
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 Second Quarter Ended 31 December 2016 (“2Q FY 2016”)**

*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 Catalyst.*

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

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

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

	For 3 months Ended 31 December			For 6 months Ended 31 December		
	2016 (Unaudited) A\$	2015 (Unaudited) A\$	Increase / (Decrease) %	2016 (Unaudited) A\$	2015 (Unaudited) A\$	Increase / (Decrease) %
Interest income	17,141	12,984	32	17,364	23,183	25
Other Income	55,536	-	n.m	66,446	-	n.m
(Loss) / Gain on foreign exchange	(25,902)	(49,978)	(48.2)	(193,051)	60,936	n.m
Loss on disposal of fixed assets	(1,972)	-	n.m	(1,972)	-	n.m
Accounting and audit expenses	(13,300)	(37,655)	(65)	(55,425)	(36,095)	54
Consulting and directors fees	(93,076)	(87,478)	6	(162,567)	(170,367)	(5)
Tenement expenses	-	(35,141)	n.m	-	(125,591)	n.m
Administrative expenses	(149,648)	(186,048)	(20)	(400,629)	(355,616)	13
Employee salaries and other benefits expenses	(92,303)	(149,302)	(38)	(172,681)	(313,843)	(45)
Site operating expenses	(547,903)	-	n.m	(1,073,921)	-	n.m
Borrowing costs	(137,933)	(145,627)	(5)	(283,706)	(285,784)	(1)
Loss before income tax	(989,360)	(678,245)	46	(2,260,142)	(1,203,177)	(88)
Income tax expense	-	-	-	-	-	-
Loss after tax	(989,360)	(678,245)	46	(2,260,142)	(1,203,177)	(88)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period attributable to owners of the Company	(989,360)	(678,245)	46	(2,260,142)	(1,203,177)	(88)

(i) n.m = not meaningful

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

	For 3 months Ended			For 6 months Ended		
	31 December		Increase / (Decrease)	31 December		Increase / (Decrease)
	2016 (Unaudited) A\$	2015 (Unaudited) A\$		2016 (Unaudited) A\$	2015 (Unaudited) A\$	
Interest income	17,141	12,984	32	17,364	23,183	(25)
(Loss) / Gain on foreign exchange	(25,902)	(49,978)	(48)	(193,051)	60,936	n.m
Borrowing costs	(137,933)	(145,627)	(5)	(283,706)	(285,784)	(1)
Depreciation expense	(330,103)	(12,034)	n.m	(662,646)	(24,068)	n.m

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

	As at	
	31 December 2016	30 June 2016
	(Unaudited)	(Audited)
	A\$	A\$
CURRENT ASSETS		
Cash and cash equivalents	3,342,056	5,389,663
Other receivables	1,091,846	2,147,645
Other current assets	109,109	23,247
TOTAL CURRENT ASSETS	4,543,011	7,560,555
NON CURRENT ASSETS		
Mine development	3,088,018	3,088,018
Property plant & equipment	12,947,216	13,635,758
TOTAL NON CURRENT ASSETS	16,035,234	16,723,776
TOTAL ASSETS	20,578,245	24,284,331
CURRENT LIABILITIES		
Trade and other payables	1,881,907	3,585,753
Employee Benefit Liabilities	52,442	37,605
Interest bearing loans and borrowings	120,814	1,032,188
TOTAL CURRENT LIABILITIES	2,055,063	4,655,546
NON CURRENT LIABILITIES		
Trade and other payables	1,390,007	669,511
Provision for rehabilitation	1,078,987	1,078,987
Interest bearing loans and borrowings	26,035	34,507
TOTAL NON CURRENT LIABILITIES	2,495,029	1,783,005
TOTAL LIABILITIES	4,550,192	6,438,551
NET ASSETS	16,028,053	17,845,780
EQUITY		
Issued capital	38,960,275	38,960,275
Reserves	2,905,920	2,463,505
Accumulated losses	(25,838,142)	(23,578,000)
TOTAL EQUITY	16,028,053	17,845,780

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

Amount repayable in one year or less, or on demand

As at 31 December 2016 (Unaudited)		As at 30 June 2016 (Audited)	
Secured A\$	Unsecured A\$	Secured A\$	Unsecured A\$
17,187	1,641,872	1,014,494	3,139,156

Amount repayable after one year

As at 31 December 2016 (Unaudited)		As at 30 June 2016 (Audited)	
Secured A\$	Unsecured A\$	Secured A\$	Unsecured A\$
26,035	1,390,006	34,507	669,511

Details of any collateral

The secured borrowings comprised (a) finance lease liabilities of A\$43,222 (30 June 2016: A\$51,694), which are secured on the Company's motor vehicles.

