ALLIANCE MINERAL ASSETS LIMITED

ACN 147 393 735

Interim Financial Report for the Ten Month Period Ended 30 April 2018

Alliance Mineral Assets Limited
ACN 147 393 735

Corporate Directory

Directors

Pauline Gately
Mahtani Bhagwandas
Joshua Ong Kian Guan
Chan Hung Chiu Eddy
Shaun Menezes

Joint Company Secretaries

Fiona Leaw Mun Ni
Shaun Menezes

Registered Office and Principal place of business

Lakeside Corporate Building
Unit 6, 24 Parkland Road
Osborne Park WA 6017
Australia

Telephone: + 618 9388 8826
Website: http://www.alliancemineralassets.com.au

Auditor

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

Share Registrar and Share Transfer Office
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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

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Directors' Report

The Board of Directors present their report, together with the interim financial statements of Alliance Mineral Assets Limited (“the Company”, “AMAL” or “Alliance”) for the ten month period ended 30 April 2018. The financial statements for the ten month period ended 30 April 2018 have been prepared to assist Alliance in its financial reporting requirements in relation to the proposed merger of Alliance with Tawana Resources NL (“Tawana”).

Directors

The names of the Directors of Alliance Mineral Assets Limited in office during the ten month period and until the date of this report are:

- Pauline Gately: Non-Executive Chairperson to 1 March 2018, Interim Executive Chairperson 1 March 2018 to present
- Suen Sze Man: Executive Director to 1 March 2018, Non-Executive Director 1 March 2018 to 25 June 2018
- Mahtani Bhagwandas: Non-Executive Director
- Joshua Ong Kian Guan: Non-Executive Director
- Chan Hung Chiu Eddy (appointed 28 November 2017): Non-Executive Director
- Shaun Menezes (appointed 25 July 2018): Finance Director

All Directors were in office from the beginning of the ten month period until the date of this report unless otherwise stated.

Principal activities

The Company is principally engaged in the business of exploring and developing Lithium and Tantalum projects in Australia.

Review of operations and financial results

The profit after tax for the ten month period ended 30 April 2018 was $400,328. The profit for the period is attributed to the impairment reversal of $5,296,771 (refer to note 22 for further details) offset by operating expenses during the financial year. At 30 April 2018, the Company had a cash balance of $1,712,442. Refer to note 1 Going concern for further discussion on the Company’s liquidity position.

The agreement entered into between AMAL and Tawana in relation to the Bald Hill project (“Bald Hill Joint Venture”) 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.

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 the period, the construction of the Dense Media Separation (“DMS”) plant took place. On 14 March 2018, the Company announced that lithium production had commenced at Bald Hill following the successful ore commissioning through the DMS circuit. The DMS will ramp up to full production run rate in the following months.

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

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

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

Significant changes in state of affairs

Significant changes in the Company's state of affairs during the course of the ten month period ended 30 April 2018 are set out below:

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

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

- $4.375 million (formerly to be an advance payment under the offtake agreement) as subscription funds for a placement of AMAL shares ("Tranche 1");
- $5 million as subscription funds for a placement of AMAL shares on or before 6 October 2017 ("Tranche 2");
- $5.2 million as subscription funds for a placement of AMAL shares on or before 15 October 2017 ("Tranche 3");
- $4.8 million to be advanced to AMAL by way of a loan on or before 31 October 2017 ("Tranche 4"); and
- $5 million as subscription funds for a placement of AMAL shares between 15 November 2017 and 30 April 2018 ("Tranche 5").

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

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

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

- $5.0 million as subscription consideration for the Tranche 4 Subscription Shares by 7 November 2017; and
- $4.8 million by granting the loan on or before 30 April 2018.

The Tranche 4 Subscription Shares transaction was completed on 16 November 2017. On 17 April 2018, the Company announced that Burwill and the Company have mutually agreed to discontinue the loan from Burwill.

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

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

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

On 5 April 2018, the Company also announced that it was conducting a fully underwritten placement to sophisticated and institutional investors outside of Singapore to raise gross proceeds of $25 million (approximately S$25.2 million) ("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 and the shareholders have approved the issuance of shares to Burwill Holdings Limited on 25 June 2018.

