

ALLIANCE MINERAL ASSETS LIMITED

(Company Registration Number: ACN 147 393 735)
(Incorporated in the Australia on 6 December 2010)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES (AS DEFINED HEREIN) OF THE SGX-ST (AS DEFINED HEREIN) – EMPHASIS OF MATTER BY THE AUDITORS ON THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (the “**Board**”) of Alliance Mineral Assets Limited (the “**Company**”) wishes to announce that the Company’s independent auditor, Ernst & Young (Australia), had without modifying their opinion, included in the Independent Auditor’s Report an emphasis of matter in respect of the Company’s ability to continue as a going concern on the audited financial statements of the Company for the financial year ended 30 June 2017 (the “**Audited Financial Statements**”). A copy of the Independent Auditors’ Report, statement of comprehensive income for the year ended 30 June 2017, statements of financial statements as at 30 June 2017 and an extract of Note 2(c) from the notes to the Audited Financial Statements are attached to this announcement for information.

Notwithstanding the above, the Board is of the opinion that the Company will continue as a going concern for, *inter alia*, the following reasons:

- (1) The management has assessed the Company’s financial position and cash flow forecast for the next twelve months and is satisfied that based on the ongoing discussions with relevant parties, they will be successful in securing additional funds through debt or equity issues to enable the Company to continue its operations and meet its obligations for the foreseeable future. Thus, it is appropriate to prepare the financial statements on a going concern basis;
- (2) On 4 October 2017, the Company has entered into a subscription agreement (“**Subscription Agreement**”) with Burwill Commodity Limited (“**BCL**”), a wholly-owned subsidiary of Burwill Holdings Limited, a company listed on the Mainboard of the Hong Kong Stock Exchange, pursuant to which BCL has agreed to pay an aggregate of AUD19,575,000 to the Company in consideration for the subscription of an aggregate of 74,810,228 new ordinary shares in the capital of the Company to be allotted and issued in tranches to BCL, subject to the terms and conditions as stipulated in the Subscription Agreement. Please refer to the announcement released separately by the Company on the same day in relation to the Subscription Agreement.
- (3) BCL has also agreed, pursuant to the terms of a binding term sheet entered into between BCL and the Company dated 2 October 2017, to provide a secured loan amounted to A\$4.8 million to the Company at an interest rate of 11% per annum.

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

Shareholders of the Company are advised to read the Audited Financial Statements in its 2017 annual report, which will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Suen Sze Man
Executive Director
5 October 2017

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIANCE MINERAL ASSETS LIMITED



Building a better
working world

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Independent Auditor's Report to the Members of Alliance Mineral Assets Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alliance Mineral Assets Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the Company.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date;
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- c) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards and International Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(c) in the 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 on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIANCE MINERAL ASSETS LIMITED



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment assessment of Bald Hill project's non-current assets

Why significant

The Company assessed during the reporting period whether there was any indication that an asset may be impaired or previously recognised impairment charges should be reversed. The Company's policy is that if any such indication exists, the entity shall estimate the recoverable amount of the asset. At year end, the Company has concluded:

- ▶ There is no reversal of impairment that should be recorded in the current financial year.
- ▶ There is no impairment required to be recorded in respect of the Company's non-current assets.

This matter was important to our audit due to the quantum of the carrying value of the non-current assets and the judgments involved in the assessment of their fair value less cost to disposal. In performing the impairment test at 30 June 2017, the Company considered a range of factors including its market capitalisation, recent comparable transactions as well as the result of a recent pre-feasibility economic study on its Bald Hill project, which have been disclosed in note 2 to the financial report.

How our audit addressed the key audit matter

We performed the following procedures:

- ▶ Evaluated the Company's basis for no impairment and no reversal of prior period impairment including assessing the supporting documentation used in reaching this position, as detailed below.
- ▶ Involved our valuation specialists to assess the key considerations used in determining the fair value less cost of disposal of the assets including those relating to recent comparable transactions, the market capitalisation of the Company and the recent pre-feasibility economic study on the Bald Hill project.
- ▶ Undertook a site visit to understand the current development status of the assets, including any evidence of obsolescence or physical damage.
- ▶ Enquired with the Company and assessed the Board of Director's meeting minutes and various operational reports and plans in order to understand the future plans of the Company and to evaluate whether these were considered in the Company's evaluation of impairment.

