507)	-	n.m
- Tantalum sales credits	1,397	-	n.m	2,454	-	n.m
Totals	**(13,000)**	**-**	**n.m**	**(25,055)**	**-**	**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

	Group As at		Company As at	
	31 December 2018 (Unaudited)	31 December 2017 (Unaudited)	31 December 2018 (Unaudited)	31 December 2017 (Unaudited)
	A$'000	A$'000	A$'000	A$'000
CURRENT ASSETS				
Cash and cash equivalents	13,054	16,375	3,606	15,889
Trade and other receivables	3,680	5,190	1,942	1,352
Prepayments and deposits	636	1,116	264	1,070
Inventory	36,601	27	17,107	-
TOTAL CURRENT ASSETS	**53,971**	**22,708**	**22,919**	**18,312**
NON-CURRENT ASSETS				
Investment accounted for using the equity method	634	-	-	-
Exploration and evaluation expenditure	71,545	7,660	544	-
Property, plant and equipment	149,502	41,878	66,254	30,363
Goodwill	22,383	-	-	-
Deposits	395	73	50	-
TOTAL NON-CURRENT ASSETS	**244,459**	**49,611**	**66,848**	**30,363**
TOTAL ASSETS	**298,430**	**72,319**	**89,767**	**48,675**
CURRENT LIABILITIES				
Trade and other payables	32,968	9,373	19,050	7,691
Deferred revenue	11,437	9,595	3,500	8,125
Provisions	462	160	-	65
Interest bearing liabilities	19,154	-	91	94
TOTAL CURRENT LIABILITIES	**64,021**	**19,128**	**22,641**	**15,975**
NON-CURRENT LIABILITIES				
Interest bearing liabilities	13,294	-	12,402	8
Deferred revenue	-	2,905	-	-
Provision for rehabilitation	7,798	706	7,756	662
Deferred tax liabilities	4,261	-	-	-
TOTAL NON-CURRENT LIABILITIES	**25,353**	**3,611**	**20,158**	**670**
TOTAL LIABILITIES	**89,374**	**22,739**	**42,799**	**16,645**
NET ASSETS	**209,056**	**49,580**	**46,968**	**32,030**
EQUITY				
Contributed equity	308,735	108,024	90,671	58,535
Reserves	6,275	6,990	5,943	3,849
Accumulated losses	(105,954)	(65,434)	(49,646)	(30,354)
TOTAL EQUITY	**209,056**	**49,580**	**46,968**	**32,030**

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

Amount classified as repayable in one year or less, or on demand

As at 31 December 2018 (Unaudited)		As at 31 December 2017 (Unaudited)	
Secured A$’000	**Unsecured A$’000**	**Secured A$’000**	**Unsecured A$’000**
19,154	-	-	-

Amount classified as repayable after one year

As at 31 December 2018 (Unaudited)		As at 31 December 2017 (Unaudited)	
Secured A$’000	**Unsecured A$’000**	**Secured A$’000**	**Unsecured A$’000**
13,294	-	-	-

Details of any collateral

The secured borrowings comprise the following:

- Finance leases of A$450,000 with A$178,000 due within 1 year or less and A$272,000 due within 1 to 5 years and is secured over the assets to which the financing relates.
- A secured USD funding package equivalent to A$40 million with a consortium of lenders led by Tribeca Investment Partners Ltd. During October and November 2018, Lithco No.2 Pty Ltd (a 100% owned subsidiary of Tawana) drew down the first A$20 million tranche of the funding package which was in part used to repay the existing A$5 million loan to Tawana from Red Coast Investment Limited. Interest is payable quarterly in arrears at a rate of 3 month USD LIBOR plus 13%pa with a maturity and single repayment date of 1 July 2020. As at 31 December 2018 this A$20 million tranche was classified as current liabilities due to the Company falling outside of a production related covenant by 3% as of 31 December 2018, which event was subsequently been waived by the lenders.
- An A$13 million secured syndicated loan with interest payable quarterly in arrears at an interest rate between 14.11% and 20% with a maturity and single repayment date of 29 March 2020. This loan was subsequently fully repaid on 4 March 2019.