Events after reporting date

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

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

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

On 25 June 2018, shareholders approved the issue of 3,500,000 shares to Directors and management (which were subsequently issued on 5 July 2018), and approved the allotment and issuance of up to 23,875,115 placement shares to Burwill Holdings Limited or its subsidiaries. Of these placement shares:

- On 5 July 2018, 13,000,000 ordinary shares were allotted to Burwill Holdings Limited; and
- On 24 July 2018, 3,275,115 underwritten placement shares were issued to an Australian Institutional Investor and 7,600,000 Underwritten Placement Shares were subscribed by Canaccord as underwriter.

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

On 3 July 2018, the Company announced the incorporation of a new wholly owned subsidiary, Alliance Mineral Assets Exploration Pty Ltd for the purpose of holding tenements that are not part of the Bald Hill Joint Venture.

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

On 31 July 2018, the Company announced that commercial production had been reached on the Bald Hill project.

Other than as stated above, no other matters or circumstances have arisen since 30 April 2018 that have significantly affected or may significantly affect;

- The Company's operations in future financial years; or
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

Signed in accordance with a resolution of the Board of Directors

P. Gately

Pauline Gately
Chairman

15 August 2018

Alliance Mineral Assets Limited
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Interim Statement of Comprehensive Income
For the ten month period ended 30 April 2018

	Note	30 April 2018 $
Interest income		130,414
Foreign exchange gain		1,375
Loss on deemed disposal of interest in non-current assets	8	(352,249)
Accounting and audit expenses		(163,975)
Consulting and directors fees		(449,061)
Administrative expenses	3	(1,712,770)
Employee salaries and other benefits expenses		(894,685)
Borrowing costs		(380,514)
Share-based payment expense	15	(1,074,978)
Reversal of impairment	22	5,296,771
Profit before income tax		**400,328**
Income tax expense		-
Profit after tax		**400,328**
Other comprehensive income		-
Total comprehensive income for the period attributable to owners of the Company		**400,328**

	Note	
Earnings per share attributable to members		
Basic earnings per share (cents per share)	13	0.07
Diluted earnings per share (cents per share)	13	0.07

Alliance Mineral Assets Limited
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Interim Statement of Financial Position
As at 30 April 2018

	Note	30 April 2018
		$
CURRENT ASSETS		
Cash and cash equivalents		1,712,442
Receivables	4	1,613,362
Other current assets	5	7,255,270
Prepaid transaction costs	11	1,187,842
Inventory	6	786,373
TOTAL CURRENT ASSETS		**12,555,289**
NON CURRENT ASSETS		
Mine development	7	25,765,723
Property, plant & equipment	8	33,302,390
Reimbursement asset - rehabilitation obligation	10	2,664,340
TOTAL NON CURRENT ASSETS		**61,732,453**
TOTAL ASSETS		**74,287,742**
CURRENT LIABILITIES		
Trade and other payables	9	16,554,368
Deferred revenue	19	8,125,000
Employee Benefit Liabilities		328,813
Interest bearing loans and borrowings		168,911
TOTAL CURRENT LIABILITIES		**25,177,092**
NON CURRENT LIABILITIES		
Provision for rehabilitation	10	5,328,680
Interest bearing loans and borrowings	11	6,210,670
TOTAL NON CURRENT LIABILITIES		**11,539,350**
TOTAL LIABILITIES		**36,716,442**
NET ASSETS		**37,571,300**
EQUITY		
Issued capital	12	58,535,275
Reserves		7,017,556
Accumulated losses		(27,981,531)
TOTAL EQUITY		**37,571,300**

Alliance Mineral Assets Limited
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Interim Statement of Changes in Equity
For the ten month period ended 30 April 2018

	Issued Capital $	Parent Equity Contribution Reserve $	Share-based payment reserve $	Accumulated Losses $	Total $
Balance as at 1 July 2017	38,960,275	2,229,237	1,620,202	(28,381,859)	14,427,855
Profit for the period	-	-	-	400,328	400,328
Total comprehensive income for the period	-	-	-	400,328	400,328
Equity Transactions:					
Share-based payments	-	-	3,168,117	-	3,168,117
Issue of fully paid ordinary shares	19,575,000	-	-	-	19,575,000
Balance as at 30 April 2018	**58,535,275**	**2,229,237**	**4,788,319**	**(27,981,531)**	**37,571,300**