Information other than the financial report and auditor's report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIANCE MINERAL ASSETS LIMITED



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards and International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards and International Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLIANCE MINERAL ASSETS LIMITED



- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'V L Hoang'.

V L Hoang
Partner
Perth
29 September 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue			
Interest income		35,013	22,742
Total Revenue		35,013	22,742
Other income	5	320,618	134,560
Foreign exchange (loss)/gain	5	(174,424)	110,859
Loss on disposal of assets		(1,972)	(15,417)
Accounting and audit expenses		(186,020)	(146,407)
Consulting and directors' fees		(273,777)	(343,999)
Tenement expenses		-	(175,882)
Administrative expenses	5	(1,826,635)	(680,952)
Employee salaries and other benefits expenses	5	(368,596)	(489,025)
Site operating expenses	5	(1,840,434)	-
Borrowing costs	5	(487,632)	(787,625)
Loss before income tax		(4,803,859)	(2,371,146)
Income tax expense	4	-	(1,710,948)
Loss after tax attributable to equity holders of the Company		(4,803,859)	(4,082,094)
Other comprehensive income		-	-
Total comprehensive loss for the financial year attributable to equity holders of the Company		(4,803,859)	(4,082,094)
Basic and diluted loss per share (cents per share)	20	(1.0)	(1.0)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	18	2,857,090	5,389,663
Other receivables	8	147,600	2,147,645
Other current assets	9	3,790,349	23,247
TOTAL CURRENT ASSETS		6,795,039	7,560,555
NON CURRENT ASSETS			
Mine development	6	3,506,374	3,088,018
Property, plant & equipment	7	12,294,022	13,635,758
TOTAL NON CURRENT ASSETS		15,800,396	16,723,776
TOTAL ASSETS		22,595,435	24,284,331
CURRENT LIABILITIES			
Trade and other payables	10	7,001,220	3,585,753
Employee benefit liabilities	11	45,002	37,605
Interest bearing loans and borrowings	12	25,051	1,032,188
TOTAL CURRENT LIABILITIES		7,071,273	4,655,546
NON CURRENT LIABILITIES			
Trade and other payables	10	–	669,511
Provision for rehabilitation	14	1,078,987	1,078,987
Interest bearing loans and borrowings	12	17,320	34,507
TOTAL NON CURRENT LIABILITIES		1,096,307	1,783,005
TOTAL LIABILITIES		8,167,580	6,438,551
NET ASSETS		14,427,855	17,845,780
EQUITY			
Issued capital	15	38,960,275	38,960,275
Reserves	16	3,849,439	2,463,505
Accumulated losses	17	(28,381,859)	(23,578,000)
TOTAL EQUITY		14,427,855	17,845,780

The accompanying notes form part of these financial statements

Extract from the Annual Report of Alliance Mineral Assets Limited

NOTES TO THE FINANCIAL STATEMENTS

2(c) Going concern

This report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The company has incurred a loss after tax for the year of \$4,803,859 (2016: \$4,082,094) and experienced net cash outflows from operating activities of \$1,905,843 (2016: \$842,668). As at 30 June 2017 and 28 September 2017, the Company had cash and restricted cash totalling to \$6,616,793 and \$9,082,430 respectively. The increase in the cash and restricted cash balance reflects the additional instalment payment of \$4,375,000 received under the lithium concentrate offtake agreement with Burwill Holdings Ltd dated April 2017.

The Company's cash flow forecast reflect that the Company will need to raise additional funds during the quarter ending 31 December 2017 to enable it to meet its committed and planned capital expenditure in the Bald Hill project and for on-going working capital requirements. The Directors are currently reviewing a range of financing options which may include further issue of new equity or obtaining new borrowings. The Directors have reviewed the company's financial position and are satisfied that based on the ongoing discussions with relevant parties, they will be successful in securing additional funds through debt or equity issues and thus it is appropriate to prepare the financial statements on a going concern basis.

Should the company not achieve the matters set out above, there is a significant uncertainty whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.