

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 and Six Month Ended 31 December 2017

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			For 6 months Ended		
	31 December		Increase / (Decrease)	31 December		Increase / (Decrease)
	2017 (Unaudited)	2016 (Unaudited)		2017 (Unaudited)	2016 (Unaudited)	
A\$	A\$	%	A\$	A\$	%	
Interest income	64,721	17,141	278	95,633	17,364	n.m
Other Income	-	55,536	n.m	-	66,446	n.m
Gain / (Loss) on foreign exchange	34,562	(25,902)	n.m	(35,397)	(193,051)	n.m
Loss on disposal of fixed assets	-	(1,972)	n.m	-	(1,972)	n.m
Accounting and audit expenses	(69,665)	(13,300)	424	(100,947)	(55,425)	82
Consulting and directors fees	(216,070)	(93,076)	132	(290,101)	(162,567)	78
Administrative expenses	(320,126)	(149,648)	114	(637,164)	(400,629)	59
Employee salaries and other benefits expenses	(239,487)	(92,303)	159	(298,558)	(172,681)	73
Site operating expenses	(185,369)	(547,903)	(66)	(185,369)	(1,073,921)	(83)
Borrowing costs	(74,736)	(137,933)	(46)	(168,462)	(283,706)	(41)
Other expenses	(352,249)	-	n.m	(352,249)	-	n.m
Loss before income tax	(1,358,419)	(989,360)	37	(1,972,614)	(2,260,142)	(13)
Income tax expense	-	-	-	-	-	-
Loss after tax	(1,358,419)	(989,360)	37	(1,972,614)	(2,260,142)	(13)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period attributable to owners of the Company	(1,358,419)	(989,360)	37	(1,972,614)	(2,260,142)	(13)

(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)
	2017	2016		2017	2016	
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	A\$	A\$	%	A\$	A\$	%
Interest income	64,721	17,141	n.m	95,633	17,364	n.m
Gain / (Loss) on foreign exchange	34,562	(25,902)	n.m	(35,397)	(193,051)	n.m
Borrowing costs	(74,736)	(137,933)	(46)	(168,462)	(283,706)	(41)
Depreciation expense	(200,568)	(330,103)	(39)	(214,614)	(662,646)	(68)

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 2017 (Unaudited) A\$	30 June 2017 (Audited) A\$
CURRENT ASSETS		
Cash and cash equivalents	15,889,332	2,857,090
Other receivables	1,352,466	147,600
Other current assets	1,070,530	3,790,349
TOTAL CURRENT ASSETS	18,312,328	6,795,039
NON CURRENT ASSETS		
Mine development	1,995,789	3,506,374
Property plant & equipment	6,301,150	12,294,022
Construction in progress	22,066,331	-
TOTAL NON CURRENT ASSETS	30,363,270	15,800,396
TOTAL ASSETS	48,675,598	22,595,435
CURRENT LIABILITIES		
Trade and other payables	15,815,288	7,001,220
Employee Benefit Liabilities	65,318	45,002
Interest bearing loans and borrowings	94,002	25,051
TOTAL CURRENT LIABILITIES	15,974,608	7,071,273
NON CURRENT LIABILITIES		
Provision for rehabilitation	662,396	1,078,987
Interest bearing loans and borrowings	8,355	17,320
TOTAL NON CURRENT LIABILITIES	670,751	1,096,307
TOTAL LIABILITIES	16,645,359	8,167,580
NET ASSETS	32,030,241	14,427,855
EQUITY		
Issued capital	58,535,275	38,960,275
Reserves	3,849,439	3,849,439
Accumulated losses	(30,354,473)	(28,381,859)
TOTAL EQUITY	32,030,241	14,427,855

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

Amount repayable in one year or less, or on demand

As at 31 December 2017 (Unaudited)		As at 30 June 2017 (Audited)	
Secured A\$	Unsecured A\$	Secured A\$	Unsecured A\$
17,187	1,581,043	17,187	2,444,684

Amount repayable after one year

As at 31 December 2017 (Unaudited)		As at 30 June 2017 (Audited)	
Secured A\$	Unsecured A\$	Secured A\$	Unsecured A\$
8,355	-	17,320	-

Details of any collateral

The secured borrowings comprised finance lease liabilities of A\$25,542 (30 June 2017: A\$34,507), which are secured on the Company's motor vehicles.