At 30 June 2016, the secured borrowings included the Singapore dollar S\$1.0 million (A\$997,307) bank loan which is secured by the S\$1.03 million (A\$989,243) term deposit.

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

	For 3 months Ended 31 December		For 6 months Ended 31 December	
	2016	2015	2016	2015
	Unaudited A\$	Unaudited A\$	Unaudited A\$	Unaudited A\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	17,141	12,984	17,364	23,183
Interest paid	(5,452)	(7,091)	(9,747)	(14,519)
Income received	55,536	-	66,466	645,020
Payments to suppliers, contractors and employees	(593,126)	(672,268)	(1,383,461)	(1,109,699)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(525,901)	(666,375)	(1,309,397)	(456,015)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of fixed assets	28,710	-	28,710	-
Payments for mine development	-	-	-	(639,730)
Purchase and refurbishment of plant & equipment	-	(1,017,806)	(2,177)	(1,208,259)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	28,710	(1,017,806)	26,533	(1,847,989)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from redemption of term deposit	988,021	-	988,021	-
Repayment of secured loan	(942,907)	-	(942,907)	-
Payment to insurance premium loan principal	(34,409)	-	(74,198)	(26,111)
Payment to finance lease principal	(4,266)	(4,031)	(8,472)	(8,157)
Loan drawdowns	34,247	-	160,130	-
Repayment of unsecured loan	(462,844)	-	(694,266)	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(422,158)	(4,031)	(571,691)	(34,268)
Net decrease in cash and cash equivalents	(919,349)	(1,688,212)	(1,854,556)	(2,338,272)
Cash and cash equivalents at beginning of period	4,287,307	3,316,990	5,389,663	3,856,137
Net foreign exchange difference on cash balances	(25,902)	(49,978)	(193,051)	60,935
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,342,056	1,578,800	3,342,056	1,578,800

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

	Issued Capital A\$	Reserves A\$	Accumulated Losses A\$	Total A\$
(Unaudited)				
Balance as at 1 July 2015	34,011,265	2,463,505	(19,495,906)	16,978,864
Loss for the period	-	-	(1,203,177)	(1,203,177)
Total comprehensive loss for the period	-	-	(1,203,177)	(1,203,177)
Balance as at 31 December 2015	34,011,265	2,463,505	(20,699,084)	15,775,686
(Unaudited)				
Balance as at 1 July 2016	38,960,275	2,463,505	(23,578,000)	17,845,780
Loss for the period	-	-	(2,260,142)	(2,260,142)
Total comprehensive loss for the period	-	-	(2,260,142)	(2,260,142)
<u>Equity Transactions:</u>				
Parent equity contributions – interest free loan	-	442,415	-	442,415
Balance as at 31 December 2016	38,960,275	2,905,920	25,838,142	16,028,053

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of ordinary shares	Share Capital A\$
As at 30 September 2016 and 31 December 2016	480,763,760	38,960,275

The Company had on 16 June 2014, adopted the Alliance Employee Share Option Scheme ("Scheme"). As at 31 December 2015 ("2Q FY2016") and 31 December 2016, no options has been granted under the Scheme.

Save as disclosed above, there were no other outstanding convertibles as at 31 December 2015 and 31 December 2016.

The Company did not have any treasury shares as at 31 December 2015 and 31 December 2016.

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 480,763,760 as at 31 December 2016 and 30 June 2016.

The Company did not have any treasury shares as at 31 December 2016 and 30 June 2016.

1(d)(iv) A statement showing all sales, transfers, disposals, 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.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Company has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited financial statements for the financial year ended 30 June 2016.

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

The Company adopted a number of new International Financial Reporting Standards (“IFRS”), amendments to standards and interpretations that are effective for annual periods beginning on or after 1 July 2016. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Company for the current financial period reported on.