Alliance Mineral Assets Limited
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Interim Statement of Cash Flows
For the ten month period ended 30 April 2018

	30 April 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	130,414
Services income received	120,242
Interest paid	(12,058)
Revenue received in advance	8,125,000
Payments to suppliers, contractors and employees	(3,228,584)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**5,135,014**
CASH FLOWS FROM INVESTING ACTIVITIES	
Spare purchases for mine development	(847,398)
Cash calls paid to joint operation not yet spent	(3,141,642)
Bonds and deposits paid	(50,000)
Payments for mine development	(6,790,016)
Purchase of plant & equipment	(20,655,782)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(31,484,838)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	19,575,000
Repayment of insurance premium loan principal	(40,555)
Repayment of finance lease principal	(15,085)
Loan drawdowns	8,078,776
Debt facility fees	(955,714)
Repayment of unsecured loan	(1,438,621)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**25,203,801**
Net decrease in cash and cash equivalents	(1,146,023)
Cash and cash equivalents at beginning of period	2,857,090
Net foreign exchange difference on cash balances	1,375
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,712,442**

1. General Information and Basis of Preparation

General information

The interim financial statements of Alliance Mineral Assets Limited ("the Company" or "Alliance") was authorised for issue in accordance with a resolution of the directors on 14 August 2018.

Alliance is a for-profit limited company, incorporated and domiciled in Australia, whose shares are publicly traded on the SGX-ST. The Company's principal activities are described in the Directors Report.

Basis of preparation

These interim financial statements for the ten month period ended 30 April 2018 have been prepared in accordance with the requirements of AASB 134*: Interim Financial Reporting* except for non-disclosure of comparative information in the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, Statement of Financial Position and related notes. The interim financial statements for the ten month period ended 30 April 2018 have been prepared to assist Alliance to comply with financial reporting requirements of the Singapore Stock Exchange with respect to the Merger Circular being issued by Alliance in relation to its proposed merger with Tawana Resources NL. The financial report complies with IAS 34: *Interim Financial Reporting* as issued by the International Accounting Standards Board except for the non-disclosure of comparative information in the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, Statement of Financial Position and related notes.

This interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the annual financial report.

It is recommended that the interim financial report be read in conjunction with the annual financial report of Alliance Mineral Assets Limited for the year ended 30 June 2017 and considered with any public announcements made by the Company during the ten month period ended 30 April 2018 in accordance with the continuous disclosure obligations of the Singapore Stock Exchange Catalyst Rules.

Accounting policies, disclosures, standards and interpretations

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2017, other than the adoption of the additional accounting policies set out below.

Joint operations

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

Inventories

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

Stores and consumables are expected to be processed or sold within twelve months after the balance date are classified as current assets.

1. General Information and Basis of Preparation (cont'd)

Reimbursement asset – rehabilitation obligation

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

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the International Accounting Standards Board ('IASB') that are relevant to their operations and effective as at 1 July 2017.

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

AASB 9 Financial Instruments ("AASB 9")
Nature of change relevant to the company

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

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

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

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

The incurred credit loss model in AASB 139 (IAS 39) has been replaced with an expected credit loss model in AASB 9 (IFRS 9).

Application date

Annual reporting periods beginning on or after 1 January 2018.

Impact on initial application

On adoption of AASB 9 (IFRS 9), the company will classify financial assets as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics.

The Company intends to apply the new standard retrospectively at the date of initial application but will not restate comparatives. Based on the work completed to date and the financial instruments held at 30 April 2018, no significant change in the measurement of the company's financial assets or liabilities is expected.

The following table summarises the expected impact on the classification of the company's financial assets and liabilities on adoption of AASB 9 (IFRS 9):

1. General Information and Basis of Preparation (cont'd)

Presented in the statement of financial position	AASB 139 classification (IAS 39)	AASB 9 classification (IFRS 39)
Cash and cash equivalents	Loans and receivables	Financial asset at amortised cost
Trade and other receivables	Loans and receivables	Financial asset at amortised cost
Deposits	Loans and receivables	Financial asset at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Loans and borrowings	Financial liability at amortised cost	Financial liability at amortised cost

AASB 15 Revenue from Contracts with Customers ("AASB 15")

Nature of change relevant to the company

AASB 15 (IFRS 15) replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts (IAS 11), AASB 118 Revenue (IAS 18), Interpretation 13 Customer Loyalty Programmes (IFRIC 13), Interpretation 15 Agreements for the Construction of Real Estate (IFRIC 15), Interpretation 18 Transfers of Assets from Customers (IFRIC 18) and Interpretation 131 Revenue – Barter Transactions (SIC 31) Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards.