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	
	2017	2016	2017	2016
	Unaudited A\$	Unaudited A\$	Unaudited A\$	Unaudited A\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	64,721	17,141	95,633	17,364
Interest paid	(1,018)	(5,452)	(9,566)	(9,747)
Income received	-	55,536	-	66,466
Payments to suppliers, contractors and employees	(1,027,156)	(593,126)	(1,332,782)	(1,383,461)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(963,453)	(525,901)	(1,246,715)	(1,309,397)
CASH FLOWS FROM INVESTING ACTIVITIES				
Other income received	-	-	183,002	-
Proceeds from sale of fixed assets	-	28,710	-	28,710
Payments for mine development	(401,418)	-	(824,951)	-
Purchase and refurbishment of plant & equipment	-	-	-	(2,177)
Payment for construction in progress	(11,035,373)	-	(11,712,193)	-
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(11,436,791)	28,710	(12,354,142)	26,533
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	19,575,000	-	19,575,000	-
Proceeds from product sale prepayment	-	-	8,125,000	-
Proceeds from redemption of term deposit	-	988,021	-	988,021
Repayment of secured loan	-	(942,907)	-	(942,907)
Payment to insurance premium loan principal	(1,960)	(34,409)	(9,825)	(74,198)
Payment to finance lease principal	(4,514)	(4,266)	(8,965)	(8,472)
Loan drawdowns	78,775	34,247	78,775	160,130
Repayment of unsecured loan	(578,555)	(462,844)	(1,091,488)	(694,266)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	19,068,746	(422,158)	26,668,497	(571,691)
Net decrease in cash and cash equivalents	6,668,502	(919,349)	13,067,640	(1,854,556)
Cash and cash equivalents at beginning of period	9,186,269	4,287,307	2,857,090	5,389,663
Net foreign exchange difference on cash balances	34,562	(25,902)	(35,397)	(193,051)
CASH AND CASH EQUIVALENTS AT END OF YEAR	15,889,332	3,342,056	15,889,332	3,342,056

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

	Issued Capital A\$	Reserves A\$	Accumulated Losses A\$	Total A\$
(Unaudited)				
Balance as at 1 July 2016	38,960,275	2,463,505	(23,578,000)	17,845,780
Loss for the period	-	-	(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
(Unaudited)				
Balance as at 1 July 2017	38,960,275	3,849,439	(28,381,859)	14,427,855
Loss for the period	-	-	(1,972,614)	(1,972,614)
Total comprehensive loss for the period	-	-	(1,972,614)	(1,972,614)
<u>Equity Transactions:</u>				
Issue of fully paid ordinary shares	19,575,000	-	-	19,575,000
Balance as at 31 December 2017	58,535,275	3,849,439	(30,354,473)	32,030,241

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of ordinary shares	Share Capital A\$
As at 30 September 2017	480,763,760	38,960,275
Issuance of new shares pursuant to placement	74,810,228	19,575,000
As at 31 December 2017	555,573,988	58,535,275

The Company had on 16 June 2014, adopted the Alliance Employee Share Option Scheme (“**Scheme**”). As at 31 December 2017 (“**2Q FY2018**”) and as at the date of this announcement, no options have been granted under the Scheme.