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

	3 months ended 31 December	
	2016 (Unaudited)	2015 (Unaudited)
Basic and diluted loss per share (AU cents)	(0.2)	(0.2) ⁽¹⁾
Loss for the period attributable to owners of the Company (A\$)	<u>(989,360)</u>	<u>(678,245)</u>
Number of weighted ordinary shares used in calculating basic and diluted loss per share for the financial period	<u>480,763,760</u>	<u>393,930,427</u>

Note:

- (1) The basic and diluted loss per share for the 3-month financial period ended 31 December 2016 and 31 December 2015 were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2016 and 31 December 2015.

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 2016 (Unaudited)	30 June 2016 (Audited)
Net asset value per ordinary share based on issued share capital (AU cents)	3.3	3.7
Net asset value as at the end of the respective financial years (A\$)	16,028,053	17,845,780
Number of ordinary shares as at the end of the respective financial years	480,763,760	480,763,760

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

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

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

3 months ended 31 December 2016 ("2Q FY2017") vs. 3 months ended 31 December 2015 ("2Q FY2016")

Review of the Income Statement

Revenue

There was no revenue in 2Q FY2017 and 2Q FY2016 as we had not commenced the commercial production and sale of Tantalite concentrate.

Interest income

Interest income increased to A\$17,141 in 2Q FY2017 from A\$12,984 in 2Q FY2016 mainly due to a higher amount of AUD short-term deposits placed.

Other Income

The other income in 2Q FY2017 of A\$55,536 (2Q FY2016: Nil) relates to income earned from provision of mining camp accommodation and other facilities, and administration services to Lithco (as defined herein) and another company at the Bald Hill Mine Site.

Loss on disposal of fixed assets

The loss on disposal of fixed assets of A\$1,972 in 2Q FY2017 (2Q FY2016: Nil) is due to the sale of an item of mining plant.

Loss on foreign exchange

The loss on foreign exchange of A\$25,902 in 2Q FY2017 (2Q FY2016: A\$49,978) is mainly due to a loss on foreign exchange movement on translation of our Singapore dollar bank balance to Australian dollars and the strengthening of the Australian dollar exchange rate.

Accounting and audit expenses

Accounting and audit expenses decreased from A\$37,655 in 2Q FY2016 to A\$13,300 in 2Q FY2017 mainly due to the decrease in business and operational activity.

Administrative expenses

Administrative expenses decreased by A\$36,400 from A\$186,048 in 2Q FY2016 to A\$149,648 2Q FY2017 mainly due to an decrease in international travel expenses, legal fees and professional services during the period.

Employee salaries and other benefits

Employee salaries and other benefits of A\$92,303 in 2Q FY2017 decreased from A\$149,302 in 2Q FY2016 mainly due to a reduction in the number of full time employees of the Company.

Site operating costs

Site operating costs of A\$547,903 in 2Q FY2017 relates to costs incurred to maintain the Bald Hill Mine Site (which was previously capitalised) as the Company is now focused on lithium exploration as prescribed under the on-going Proposed Transaction (as defined herein) with Lithco.

The Company had on 3rd June 2016 signed a binding terms sheet with Lithco No. 2 Pty Ltd ("**Lithco**"), pursuant to which the Company and Lithco have agreed upon the principal terms for, amongst other things, the establishment of a farm-in and joint venture arrangement with respect to the Company's Bald Hill project ("**Bald Hill Project**"), pursuant to which Lithco is entitled to earn a 50% joint venture interest in all rights to lithium minerals on the Tenements, including rights to explore and mine for lithium on the Tenements, and provided further expenditure commitments are met, the right to earn a 50% joint venture interest in the overall Bald Hill Project ("**Proposed Transaction**").

Tenement expenses

Tenement expenses are nil in 2QFY2017 as these costs incurred are now classified as site operating costs.

Depreciation expense

Depreciation expense increased by A\$318,069 from A\$12,034 in 2Q FY2016 to A\$330,103 in 2Q FY2017 as depreciation expense relating to property, plant and equipment at the Bald Hill Mine Site was previously capitalised and is now being expensed as the Company is now focussed on lithium exploration as prescribed under the on-going Proposed Transaction with Lithco.

Loss before income tax

In view of the foregoing, loss before taxation increased from A\$678,245 in 2Q FY2016 to A\$989,360 in 2Q FY2017.

Review of the Financial Position

Non-current assets

As at 31 December 2016, our non-current assets of A\$16,035,234 accounted for 78% of our total assets. Our non-current assets comprised mine development and property, plant and equipment.