The core principle of AASB 15 (IFRS 15) is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Application date

Annual reporting periods beginning on or after 1 January 2018. For Alliance this will be the year beginning 1 July 2018.

Impact on initial application

In accordance with the transitional provisions in AASB 15 the standard is expected to be applied using the full retrospective approach. In this regard, the Company will apply the practical expedient and not restate any contracts that were completed at the beginning of the earliest period presented.

The company have assessed all enforceable offtake agreements. In this regard, the Directors considered whether the deferred revenue received under the Bald Hill Lithium Concentrate Offtake agreement (see note 19) contained a significant financing component. The Directors concluded that any discount in the arrangement was provided to secure a foundation customer and was therefore provided for reasons other than financing. Accordingly, no discounting will be imputed into the transaction.

1. General Information and Basis of Preparation (cont'd)

AASB Interpretation 22: Foreign Currency Transactions and Advance Consideration (IFRIC 22)

Nature of change relevant to the company

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Application date

Annual reporting periods beginning on or after 1 January 2018. For Alliance this will be the year beginning 1 July 2018.

Impact on initial application

The company has assessed that this Interpretation will have no significant impact for the company.

AASB 16 Leases ("AASB 16")
Nature of change

AASB 16 (IFRS 16) requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases (IAS 17). The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

Application date

Annual reporting periods beginning on or after 1 January 2019. For Alliance this will be the year beginning 1 July 2019.

Impact on initial application

To the extent that the company, as lessee, has significant operating leases outstanding at the date of initial application, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

1. General Information and Basis of Preparation (cont'd)

Significant estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to the most recent annual financial report for the year ended 30 June 2017 for a discussion of the significant estimates and judgments. The following additional estimates and judgements are noted for the current interim period:

Judgements

Production start date

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

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

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

The company has determined that as at 30 April 2018 the Bald Hill Mine has not yet transitioned into the production phase.

Estimates

Determination of mineral resources

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

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

Changes in mineral resources may impact the recoverability and useful lives of the mine development and property, plant and equipment assets. Refer to Note 7 for Mine development and Note 8 for Property, plant and equipment.

Recognition of deferred tax asset

The Company recognises deferred tax assets on the basis that it is considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future. No deferred tax assets have been recognised as at 30 April 2018 as there was insufficient evidence that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future.

Impairment of property, plant and equipment and mine development

The Company assesses each asset or cash generating unit (CGU) in each reporting period to determine whether any indication of impairment or impairment reversal exists. Where an indicator exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU). Refer to note 22 for details of the assessment undertaken for the current period, including the key assumptions that were utilised. The fair value methodology adopted was categorised as Level 3 in the fair value hierarchy.

1. General Information and Basis of Preparation (cont'd)

Rehabilitation provision

The Company records the present value of the estimated cost of restoring operating locations in the period in which the obligation arises, which is typically at acquisition or disturbance to the environment. The nature of the restoration activities includes the removal of facilities, abandonment of mine sites and rehabilitation of the affected areas. In most instances this arises many years in the future. The application of this policy necessarily requires judgmental estimates and assumptions regarding the date of abandonment, environmental legislation, the engineering methodology adopted, technologies to be used, expected future inflation rates and the asset specific discount rates used to determine the present value of these cash flows. Refer to Note 10.

Deferred revenue

The Directors considered whether the deferred revenue received under the Bald Hill Lithium Concentrate Offtake agreement (see note 19) contained a significant financing component. The Directors concluded that any discount in the arrangement was provided to secure a foundation customer and was therefore provided for reasons other than financing. Accordingly, no discounting has been inputted into the transaction.

Going concern

The Company recorded a profit of $400,328 and had cash outflows from operating and investing activities of $26,349,824 for the ten months ended 30 April 2018. The Company had cash and cash equivalents of $1,712,442 as at 30 April 2018.