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

	Group For 3 months Ended 31 December		Group For 12 months Ended 31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	A$'000	A$'000	A$'000	A$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	11,192	-	20,528	-
Interest received	73	35	218	84
Interest paid	(200)	-	(471)	-
Acquisition costs paid	(597)	-	(1,500)	-
Proceeds received in advance	-	-	-	12,500
Payments to suppliers, contractors and employees	(15,586)	(1,737)	(39,704)	(3,715)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	**(5,118)**	**(1,702)**	**(20,929)**	**8,869**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant & equipment	(13,363)	(13,621)	(37,979)	(25,231)
Payment for exploration and evaluation	(141)	(470)	(475)	(7,881)
Cash acquired through business combination	8,945	-	8,945	-
Proceeds from the sale of lithium concentrate during development phase	-	-	4,309	-
Proceeds from sale of fixed assets	6	-	6	-
Payments related to the acquisition of tenements	-	-	(97)	-
Contributions received from Joint Operation Partner expended	(1,991)	-	-	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(6,544)**	**(14,091)**	**(25,291)**	**(33,112)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	-	20,634	26,973	35,819
Transaction costs related to issues of shares	(33)	(1,352)	(1,417)	(2,160)
Proceeds from borrowings	19,961	-	24,961	-
Repayment of borrowings	(5,000)	-	(5,000)	-
Transaction costs related to loans and borrowings	(1,618)	-	(1,817)	-
Cash disposed during asset distribution	-	-	(751)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**13,310**	**19,282**	**42,949**	**33,659**
Net decrease in cash and cash equivalents	1,648	4,388	(3,271)	9,416
Cash and cash equivalents at beginning of period	11,404	11,987	16,375	6,959
Net foreign exchange difference on cash balances	2	-	(50)	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**13,054**	**16,375**	**13,054**	**16,375**

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**

	Group			
	Issued Capital A$'000	**Reserves A$'000**	**Accumulated Losses A$'000**	**Total A$'000**
(Unaudited)				
Balance as at 30 September 2018	131,591	4,522	(74,541)	61,572
Loss for the period	-	-	(31,409)	(31,409)
Exchange difference on foreign operations	-	19	-	19
Total comprehensive loss for the period	-	19	(31,409)	(31,390)
Equity Transactions:				
Shares issued under the Scheme of Arrangement	177,134	1,734	-	178,874
Balance as at 31 December 2018	**308,735**	**6,275**	**(105,954)**	**209,056**

	Group			
	Issued Capital A$'000	**Reserves A$'000**	**Accumulated Losses A$'000**	**Total A$'000**
(Unaudited)				
Balance as at 30 September 2017	88,776	6,223	(63,849)	31,150
Loss for the period	-	-	(1,585)	(1,585)
Exchange difference on foreign operations	-	(202)	-	(202)
Total comprehensive loss for the period	-	(202)	(1,585)	(1,787)
Equity Transactions:				
Shares issued, net of costs	19,248	-	-	19,248
Share-based payment transactions	-	969	-	969
Balance as at 31 December 2017	**108,024**	**6,990**	**(65,434)**	**49,580**

	Company			
	Issued Capital A$'000	Reserves A$'000	Accumulated Losses A$'000	Total A$'000
(Unaudited)				
Balance as at 30 September 2018	90,671	5,943	(32,517)	64,097
Loss for the period	-	-	(17,129)	(17,129)
Exchange difference on foreign operations	-	-	-	-
Total comprehensive loss for the period	-	-	(17,129)	(17,129)
Equity Transactions:				
Shares issued, net of costs	-	-	-	-
Share-based payment transactions	-	-	-	-
Balance as at 31 December 2018	**90,671**	**5,943**	**(49,646)**	**46,968**

	Company			
	Issued Capital A$'000	Reserves A$'000	Accumulated Losses A$'000	Total A$'000
(Unaudited)				
Balance as at 30 September 2017	38,960	3,849	(28,995)	13,815
Loss for the period	-	-	(1,359)	(1,359)
Exchange difference on foreign operations	-	-	-	-
Total comprehensive loss for the period	-	-	(1,359)	(1,359)
Equity Transactions:				
Shares issued, net of costs	19,575	-	-	19,575
Share-based payment transactions	-	-	-	-
Balance as at 31 December 2017	**58,535**	**3,849**	**(30,354)**	**32,030**

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$'000
As at 30 September 2018	659,471,907	131,591
Issuance of new shares to Scheme Participants[1]	635,896,010	177,134
Issuance of new shares to Tawana Option holders[2]	9,929,494	-
As at 31 December 2018	1,305,297,411	308,455

Notes:

(1) 635,896,010 shares were issued to participants of the Scheme on 14 December 2018. Scheme Participants received 1.1 new Alliance share for every 1 Tawana share held. Following implementation of the Scheme Tawana became a wholly owned subsidiary of Alliance.