As at 31 December 2017, the Company had 11,400,000 options which were issued on 24 May 2017 to Canaccord Genuity (Australia) Ltd in three tranches that are exercisable into 11,400,000 new ordinary shares of the Company (31 December 2016: nil) as follows:

Conditions	Tranche 1	Tranche 2	Tranche 3
Number of options	3,800,000	3,800,000	3,800,000
Exercise price	S\$ 0.24	S\$ 0.30	S\$ 0.36
Expiry	3 years from date of issue	3 years from date of issue	3 years from date of issue
Vesting conditions	None	None	None

There were no other outstanding convertibles as at 31 December 2016 and 31 December 2017.

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2016 and 31 December 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

The total number of issued ordinary shares was 555,573,988 as at 31 December 2017 and 480,763,760 as at 30 June 2017.

The Company did not have any treasury shares as at 31 December 2017 and 30 June 2017.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Company has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited financial statements for the financial year ended 30 June 2017.

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

The Company adopted a number of new International Financial Reporting Standards ("IFRS"), amendments to standards and interpretations that are effective for annual periods beginning on or after 1 July 2017. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Company for the current financial period reported on.

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

	3 months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
Basic and diluted loss per share (AU cents)	(0.3) ⁽¹⁾	(0.2) ⁽²⁾
Loss for the period attributable to owners of the Company (A\$)	<u>(1,358,419)</u>	<u>(989,360)</u>
Number of weighted ordinary shares used in calculating basic and diluted loss per share for the financial period	<u>492,766,996</u>	<u>480,763,760</u>

Note:

- (1) The basic and diluted loss per share for the 3-month financial period ended 31 December 2017 were the same as 11,400,000 potential ordinary shares from outstanding options are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.
- (2) The basic and diluted loss per share for the 3-month financial period ended 31 December 2017 were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2016.

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 2017	30 June 2017
	(Unaudited)	(Audited)
Net asset value per ordinary share based on issued share capital (AU cents)	5.8	3.0
Net asset value as at the end of the respective financial years (A\$)	<u>32,030,241</u>	<u>14,427,855</u>
Number of ordinary shares as at the end of the respective financial years	<u>555,573,988</u>	<u>480,763,760</u>

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

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

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

3 months ended 31 December 2017 ("2Q FY2018") vs. 3 months ended 31 December 2016 ("2Q FY2017")

Review of the Income Statement

Revenue

There was no revenue in 2Q FY2018 and 2Q FY2017 as the Company had not commenced the commercial production and sale of Tantalite as well as Lithium concentrate.

Interest income

Interest income increased to A\$64,721 in 2Q FY2018 from A\$17,141 in 2Q FY2017 mainly due to a higher amount of AUD short-term deposits placed pursuant to the proceeds from the placement exercise that was announced on 5 October 2017.

Other Income

Other income in 2Q FY2017 of A\$55,536 relates mainly to income earned from provision of mining camp accommodation and other facilities, and administration services to Lithco (as defined herein) at the Bald Hill Mine Site. There was no other income earned from Lithco in 2Q FY2018 as the Bald Hill Joint Venture was formed during the third quarter resulting in the Bald Hill Mine Site being jointly owned with Lithco.

Gain/Loss on foreign exchange

The gain on foreign exchange of A\$34,562 in 2Q FY2018 (2Q FY2017: A\$25,902 loss) is mainly due to the foreign exchange movement on translation of our Singapore dollar bank balance to Australian dollars and the weakening of the Australian dollar exchange rate.

Accounting and audit expenses

Accounting and audit expenses increased from A\$13,300 in 2Q FY2017 to A\$69,665 in 2Q FY2018 mainly due to the increase in audit fees relating to the joint venture farm-in by Lithco and contract accounting support staff as a result of increase in business and operational activities.

Administrative expenses

Administrative expenses increased by A\$170,478 from A\$149,648 in 2Q FY2017 to A\$320,126 in 2Q FY2018 mainly due to an increase in legal fees, compliance costs, international travel expenses and investor relations during the period, mainly in relation to project funding activities.

Consulting and directors fees

Consulting and directors fees have increased by A\$122,994 from A\$93,076 in 2Q FY2017 to A\$216,070 in 2Q FY2018 due to an increase in directors fees approved at the AGM and recorded in 2QFY2018 for the 6 months ended 31 December 2017.