During the 10 month period, Alliance and Lithco No. 2 Pty Ltd 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), the Company will be exposed to a higher level of cash outflows due to pre-strip activities and repayment of Burwill prepayment (note 19). 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 period the Company raised $13 million from a loan deed with a consortium of investors to fund the development of the Bald Hill Project.

Subsequent to 30 April 2018 the Company raised the following additional funds via equity raisings:

- on 2 May 2018, the Company issued 76,522,804 shares to sophisticated and institutional investors outside of Singapore to raise approximately $25.2 million (before costs);
- on 4 July 2018, the Company issued 13,000,000 shares to Burwill Holdings Ltd to raise approximately $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 $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.

2. Segment Information

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

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

3. Administrative expenses

	30 April 2018
	$
Administrative expenses includes:	
Legal fees	712,211
Listing associated fees	324,944
Depreciation	55,180
General expenses	620,435
Total administrative expenses	1,712,770

4. Receivables

	30 April 2018
	$
GST receivable[1]	1,552,663
Other Receivables	60,699
Total Receivables	1,613,362

[1] $1,424,191 relates to the Company's share of the Bald Hill Joint Venture GST receivable.

5. Other current assets

	30 April 2018
	$
Bond receivable	25,820
Bank Guarantee	50,000
Prepayments	1,590,931
Prepaid joint operation expenditure[1]	5,538,519
Restricted cash	50,000
Total other current assets	7,255,270

[1]This represents the balance of a cash call paid to the Bald Hill Joint Venture manager in advance of expenditure incurred.

6. Inventories

	30 April 2018
	$
Consumables (at cost)	786,373
Total inventories	786,373

7. Mine Development

	30 April 2018
Mine development assets	$
Cost at beginning of the financial year	3,506,374
Additions	18,617,764
Reversal of impairment (see note 22 for further details)	5,296,771
Share of asset derecognised on formation of joint operation (see note 8 for further details)	(1,655,186)
Total mine development	25,765,723

8. Property, Plant and Equipment

Reconciliation of movement in property, plant and equipment:

	Assets under construction* $	Buildings $	Furniture and fittings $	Office equipment $	Plant & equipment $	Motor vehicles $	Total $
Balance at 1 July 2017	70,045	2,450,946	58,271	86,875	9,523,555	104,330	12,294,022
Additions	26,887,984	1,823	760	96,515	46,174	10,940	27,044,196
Share of asset derecognised on formation of joint operation	(35,023)	(836,414)	(20,382)	-	(4,634,072)	(15,165)	(5,541,056)
Transfers**	4,060,923	-	(20,384)	-	(4,040,539)	-	-
Depreciation expense	-	(101,389)	(5,938)	(57,317)	(316,549)	(13,579)	(494,772)
Balance at 30 April 2018	30,983,929	1,514,966	12,327	126,073	578,569	86,526	33,302,390

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

** Transfers have arisen primarily as a result of plant undergoing refurbishment during the 12 month period and therefore being reclassified to assets under construction

8. Property, Plant and Equipment (cont'd)

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

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

9. Trade and other payables

	30 April 2018 $
Trade and other payables	7,917,665
Accruals	5,329,392
Due to related entity, Living Waters Mining Pty Ltd	1,185,833
Due to Lithco No. 2 Pty Ltd (outstanding cash call)	2,121,478
Total trade and other payables	16,554,368

10. Provision for rehabilitation & Reimbursement asset – rehabilitation obligation

10a Provision for rehabilitation	30 April 2018 $
At the beginning of the financial period	1,078,987
Interest expense	11,430
Increase during the period(*)	4,238,263
Total provision for rehabilitation	5,328,680

(*) This relates to the additional disturbance arising from mining and development activities during the period.

10b Reimbursement asset – rehabilitation obligation

Recognised on formation of joint operation (Note 8)	539,493
Increase during the period	2,124,847
Total reimbursement asset – rehabilitation obligation	2,664,340

Alliance is currently registered as the sole tenement holder of the Bald Hill Joint Venture tenements and is therefore liable for 100% of the rehabilitation obligations. However, under the JV agreement with Tawana, Alliance is able to recover 50% of the expenditure incurred.