(2) 9,929,494 shares were issued to option holders of Tawana on 14 December 2018 in consideration for the cancellation of all Tawana's outstanding options in accordance with the Scheme noted above.

The Company had on 16 June 2014, adopted the Alliance Employee Share Option Scheme ("**Option Scheme**").

As at 31 December 2018, the Company had 27,000,000 options exercisable into 27,000,000 ordinary shares in issue as follows: -

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.

As at 31 December 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 31 December 2018 and 31 December 2017. There are no treasury shares and subsidiary holdings as at 31 December 2018 and 31 December 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 1,305,297,411 as at 31 December 2018, 632,096,792 as at 30 June 2018 (being the end of pre-merger Alliance's financial year end) and 504,280,941 as at 31 December 2017 (being the end of pre-merger Tawana's financial year end).

The Company did not have any treasury shares as at 31 December 2018, 30 June 2018 and 31 December 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

This report has not been reviewed or audited however the Company's 31 December 2018 Interim Financial Statements lodged with ASX which covers the 12 month period from 1 January 2018 to 31 December 2018 has been reviewed by the Company's auditors in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

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

This report has not been reviewed or audited however the Company's 31 December 2018 Interim Financial Statements lodged with ASX which covers the 12 month period from 1 January 2018 to 31 December 2018 has been reviewed by the Company's auditors in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

Refer to the Company auditor's Review Report included within the Company's 31 December 2018 Interim Financial Statements lodged with ASX (www.asx.com.au ticker A40). The auditor's Review Report includes an emphasis of matter on the going concern statement made by the Company.

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 31 December 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 Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 January 2018, including:

- AASB 9 Financial Instruments (“AASB 9”)
- AASB 15 Revenue from Contracts with Customers (“AASB 15”)
- AASB Interpretation 22: Foreign Currency Transactions and Advance Consideration

Refer to note 2 C. of the Company’s 31 December 2018 Interim Financial Statements lodged with ASX (www.asx.com.au ticker A40) for further details of the new and amended Accounting Standards and Interpretations adopted.

The following additional accounting policies adopted on commencement of mining operations:

a) Inventories
b) Stripping (waste removal) costs
c) Business Combination involving a former joint operation
d) Disposal group held for distribution
e) Loans and borrowings
f) Borrowing costs
g) Goodwill

Refer to note 2 A. a)-g) of the Company’s 31 December 2018 Interim Financial Statements lodged with ASX (www.asx.com.au ticker A40) for further details of the accounting policies adopted.

The following new accounting policies were applied on adoption of new Accounting Standards:

- Revenue from contracts with customers
- Trade and other receivables (policy applied from 1 January 2018)

Refer to note 2 A. of the Company’s 31 December 2018 Interim Financial Statements lodged with ASX (www.asx.com.au ticker A40) for further details of the above accounting policies adopted.

Refer the Company’s 31 December 2018 Interim Financial Statements lodged with ASX (www.asx.com.au ticker A40) for the impact on the financial statements of the Company and the Group as a result of the adoption of the above Australian and International Financial Reporting Standards, amendments to standards 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

	Group 3 months ended 31 December	
	2018 (Unaudited)	**2017 (Unaudited)**
Basic and diluted loss per share (AU cents)	(4.11)[(1)]	(0.33)[(2)]
Loss for the period attributable to owners of the Company (A$’000)	(31,914)	(1,585)
Number of weighted ordinary shares used in calculating basic and diluted loss per share for the financial period	777,146,185	476,947,184

Note:

(1) The basic and diluted loss per share for the 3-month financial period ended 31 December 2018 were the same as 27,000,000 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 December 2017 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.