Employee salaries and other benefits

Employee salaries and other benefits of A\$239,487 in 2Q FY2018 increased from A\$92,303 in 2Q FY2017 mainly due to a salary adjustment for full time employees to recognise the increase in activity of the Company and an increase in the number of full time employees of the Company.

Site operating costs

Site operating costs in 2Q FY2018 relates mainly to the Company's share of depreciation expenses incurred in Bald Hill Joint Venture as further elaborated in the paragraph below, while site operating costs of A\$547,903 in 2Q FY2017 mainly relates to costs incurred to maintain the Bald Hill Mine Site as the Company was focused on lithium exploration as prescribed under the on-going joint-venture arrangement with Lithco. These costs in 2Q FY2017 comprise plant and site maintenance, depreciation and other site operating expenses.

The decrease in site operating costs was mainly attributable to the formation of the Bald Hill Joint Venture this quarter resulting in a decrease in (a) depreciation expense of the processing plant and associated assets by A\$129,535 to A\$200,568 in 2Q FY2018 as such depreciation expense only represents the Company's 50% joint venture interest in the Bald Hill Project; and (b) absence of plant and site maintenance costs and other site operating expenses as a result of the capitalisation of such costs incurred in 2Q FY2018 to mine development.

Lithco had on 31 May 2017 earned in to 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 had on 20 October 2017 earned in to a 50% joint venture interest in the overall Bald Hill Project.

Borrowing costs

Borrowing costs decreased from A\$137,933 in 2Q FY2017 to \$74,736 in 2Q FY2018 due mainly to the decrease in notional interest on the amount owing to LWM as a result of instalment payments made.

The aforementioned notional interest expenses arise from the Company's financial liabilities held at amortised cost whereby the initial carrying value of the liability is accreted to its principal amount over the life of the loan. This accretion is recognised as a borrowing cost.

Other expenses

Other expenses relates to the loss incurred on disposal of 50% of the Bald Hill Project to Lithco pursuant to the formation of the Bald Hill Joint Venture. The terms of the farm-in agreement with Lithco was a requirement to spend A\$7.5 million on exploration and A\$12.5 million on development in order to earn a 50% interest in the Bald Hill Project. However, under accounting standards, only the A\$12.5 million expenditure on development is taken into account as consideration for disposal of 50% of the Bald Hill Project assets owned by the Company, resulting in a loss on disposal. The A\$7.5 million expenditure on exploration is excluded from the consideration and is therefore not reflective of the full commercial value of the transaction.

Loss before income tax

In view of the foregoing, loss before taxation increased from A\$989,360 in 2Q FY2017 to A\$1,358,419 in 2Q FY2018.

Review of the Financial Position

Non-current assets

As at 31 December 2017, our non-current assets of A\$30,363,270 accounted for 62% of our total assets. Our non-current assets comprised mine development, property, plant and equipment and construction in progress.

Mine development decreased by A\$1,510,585 to A\$1,995,789 mainly due to the contribution of the Company's mine development asset to the Bald Hill Joint Venture which was formed during 2Q FY2018. The balance represents the Company's 50% interest in the mine development expenditure of the Bald Hill Joint Venture.

Property, plant and equipment decreased by A\$5,992,872 to A\$6,301,150 mainly due to contribution of the Company's project related property, plant and equipment to the Bald Hill Joint Venture which was formed during 2Q FY2018. The balance represents the Company's 50% interest in the property, plant and equipment of the Bald Hill Joint Venture and corporate assets.

Construction in progress of A\$22,066,331 represents the Company's share of the Bald Hill Joint Venture processing plant and mine infrastructure currently under construction at the Bald Hill Project.

Current assets

As at 31 December 2017, our current assets of A\$18,312,328 represented 38% of our total assets. Our current assets as at 31 December 2017 consisted of cash and cash equivalents, other receivables and other current assets.