Property, plant and equipment decreased by A\$688,542 to A\$13,305,390 mainly due to depreciation of \$662,646 which has been expensed as site operating expenses.

Current assets

As at 31 December 2016, our current assets of A\$4,543,011 represented 22% of our total assets. Our current assets as at 31 December 2016 consisted of cash and cash equivalents, other receivables and other current assets.

Cash and cash equivalents of A\$3,342,056 decreased by A\$2,047,607 pursuant to expenditure relating to the maintenance of the Bald Hill Mine Site, repayment of the loan from Living Waters Mining and associated administration overheads.

Other receivables decreased by A\$1,055,799 to A\$1,091,846 mainly as a result of the foreign exchange loss and termination of the Singapore dollar term deposit (S\$1.03 million), funds of which were used to repay the Singapore dollar loan during 2Q FY2017.

Other current assets comprised prepayments of A\$109,109 from insurance premium prepaid and expensed over the period of insurance cover. The increase from 30 June 2016 is due to the timing of renewal of insurance premiums and the period of cover.

Non-current liabilities

As at 31 December 2016, our non-current liabilities of A\$2,495,029 represented 55% of our total liabilities. Our non-current liabilities relates to the provision for rehabilitation required at the Bald Hill mine site, interest bearing loans and borrowings as well as trade and other payables.

Trade and other payables comprising of amount due to controlling entity, Living Waters Mining (Australia) Pty Ltd (“LWM”) of A\$1,390,007 (“**Living Waters Loan**”) was A\$720,496 higher due to the amortisation of the nominal interest and the re-classification of a portion to non-current liabilities during the period in accordance with its repayment terms following the revised payment terms agreed between the Company and LWM on 5 September 2016 (“**Agreement**”).

Provision for rehabilitation of A\$1,078,987 represents management’s best estimate as at balance sheet date to rehabilitate the existing Bald Hill mine site.

Interest bearing loans and borrowing of A\$26,035, decreased slightly from A\$34,507 as at 30 June 2016 due to repayments of the principal amount of the finance leases for motor vehicles.

Current liabilities

As at 31 December 2016, our current liabilities of A\$2,055,063, representing 45% of our total liabilities comprised trade and other payables, employee benefit liabilities and interest bearing loans and borrowings.

Trade and other payables decreased by A\$1,703,846 to A\$1,881,907 mainly attributable to the reclassification of a significant portion of the Living Waters Loan from current liabilities to non-current liabilities and the repayment of the Living Waters Loan in accordance with the Agreement, and a reduction in trade payables due to the reduction in activity pursuant to the Proposed Transaction.

Employee benefit liabilities increased A\$14,837 to A\$52,442 as a result of annual leave accruals for our employees.

Interest bearing loans and borrowings, amounting to A\$120,814 as at 31 December 2016, reduced by A\$911,374 mainly due to the repayment of the Singapore dollar loan (S\$1.0 million) out of the proceeds from the Singapore dollar term deposit, offset by the increase of insurance premium funding in line with the insurance program renewal.

Shareholders' equity

As at 31 December 2016, our Shareholders' equity amounted to A\$16,028,053 comprising A\$38,960,275 of issued share capital, A\$2,229,237 of parent equity contribution, A\$676,683 of share based payment reserve and A\$25,838,142 of accumulated losses.

Review of the Cash Flow Statement of the Group

In 2Q FY2017, we recorded a net cash outflow from operating activities of A\$525,901 which comprised payments made to suppliers and employees of A\$593,126, interests paid mainly for finance lease of A\$5,452. These were offset by interest received from bank deposits of A\$17,141.

Net cash inflow from investing activities amounted to A\$28,710, which was attributable to the sale of plant and equipment.

Net cash outflow from financing activities amounted to A\$422,158 which were as a result of, repayment of the Singapore dollar loan of A\$942,907, payment in insurance premium funding of A\$34,409, repayment of hire purchase of A\$4,226 and repayment of Living Waters Loan of A\$462,844 in accordance with the Agreement, offset by redemption of the Singapore dollar term deposit of A\$988,021 and receipt from insurance premium funding of A\$34,247.

As at 31 December 2016, our cash and cash equivalents amounted to A\$3,342,056.

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

The Company had, in page 142 of the Offer Document, stated that "*Production and sale of Tantalite concentrate is expected to commence in the financial year ending 30 June 2016 ("FY2015")*". This was stated under the heading of Revenue.