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 December 2018 (Unaudited)	**31 December 2017 (Unaudited)**
Net asset value per ordinary share based on issued share capital (AU cents)	16.01	9.83
Net asset value as at the end of the respective financial periods (A$'000)	209,056	49,580
Number of ordinary shares as at the end of the respective financial periods	1,305,297,411	504,280,941

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 December 2018 ("2Q FY2019") vs. 3 months ended 31 December 2017 ("2Q FY2018")

Review of the Income Statement

Revenue

Revenue of A$14 million in 2Q FY2019 was from the sale of two shipments of spodumene concentrate totaling 11,185 dry metric tonnes ("**dmt**"), being Tawana's 50% share of Bald Hill shipments which occurred prior to the completion of the merger.

There was no revenue in 2Q FY2018 as the Group had not commenced commercial production and sale of spodumene concentrate.

Cost of sales

Cost of sales of A$13 million in 2Q FY2019 represents operational expenditure of A$12.19 million, royalties of A$0.6 million, non-cash depreciation and amortisation expense of A$1.6 million and tantalum sales credits of A$1.4 million.

There were no costs of sales in 2Q FY2018 as production had not yet commenced.

Administrative expenses

Administrative expenses of A$0.38 million in 2Q FY2019 (2Q FY2018: A$0.16 million) was higher due to increased administration activity across two combined entities towards the end of the period.

Employee benefits expenses

Employee benefits expense of A$1.13 million in 2Q FY2019 (2Q FY2018: A$0.32 million) was higher due to increase operations and staff levels plus the recognition of A$0.51 million in contractual employee change of control payments arising from the merger.

Share-based payments

There were no share-based payments in 2Q FY2019 (2Q FY2018: A$0.97 million).

Compliance and regulatory expense

Compliance and regulatory expenses of A$0.35 million in 2Q FY2019 (2Q FY2018: A$0.08 million) was higher due to incurring additional listing and compliance fees across an additional securities exchange in connection with Alliance's dual primary listing status on the ASX in December 2018.

Finance expense

Finance expenses of A$1.18 million in 2Q FY2019 (2Q FY2018: Nil) relate to both paid and accrued loan interest on new loan facilities. Refer to non-current liabilities section below for further information. There were no such interest-bearing loan facilities in place during the comparative period.

Non-current asset write off expense

Fixed asset write off expenses of A$4.7 million in 2Q FY2019 (2Q FY2018: Nil) relates to the write-off of the Tantalum processing plant processing plant which was placed into care and maintenance in prior periods. It was Company's initial intention to refurbish the existing tantalum plant, however, following optimisation studies for the dense media separation (DMS) plant expansion and a study to refurbish the tantalum plant, it was assessed that extraction of tantalum is more economically viable through modifications of the DMS plant and accordingly, the carrying value of the tantalum plant was written off.

A contract asset was recognised in relation to an offtake agreement held by Alliance at the date of acquisition (see Note 3 of the ASX 31 December 2018 Financial Statements) relating to the difference between the fixed offtake contract price and the market reference for spodumene concentrate at the date of the merger. As a result of the restructure of the offtake agreement post acquisition to a floating market price, the value of contract asset has been written off. A$16.46 million write off expense was recognised during 2Q FY2019 in relation to restructuring of the Company's spodumene offtake agreement (2Q FY2018: Nil).

As a result of the foregoing, write off of non-current assets of $21.15m was recorded in 2Q FY2019 (2Q FY2018: Nil)

Business acquisition costs

Business acquisition costs of A$12.88 million in 2Q FY2019 (2Q FY2018: Nil) relates to the costs (such as fees for financial advisors, lawyers, accountants, independent experts, share registry, and stamp duty) incurred by the Group pre and post-merger in direct relation to the Scheme between Alliance and Tawana as announced in Tawana's Scheme Booklet dated 20 August 2018 and Supplementary Scheme Booklet dated 8 November 2018.

Loss before income tax

In view of the foregoing, loss before taxation increased from A$1.59 million in 2Q FY2018 to A$36.85 million in 2Q FY2019.

Review of the Financial Position

Current assets

Prepayments and deposits decreased from A$1.12 million at 31 December 2017 to A$0.64 million at 31 December 2018 due largely to the removal of a A$0.83 million retention deposit (50% share) held by the Company in relation to the construction of the Bald Hill processing plant in the prior financial year end which was no longer required following completion of construction during the current period.