11. Prepaid transaction costs and Interest-bearing liabilities

	30 April 2018 $
Prepaid transaction costs – current	
Project loan – transaction costs on undrawn loan(i)	1,187,842
	1,187,842
Interest-bearing liabilities – non-current	
Project loan – principal drawn-down loan(i)	8,000,000
Transaction costs on drawn-down loan(i)	(1,791,566)
	6,208,434
Finance lease	2,236
Total interest-bearing liabilities	6,210,670

(i)Terms and conditions

On 28 March 2018, the Company entered into a loan deed for up to $13 million with a consortium of lenders to fund the development of the Bald Hill Lithium and Tantalum Mine, which is secured over the Company's 50% interest in the Bald Hill Joint Venture and its interest in all tenements connected with the Bald Hill Joint Venture. The loan can be drawn down by the Company for up to $8 million pending the registration of the mortgage security and up to $13 million thereafter.

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

- establishment fees of 1.5% payable to the lenders
- 15.6 million options exercisable at S$0.4875 per share, expiring 3 years from date of issue payable to the lenders
- commission expenses of 5% payable to the joint arrangers.

The above fees were treated as transaction costs and on draw down of the loan will form a part of the effective interest calculation on the loan. As at 30 April 2018, a total of $8 million was drawn down, with the remaining $5 million drawn down in May 2018. The costs associated with the undrawn loan have been classified as prepaid transaction costs separately on the statement of financial position.

12. Issued Capital

	30 April 2018
(a) Issued and paid up capital	
Ordinary shares fully paid	58,535,275

	Number of shares	$
(b) Movements in ordinary shares		
Opening balance	480,763,760	38,960,275
Placement	74,810,228	19,575,000
Closing balance	555,573,988	58,535,275

13. Earnings Per Share

	30 April 2018
Basic earnings per share (cents)	0.07
Diluted earnings per share (cents)	0.07
Net profit after income tax ($)	400,328
Weighted average number of ordinary shares used in calculating basic earnings per share	541,022,934
Dilutive impact of options	6,002,351
Weighted average number of ordinary shares used in calculating diluted earnings per share	547,025,285

The issue of the placement shares were issued at a discount to the volume weighted average price of Alliance Mineral Asset Limited's shares on 29 September 2017 ("VWAP"), as follows:

- 37,303,022 shares were issued at a 10% discount to the VWAP
- 19,601,756 shares were issued at a 5% discount to the VWAP
- 17,905,450 shares were issued at the VWAP

The earnings per share calculation prior to the issue of these shares has been adjusted by a factor of 1.03 to reflect the impact of the discount.

An additional 103,897,919 shares were issued after 30 April 2018 but prior to the authorisation of these financial statements, which would change the outcome of the loss per share shown above if issued prior to the end of the year.

At 30 April 2018, 19,400,000 unlisted options were not included in the diluted loss per share calculation as they were considered anti-dilutive.

14. Options

The following table illustrates the outstanding options granted, exercised and forfeited during the balance date:

	Number	Weighted average exercise price ($SGD)
Outstanding at 1 July 2017	11,400,000	$0.30
Issued to lenders	15,600,000	$0.48
Outstanding at 30 April 2018	27,000,000	$0.40

No options were exercised during the period. The weighted average remaining contractual life for share based payment options outstanding at 30 April 2018 was 2.6 years. Options were issued during the period as part of the project loan as non-cash fees to the lenders (refer to note 11 for details). As the fair value of the services received from the lenders could not be determined reliably, the fair value of the options of $2,093,139 was used to value of the services received.

The below provides a summary of key assumptions adopted in the Black Scholes model to estimate the fair value of these options:

Number of options	15,600,000
Dividend yield (%)	Nil
Expected volatility (%)	65
Risk free interest rate (%)	2.1
Expected life (years)	3
Share price $SGD	0.37
Exercise price $SGD	0.49
Fair value per option $AUD	0.13

15. Share based payments

The following share based payments were made during the period:

	30 April 2018 $
Options (refer to note 14)	2,093,139
Compensation shares (a)	1,074,978
	3,168,117

(a) On 3 April 2018, the allotment of the following compensation shares was proposed to the shareholders by the Board:
- 3,000,000 compensation shares to executives
- 10,250,000 compensation shares to the directors and the former chief executive officer

The allotment was based on the recommendations made by an external remuneration consultant in 2017, taking into account the past achievement of specific performance milestones, including the execution of the Joint Venture Agreement and off-take agreement as well as the commencement of commercial production for the Bald Hill Project. There were no specific vesting conditions attached to the compensation shares other than the requirement that the issuance of shares be approved by the shareholders at an extraordinary general meeting held on 25 June 2018 (the "EGM").