Cash and cash equivalents of A\$15,889,332 increased by A\$13,032,242 pursuant to a capital raising of A\$19,575,000 and the recognition of a lithium product prepayment of A\$4,375,000 offset by expenditure relating to the construction of the Bald Hill Project, repayment of the loan from Living Waters Mining and associated administration overheads.

Other receivables increased by A\$1,204,866 to A\$1,352,466 mainly as a result of the Company's share of receivables within the Bald Hill Joint Venture of \$1,243,125 which relates to fuel advances to the mining contractor.

Other current assets comprised prepayments of A\$216,520 which relates to insurance premium prepaid, project construction costs and a retention deposit of A\$829,009 relating to the construction of the processing plant. Included in these balances are the Company's share of retention deposit and project construction costs relating to the Bald Hill Joint Venture.

Non-current liabilities

As at 31 December 2017, our non-current liabilities of A\$670,751 represented 4% of our total liabilities. Our non-current liabilities relates to the provision for rehabilitation required at the Bald Hill mine site and interest bearing loans and borrowings.

Provision for rehabilitation decreased to A\$662,396 due to the Company's 50% share pursuant to the Bald Hill Joint Venture. The amount represents the joint venture operator's best estimate as at balance sheet date to rehabilitate the existing Bald Hill mine site.

Interest bearing loans and borrowing of A\$8,355, decreased from A\$17,320 as at 30 June 2017 due to repayments of the principal amount of the finance leases for motor vehicles.

Current liabilities

As at 31 December 2017, our current liabilities of A\$15,815,288, representing 96% of our total liabilities comprised trade and other payables, employee benefit liabilities and interest bearing loans and borrowings.

Trade and other payables increased by A\$8,814,068 to A\$15,815,288 mainly attributable to the Company's 50% share of the Bald Hill Joint Venture's liabilities of \$5,814,242 relating to construction of the Bald Hill Project; second tranche of prepayment received under the lithium concentrate offtake agreement of A\$4,375,000 in July 2017, offset by the repayment of a portion of the Living Waters Loan.

Employee benefit liabilities increased by A\$20,316 to A\$65,318 as a result of annual leave accruals for our employees.

Interest bearing loans and borrowings, amounting to A\$94,002 which increased by A\$68,951 due to the increase of insurance premium funding in line with the insurance program renewal

Shareholders' equity

As at 31 December 2017, our Shareholders' equity amounted to A\$32,030,241 comprising A\$58,535,275 of issued share capital, A\$2,229,237 of parent equity contribution, A\$676,683 of share based payment reserve and A\$30,354,473 of accumulated losses.

Issued share capital has increased by \$19,575,000 as a result of the issue of 74,810,228 fully paid ordinary shares in November 2017.

Review of the Cash Flow Statement of the Group

In 2Q FY2018, we recorded a net cash outflow from operating activities of A\$963,453 which comprised payments made to suppliers and employees of A\$1,027,156, interests paid mainly for finance lease of A\$1,018. These were offset by interest received from bank deposits of A\$64,721.

Net cash outflow from investing activities amounted to A\$11,436,791, which was attributable to payments for construction in progress of \$11,035,373 and payments for mine development of \$401,418.

Net cash inflow from financing activities amounted to A\$19,068,746 which were as a result of receipt from funds from share issue of \$19,575,000 pursuant to the placement exercise and proceeds from insurance premium funding of A\$78,775; offset by payments in insurance premium funding of A\$1,960, repayment of hire purchase of A\$4,514 and repayment of Living Waters Loan of \$578,555.

As at 31 December 2017, our cash and cash equivalents amounted to A\$15,889,332.