Inventory increased from A$0.03 million at 31 December 2017 to A$36.6 million at 31 December 2018 due to ramp up to spodumene production during the period. Inventory at 31 December 2018 relates to stores and spares of A$2.66 million and ore inventory of A$33.94 million. Inventory at 31 December 2017 only related to stores and spares.

Non-current assets

Investment accounted for using the equity method comprises the Group's 15% investment in Cowan Lithium Limited, an Australian public unlisted company.

Property, plant and equipment has increased from A$41.88 million at 31 December 2017 to A$149.5 million at 31 December 2018. Additions of A$18.04 million relate to completion of construction of physical property plant and equipment, additions of A$24.40 million relate to mine development expenditure including capitalised deferred waste mining costs and rehabilitation assets. A total of A$7.79million was deferred to ore inventory assets, A$4.69 million was written-off, A$4.57 million in amortisation and depreciation expenditure was incurred with the balance A$81.64 million relating to the fair value of assets acquired for the remaining 50% of Bald Hill Joint Venture non-current assets under the Scheme which was completed during the current period.

Exploration and evaluation expenditure increased from A$7.66 million at 31 December 2017 to A$71.55 million at 31 December 2018 due mainly to fair value of exploration and evaluation assets acquired brought to account following implementation of the Scheme between Alliance and Tawana during the current period.

Goodwill of A$22.38 million represents the excess of the fair value of asset acquired and liabilities acquired and was brought to account following implementation of the Merger between Alliance and Tawana during the current period.

Current liabilities

Trade and other payables increased from A$9.37 million at 31 December 2017 to A$32.97 million at 31 December 2018 due largely to A$8 million in accrued business acquisition costs in relation to the acquisition of Tawana by Alliance following implementation of the Scheme. The completion of commissioning and commencement of production at the Bald Hill Mine during the year ended 31 December 2018 also resulted in an increase of approximately A$15.6 million in trade and other payables at 31 December 2018.

As at 31 December 2018 it was expected that the remaining deferred revenue balance (relating to the repayments of outstanding interest free offtake prepayments) would be repaid within 12 months and as such has been classified as a current liability. In January 2019 the Company renegotiated the terms of its current lithium offtake agreement which froze the repayment of this deferred revenue liability until 1 January 2021.

Current interest-bearing liabilities of A$19.15 million relate largely to drawings by Tawana during the year ended 31 December 2018 under a funding package from a consortium of lenders led by Tribeca Investment Partners Pty Ltd. As at 31 December the A$20 million tranche was classified as current due to the Company falling outside of a threshold on a production related covenant by 3% as at 31 December 2018, which event was subsequently waived by the lenders. The classification of this loan as current has resulted in reported negative working capital as of 31 December 2018.

Non-current liabilities

The 31 December 2018 provision for rehabilitation of A$7.8 million represents Management's best estimate of costs to rehabilitate the existing Bald Hill Mine Site as at the current reporting date. The increase is due increased ownership of the Bald Hill Project from 50% to 100% and increased production activity during the current period reported on.

Non-current interest-bearing liabilities of A$13.29 million relate largely to drawings during the year ended 31 December 2018 by Alliance (pre-merger date) under a funding package from a consortium of lenders led by Tribeca Investment Partners Pty Ltd.

Scheme of Arrangement

On 5 April 2018, Alliance Mineral Assets Limited ('Alliance') and Tawana Resources Limited ('Tawana'), announced a proposed merger of equals pursuant to a Scheme of Arrangement ('Scheme') under the Australian Corporations Act for the merged Group to then own 100% of the Bald Hill project.

The Scheme provided that Alliance acquired all of the Tawana shares and that each Tawana share was exchanged for 1.1 new Alliance shares. The Scheme was implemented on 14 December 2018.

International Financial Reporting Standards require that where two or more entities combine through an exchange of equity for the purposes of a combination, one of the entities must be determined to be the accounting acquirer. Alliance is the legal acquirer under the Scheme (in that Alliance has acquired all Tawana shares) and is therefore the legal parent company. However, after assessing the guidance under International Financial Reporting Standard IFRS 3: Business Combinations, in particular the expected Board and management composition of the merged group, Tawana has been assessed to be the accounting acquirer. Therefore, the consolidated statements of the merged Group represent a continuation of the operations of the accounting acquirer Tawana.