For the proposed allotment to executives, in the event the Issuance was not approved by Shareholders at the EGM, the Company was obliged to pay the individual executives the equivalent compensation in cash. As there was a present obligation at the reporting date which the company expected to equity settle, management has recognised a share based payment expense of $1,074,978 being 100% of the fair value of the shares to be issued using the share price at the balance date of S$0.36.

In relation to proposed allotment to the directors and the former CEO, there was no cash alternative if the allotment was not approved by the shareholders. In the absence of any performance or service conditions and an obligation to issue shares or pay cash until such time as the award was approved at the EGM, no share based payment expense has been recognised during the ten month period to 30 April 2018.

16. Related Party Transactions

Living Waters Mining Pty Ltd
During the period a total of $1,438,621 was repaid for the amount owing to Living Water Mining Pty Ltd, an entity related to Suen Sze Man and Tjandra Pramoko. Of the amount remaining:
- $347,133 will be repaid through three remaining monthly instalments of $115,711.
- The remaining balance will be repaid in June 2018 from free-cash flows arising in May 2018.

Outstanding balances at reporting date of $1,185,833 are unsecured. There have been no guarantees provided or received for any related parties. Balances owing to related parties do not attract interest and are paid in accordance with the terms of the loan agreement.

Suen Sze Man and Tjandra Pramoko
In March 2018, the Company has given notice of termination to two key management personnel. The notice of termination was given in accordance with the terms of service contracts and expires six months from 1 March 2018. The full cost under the notices of termination of $383,250 has been expensed during the period. A balance of $255,500 remains outstanding at 30 April 2018.

Burwill Holdings Limited
The company has received lithium product prepayments through an offtake agreement with Burwill Holdings Limited ("Burwill"), an entity which Mr Chan Hung Chiu Eddy has an interest in. This is discussed further in note 19. Burwill also participated in a placement during the period of in the placement of 74,810,228 ordinary shares.

Lithco No. 2 Pty Ltd and Tawana Resources Limited
During the period the Bald Hill Joint Venture had recharges from Lithco No. 2 Pty Ltd (the operator for the Bald Hill Joint Venture) and Tawana (the parent of Lithco No. 2 Pty Ltd) of $6,181,189.

17. Dividends Paid or Provided For

No dividends have been declared paid during the period.

18. 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 effective from 1 March 2018. Both individuals indicated that they reserve the right to challenge the decision to terminate their services with the company.

19. Commitments

Exploration commitments:

At 30 April 2018 the Company has the following commitments relating to exploration expenditure incurred in prospecting the licensed area of the company's tenements.

	30 April 2018
	$
Within one year	333,698
After one year but not more than five years	903,033
	1,236,731

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

Capital expenditure commitments

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

	30 April 2018
	$
Within one year	1,220,000
After one year but not more than five years	-
	1,220,000

Operating lease commitments

The Bald Hill Joint Venture has operating lease commitments, the Company's share of these commitments is set out below:

	30 April 2018
	$
Within one year	3,459,589
After one year but not more than five years	370,207
	3,829,796

19. Commitments (cont'd)

Lithium concentrate offtake agreement

On 20 April 2017, the Company entered into a lithium concentrate offtake agreement with a wholly owned subsidiary of Burwill Holdings Limited ("Burwill") for the supply of lithium concentrate from the Bald Hill Project over an approximate initial five year term. The contract is subject to certain conditions precedent. Under the original terms of the contract, the Company was to supply Burwill an agreed minimum amount of 6% Li_2O concentrate commencing from the first quarter 2018 and receive a fixed price of US$880 per tonne subject to adjustment for grade, punctuality of delivery and punctuality of acceptance of delivery. This was subsequently amended as follows:

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

Under the terms of the agreement and subsequent amendments, Burwill made total prepayments of $8,125,000 of which the full amount has been received at balance date. The deferred revenue relating to the prepayments received has been reclassified to show as a separate line item in the statement of financial position in order to more appropriately reflect the nature of this item. Previously for 30 June 2017 this was presented as part of trade and other payables.