In an article published by The Edge Singapore dated 6 July 2015, it was mentioned that "...AMA starts booking revenues and cash flow in 1Q FY2016.", in the Company's results announcement dated 28 August 2015 for the financial year ended 30 June 2015, it was mentioned that "As at the date of this announcement, the Company is expecting to book cash flow through the sale of tantalite concentrate in the second quarter of the financial year ending 30 June 2016", and in the Company's AR2015, it was mentioned that "At the time of writing, management is targeting commercial production by early 2016."

During 2Q FY2016, the Company successfully produced and sold its first concentrate as we worked towards production and full scale mining operations which were targeted to commence in 3Q FY2016 as noted in our 1QFY2016 Financial Results. However, the full scale mining and 24-hour production did not commence in 3Q FY2016 mainly due to the current depressed spot prices for Tantalum Concentrate and hence, the Company has suspended commercial tantalum mining and production.

In an article published by The Edge Singapore dated 26 September 2016, it was mentioned that (i) "Now, by producing lithium and tantalum concurrently, AMA expects to be able to operate profitably despite the steep fall in the price of tantalum."; (ii) "The additional revenue that AMA could now generate from the sale of lithium would make its mining operation profitable, even with the current low tantalum prices."; and (iii) "...AMA is not likely to begin producing lithium until late 2017...will only see a boost in profitability from lithium production in FY2018, at the earliest."

Exploration drilling on lithium on the Bald Hill Mine Site and Feasibility Studies for the Bald Hill Lithium and Tantalite project has commenced. The Company has yet to commence commercial production of tantalum and lithium and will continue keep shareholders updated in relation thereto.

Save as disclosed, the Company did not issue any other prospect statement.

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.

Tantalum Concentrate spot prices still remain depressed and consequently, the Company has decided to postpone commercial mining and production of tantalum. Even with the ability to command a premium above spot prices of Tantalum Concentrate, the Company is seeking opportunities to expand into other commodities and not be just a “tantalite producing” operation.

Out of the various minerals inherent in our ore, lithium has been the most outstanding mineral with lithium prices increasing exponentially compared to other commodity prices. Lithium prices still remain strong with a number of companies progressing with the development and construction of new lithium mines. Demand for lithium has increased significantly in recent years as a result of an increase in the use of rechargeable batteries in smartphones, tablets, together with the increased momentum of electric vehicle sales. The five largest lithium producers control two-thirds of refined output in volume terms and over 80% in value. The successful entry of new supply sources has been limited by technical and financial headwinds resulting in more bargaining power to the major producers, giving rise to higher prices.

In relation to the Proposed Transaction, the Company and Lithco are in the final stages of negotiating the terms of, *inter alia*, the Farm-In and Joint Venture arrangement. The Company endeavours to enter into the definitive agreements in relation thereto by 28 February 2017.

As announced previously, Tawana Resources NL (which currently wholly owns Lithco) announced the commencement of a feasibility study for the Bald Hill Project and expects that it will be completed by the end of March 2017. The target for the Bald Hill Project to be construction-ready continues, with the following being completed by the end of the first quarter 2017:

1. Maiden Lithium Resource/Reserve estimate;
2. Completion of metallurgy test-work with optimised flow sheet;
3. Feasibility Study including detailed design and placing orders for key capital components;
4. Award EPC contract; and
5. Short list potential off-takers, reviewing prepayment and other financing opportunities.

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

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

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

No dividend has been declared or recommended for 2Q FY2017.

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

Not applicable.

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

None.

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

Not applicable.

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

Not applicable.

- (e) **Book closure date**

Not applicable.

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

No dividend has been declared or recommended for 2Q FY2017.

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

The Company does not have a general mandate for recurrent interested person transactions. There were no interested person transactions which were more than S\$100,000 entered into during the financial period reported on.