The total consideration transferred was $178.864 million which comprises the number of AMAL shares on issue multiplied by the SGX share price by the exchange rate on 14 December 2018 plus the fair value of AMAL vested options on issue on that date.

The provisional fair values have been based on the best information available of the identifiable assets and liabilities of Alliance as at the date of acquisition. The total fair value of the identifiable assets and liabilities is $152.82 million, resulting in goodwill. Refer to note 3 Business Combinations of the Company's 31 December 2018 Interim Financial Statements lodged with ASX (www.asx.com.au ticker A40) for further details of the accounting for the Scheme.

Review of the Cash Flow Statement of the Group

In 2Q FY2019, the Group recorded net cash outflows from operating activities of A$5.12 million which comprised receipts from customers of A$11.19 million, interest received of A$0.07 million, offset by payments made to suppliers and employees of A$15.59 million due to the completion of commissioning and commencement of production at the Bald Hill Mine during the year ended 31

December 2018 and A$0.6 million in acquisition related costs incurred in connection with the Scheme implemented during 2Q FY2019.

In 2Q FY2019, the Group recorded net cash outflows from investing activities of A$6.5 million, which comprised of payments for property, plant and equipment of A$13.36 million and payments for exploration activities of A$0.14 million, offset by cash acquired through the Scheme of A$8.95 million.
In 2Q FY2019, the Group recorded net cash inflows from financing activities of A$13.31 million, which comprised proceeds from borrowings of A$19.96 million offset by borrowing transaction costs of A$1.62 million. Loan proceeds during the current quarter were also used to repay the A$5 million secured loan with Red Coast Investments Ltd, advance the DMS fines circuit and for working capital purposes.

As at 31 December 2018, the Group held cash and cash equivalents of A$13.05 million.

Going concern

The Group recorded a loss of $40,520,000 and had cash outflows from operating and investing activities of $46,220,000 for the interim period ended 31 December 2018. The Group had cash and cash equivalents at 31 December 2018 and 14 March 2019 of $13,054,000 and $11,620,000 respectively.

During the period, Alliance has worked to bring the Bald Hill Project ("the Project") into production, with the first spodumene (lithium) concentrate production announced on 14 March 2018 and commercial production declared in July 2018. Although the Company has seen an increase in production rates and a decrease in production costs, the Company will be exposed to a high level of cash outflows over the next 12 months due to continued pre-strip activities, expansion of activities including a DMS fines circuit, sustaining capital, exploration activities and stamp duty associated with the Tawana Resources NL merger. Alliance will also be exposed to the normal risks and uncertainties inherent to mining operations such as: the Bald Hill Project failing to perform as expected; higher than expected operating costs; lower than expected customer revenues; key additional infrastructure not coming on stream when required or within budget; and potential equipment breakdown, failures, and operational errors.

In January 2019, the Company restructured its long-term offtake agreement from a fixed price in 2019 (US$880/t) to a floating price (which has resulted in a lower 2019 selling price), with the ability to secure additional third-party offtake arrangements along with deferral of repayment of prepayments to 1 January 2021. In March 2019, the Company also consolidated and simplified its debt structure reducing two separate facilities with availability totalling A$53m to a single fully drawn A$40m facility.

The Directors recognise the need to raise additional funds via equity raisings, new offtake prepayments, or financing facilities to fund ongoing operating, capital and exploration expenditure. The Directors are satisfied they will be able to raise additional funds as required and thus it is appropriate to prepare the interim 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 statements.

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.

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

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it 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 Bald Hill Mine project will be updated progressively to shareholders via SGX announcements when appropriate. There were no other forecast or prospect statement which has been previously disclosed to the shareholders.

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 remains strong underpinned by demand for Lithium-ion batteries for automotive and technology applications. China's drive to vehicle electrification continues to be at the forefront of this trend.

Although China's electric vehicle (EV) race started several years ago when the government set ambitious targets (20% of all vehicles sold to run on alternative fuel by 2025), more aggressive mandates in recent months appear to have precipitated EV initiatives. China introduced a 'double credit policy' to automotive manufacturers in April 2018 and reduced subsidies for lower range and energy density electric vehicles. These changes have pushed manufacturers to focus on producing longer range vehicles (>300km per charge) using higher energy density cathode materials.