Finance lease commitments:

	30 April 2018
	$
Within one year	17,187
After one year but not more than five years	2,236
	19,423

Other than the above, there are no other contingent liabilities and commitments at 30 April 2018.

20. Financial Instruments

The fair value of financial assets and financial liabilities of the Company approximated their carrying amount.

21. Events After Balance Date

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

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

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

On 25 June 2018, shareholders approved the issue of 3,500,000 shares to Directors and management (which were subsequently issued on 5 July 2018), and approved the allotment and issuance of up to 23,875,115 placement shares to Burwill Holdings Limited or its subsidiaries. Of these placement shares:

- On 5 July 2018, 13,000,000 ordinary shares were allotted to Burwill Holdings Limited; and
- On 24 July 2018, 3,275,115 underwritten placement shares were issued to an Australian Institutional Investor and 7,600,000 Underwritten Placement Shares were subscribed by Canaccord as underwriter.

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

On 3 July 2018, the Company announced the incorporation of a new wholly owned subsidiary, Alliance Mineral Assets Exploration Pty Ltd for the purpose of holding tenements that are not part of the Bald Hill Joint Venture.

21. Events After Balance Date (cont'd)

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

On 31 July 2018, the Company announced that commercial production had been reached on the Bald Hill project.

Other than as stated above, no other matters or circumstances have arisen since 30 April 2018 that have significantly affected or may significantly affect;

- The Company's operations in future financial years; or
- The results of those operations in future financial years; or
- The Company's state of affairs in future financial years.

22. Reversal of Impairment

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

As at 30 April 2018 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 $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 $13 million and a capital raising of $19.58 million up to April 2018 with a further $33 million in capital raising to the date of this report;
- the commencement of production with first shipment of product in May 2018, and expected commercial production in July 2018; and
- the company's market capitalisation is significantly higher than its net assets.

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

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

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

Based on the valuation reports prepared by the independent valuers, management has concluded that the valuation of the project is significantly higher than its carrying value, and accordingly the full amount of prior impairment was able to be reversed. However, as the Company disposed of 50% of its interest in the Bald Hill Project on formation of the Bald Hill Joint Venture (refer to note 8 for details), 50% of the impairment expense recognised on 30 June 2015 ($5,296,771) was reversed in the current financial period in the profit or loss.

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

Director's Declaration

In accordance with a resolution of the directors of Alliance Mineral Assets Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of Alliance Mineral Assets Limited for the ten months ended 30 April 2018:

- (i) presents fairly the company's financial position as at 30 April 2018 and of its performance and cash flows for the ten months ended on that date;
- (ii) comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' with the exception of the non-disclosure of comparative financial information as detailed in note 1; and
- (iii) comply with International Accounting Standard IAS 34 'Interim Financial Reporting' to the extent disclosed in note 1.

(b) Subject to the achievement of the matters described in note 1 Going concern, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

P. Gately

Pauline Gately
Chairman

15 August 2018

Building a better
working world

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

Report on the interim financial report

Qualified conclusion

We have reviewed the accompanying interim financial report of Alliance Mineral Assets Limited (the Company), which comprises the statement of financial position as at 30 April 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the ten month period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that:

a) The accompanying interim financial report of Alliance Mineral Assets Limited does not present fairly, in all material respects, the Company's financial position as at 30 April 2018 and its financial performance and its cash flows for the ten month period ended on that date, in accordance with AASB 134 *Interim Financial Reporting*

b) The interim financial report does not comply with IAS 34 *Interim Financial Reporting*

Basis for qualified conclusion

As detailed in note 1, the interim financial report does not include the comparative financial information in respect of the preceding period which is not in accordance with the requirements under paragraph 20 of AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which describes the principal conditions that raise doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the accompanying interim financial report is not presented fairly, in all material respects, in accordance with AASB 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of Alliance Mineral Assets Limited, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Ernst & Young

Ernst & Young
Perth
15 August 2018