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

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

15. Use of IPO proceeds

Use of Proceeds⁽¹⁾	Amount Allocated (A\$'000)	Amount Utilised (A\$'000)	Amount Unutilised (A\$'000)
Exploration and drilling	1,028	197	831
Internal scoping study	428	300	128
Development of mining deposits	428	335	93
Working capital ⁽²⁾	4,723	4,723	-
Listing expenses	1,962	1,962	-
Total	8,569	7,456	1,052

Notes

- (1) The IPO Proceeds were received on 2 September 2014 and for the purpose of comparability have been converted to AUD on the date received.
- (2) The amount of working capital has been utilised for refurbishment and construction of the Bald Hill and Boulder Facilities

Use of Placement Proceeds

The net proceeds from the placement, which was completed on 30 June 2016, was approximately A\$4.9 million (“Placement”) (“Net Proceeds”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

Use of Proceeds	Amount allocated A\$'000	Amount utilised A\$'000	Amount Unutilised A\$'000
General working capital purposes ⁽¹⁾	4,949	2,010	2,939
Total	4,949	2,010	2,939

Notes:

(1) A breakdown on the utilisation for general working capital purposes is as follows:

	A\$'000
Payments to suppliers and employees	1,223
Repayment of Living Water Loan, leases and insurance premium funding	787
Total	<u>2,010</u>

The above utilisation are in accordance with the intended use of the Net Proceeds, as stated in the Company's announcement dated 6 June 2016.

ADDITIONAL DISCLOSURE REQUIRED FOR MINERAL, OIL AND GAS COMPANIES

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

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

For the quarter ended 31 December 2016 ("2Q FY2017"), funds / cash were mainly used for the following activities:-

Purpose	Amount (A\$) Projected Usage	Amount (A\$) Actual Usage
Corporate administrative expenses	300,000	149,648 checked
Site operating expenses	300,000	174,095
Total	600,000	466,884

Explanation for the variances:

Cash utilised for site operating expenses were lower than forecast of A\$300,000 for the period largely due to expenses for the usage and maintenance of mine assets being partially offset by other income generated from the provision of, *inter alia*, mining camp accommodation and other facilities at the Bald Hill Mine site to Lithco and another third party company.

Administrative expenses were lower than forecast due to efforts by the Company to conserve cash and the timing of expenses being incurred.

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

For the next immediate quarter (financial period from 1 January 2016 to 31 March 2016 ("3Q FY2016")), the Company's use of funds/cash for development activities are expected to be as follows: -

Purpose	Amount (A\$)
Corporate administrative expenses	200,000
Site operating expenses	200,000
Total	500,000

For the avoidance of doubt, such project of funds/cash does not include any expenditure which is to be incurred by Lithco under the Proposed Transaction.

17a. Rule 705 (7)(a) of the Catalyst 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;

AMA has suspended the commissioning of its Bald Hill facility during the quarter ended 30 September 2016 and has expended A\$547,903 on site operating expenses to maintain the assets in good standing.

During the quarter ended 31 December 2016, Lithco had, in relation to the Proposed Transaction, engaged in the following activities:

Metallurgical test work for Lithium mineral spodumene commenced. Initial metallurgical test work showed potential to produce high grade Dense Medium Separation (DMS) concentrates. Subsequently, further flotation test-work on combined <1mm Reflux Classifier and low grade >1mm DMS gravity concentrates (middlings) was undertaken. The resulting flotation recovery was favourable with returning a recovery of 74.7% at a grind size of P80 0.18mm, with a combined concentrate grade of 6.42% Li₂O. The combined DMS and Flotation concentrates accounted for 83% of the calculated contained lithium at an average grade of 6.1% Li₂O with very low mica content. Further work will be undertaken to optimize recovery and concentrate grade.

Lithco had also commenced exploratory drilling at the Bald Hill targeted at adding to the overall understanding of the resource potential extending from the current pits. Deeper extensional drilling has commenced on the Bald Hill mining lease, on a nominal 320m x 160m grid. Core drilling also commenced to obtain additional metallurgical samples. The drilling confirmed the continuity of the pegmatites previously mined at Bald Hill some hundreds of metres at depth and along strike beyond the current resource models and identified another thick mineralised pegmatite approximately 30-100 metres below the current AMAL resource model.

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

Further information on the aforementioned can be found in the Company's announcements on 3 October 2016, 3 November 2016, 17 November 2016 and 12 December 2016.

17b. Rule 705 (7)(b) of the Catalist Listing Manual

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

The Company has no material updates on the reserves and resources as set out in the IQPR (Independent Qualified Person's Report) dated 12 August 2016.

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

We, Pauline Gately and Simone Suen, 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 2016 and the above information provided to be false or misleading in any material aspect.

On behalf of the Board

Pauline Gately
Independent and Non-Executive Chairman

Simone Suen
Executive Director

BY ORDER OF THE BOARD

Simone Suen
Executive Director
9 February 2017