Increasingly stringent emissions legislation being planned around the world is also incentivising a shift to EVs, with manufacturers in Europe being fined for vehicles exceeding targets, while credits are being planned for models with super-low emission levels.

Global electric vehicle production is expected to increase by more than 30 times in the next 15 years. As a result, lithium demand is expected to follow.

Despite a short-term surplus of lithium supplies in 2018 – particularly in China (the world's largest consumer) and delays to expansion plans by Chinese convertors causing downward pressure on pricing, long-term demand is expected to positively impact pricing as demand outweighs supply.

Recent news supporting the positive long-term demand outlook include Toyota increasing its focus on electrification through a partnership with Panasonic to create a joint-venture targeting the development of EV battery cell production, and Panasonic's EV partner, Tesla pushing ahead with plans for the Gigafactory 3 in China which is targeting first production by the end of 2019.

From a global perspective, lithium supply looks like it may fall short of recent forecasts. South American brine expansion is reported to be lagging, while on-going production issues at heavy weights SQM, Albemarle and Orocobre mean that China's converters are likely to be required to fulfil demand.

With growing demand and capacity increases falling short of expectations, the long-term demand supply dynamics should favour producers like Alliance.

References:
https://roskill.com/news/electric-vehicles-subsidies-and-emissions-policy-set-to-define-direction-of-industry-development/
https://roskill.com/news/lithium-ganfeng-first-of-the-majors-to-see-price-impact-as-q3-earnings-emerge/
https://www.energyandcapital.com/report/lithium-investment-outlook-2019/5012
Benchmark Mineral Intelligence | Lithium Price Assessment – January 2019.

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 or recommended for 2Q FY2019.

(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 and the reason(s) for the decision

No dividend has been declared or recommended for 2Q FY2019 as the Group was loss making.

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 or more 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).

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

15. Use of placement proceeds

On 5 July 2018 and 24 July 2018, Alliance 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).

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 ([1])	3,182	3,182	-
Future exploration and other initiatives at the Bald Hill Project	1,036	1,036	-
Total	**7,400**	**7,400**	**-**

Notes: [1] The working capital amounts have been applied against open pit mining operations.

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:-

Please refer to the announcement titled "**Appendix 5B – Mining exploration entity and oil and gas exploration entity quarterly report**" ("**Appendix 5B Announcement**") for details on the use of cash for the quarter ended 31 December 2018.

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

Please refer to the Appendix 5B Announcement for details on the projected use of cash for the next quarter ending 31 March 2019, including the principal assumptions.

17. Rule 705 (7) 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;

Please refer to the "**Quarterly Activities Report for the quarter ended 31 December 2018**" which was released on 31 January 2019 for details of exploration, mining development and/or production activities undertaken by the Company.

The expenditure spent on exploration & evaluation, development and production activities are contained in the Appendix 5B Announcement.

Alliance had in its 1QFY2019 results announcement released on 13 November 2018 projected A$31.3 million for development activities in the Bald Hill Mine during the quarter ended 31 December 2018. Such projection was based on Alliance's then budgeted cashflow prior to the implementation of the Merger between Alliance and Tawana when each of Alliance and Lithco No. 2 Pty Ltd (a 100% owned subsidiary of Tawana) had an equal 50:50 legal and beneficial interest in the Bald Hill project and where each entity had budgeted for its respective capital expenditure contribution towards the project separately.

The Merger was implemented on 14 December 2018 following which, Tawana became a wholly-owned subsidiary of Alliance. 100% interest in the Bald Hill project is now held by the Merged Group. The actual use of funds for the quarter ended 31 December 2018 has been consolidated and presented at the Merged Group level and accordingly, a variance analysis between the actual and projected use of funds/cash for the quarter ended 31 December 2018 is not meaningful.

The Company will explain any material variances between the actual and projected use of funds in the relevant announcements going forward.

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

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

On behalf of the Board

Geoffrey McNamara Independent Non-Executive Chairman	Mark Calderwood Managing Director

BY ORDER OF THE BOARD

Mark Calderwood
Managing Director
15 March 2019

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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.

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).