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

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

No profit forecast or projection was previously disclosed to shareholders in relation to 2QFY2018. In the 2017 Annual Report, it was stated that the Directors expects the Company to report loss for financial year ending 2018

Information about the Bald Hill Mine project has been previously disclosed to shareholders via SGXNET announcements. Any material development or variation of the project will be updated progressively to shareholders via SGX announcements.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Lithium news is still prominent in the mineral resources sector and the desire to reduce oil dependence and reduce air pollution has been the main driver for the demand for the mineral concentrate. Various governments around the world has been implementing policies to push for either partially or fully electric vehicles. Lithium-ion batteries that power electric vehicles, phones, computers, renewable energy storage systems seem to be the main driver for the future projected demand for lithium.¹

There are still more investments expected in new battery manufacturing, plus ramp up and expansions expected by existing manufacturers like Tesla that will drive demand further. According to statistics reported in Bloomberg recently, Australia is the world leader in lithium production, accounting for 40.5 per cent of the world's total.²

The Company had issued an independent qualified person's report (reported with the JORC code) ("IQPR") on 7 August 2017 reporting new lithium reserves and resources and an increase in tantalum reserves and resources. Another IQPR was also issued on 24 October 2017 to report an increase in lithium and tantalum resources. Construction is continuing on the new lithium circuit at the Bald Hill Mine Site with commissioning and production still on track in 2018.

Tantalum concentrate spot prices have improved and the Company has secured a buyer by signing a term sheet with the world's renowned consumer of Tantalum concentrate H.C. Starck Tantalum and Niobium GmbH, H. C. Starck Co. Ltd. Thailand and H.C. Starck Smelting GmbH.³

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

¹ <https://thewest.com.au/business/lithium/why-investors-are-loving-lithium-ng-b88725419z>

² <https://www.miningpeople.com.au/news/mining-the-future-is-lithium-the-next-big-thing>

³ <http://www.infomine.com/investment/metal-prices/tantalite-ore/1-year/>

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 FY2018.

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

Not applicable.

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

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

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

No dividend has been declared or recommended for 2Q FY2018.

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

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

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

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

15. Use of IPO proceeds

Use of Proceeds⁽¹⁾	Amount Allocated (A\$'000)	Amount Utilised (A\$'000)	Amount Unutilised (A\$'000)
Exploration and drilling	1,028	1,028	-
Internal scoping study	428	415	13
Development of mining deposits	428	335	93
Working capital ⁽²⁾	4,723	4,723	-
Listing expenses	1,962	1,962	-
Total	8,569	8,463	106

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 from placement to Burwill Commodity Limited (“Placement”)

The net proceeds from the Placement was approximately A\$19.548 million (“Net Proceeds”) (after deducting estimated expenses of A\$0.027 million). As at 31 January 2018, the Net Proceeds have been utilised as follows:

Intended Purposes	Amount allocated A\$'000	Amount utilised A\$'000	Amount Unutilised A\$'000
Capital expenditure for the Bald Hill Project	6,842	4,363	2,479

Operational expenditure for the Bald Hill Project	10,360	2,388	7,972
General working capital	2,346	-	2,346
Total	19,548	6,751	12,797

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 2017 (“2Q FY2018”), funds / cash were mainly used for the following activities:-

Purpose	Amount (A\$) Projected Usage	Amount (A\$) Actual Usage
Corporate administrative expenses	600,000	1,027,156
Mine development costs	18,900,000	11,712,193
Total	19,500,000	12,739,349

Explanation for the variances:

Cash utilised for corporate administrative expenses was higher than forecast of A\$600,000 for the period largely due to an increase in unbudgeted corporate activity. Mine development costs were lower than forecast due to the timing of cash calls made by the Bald Hill Joint Venture operator.

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

For the next immediate quarter (financial period from 1 January 2018 to 31 March 2018 (“3Q FY2018”)), the Company’s use of funds/cash for development activities are expected to be as follows: -

Purpose	Amount (A\$)
Corporate administrative expenses	600,000
Mine Development Costs	16,400,000*
Total	17,000,000

*Mine development costs relates to expenditure that will be incurred under the Joint Venture of the Project with Lithco.

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

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

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

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;

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

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

Exploration has recently focused on initial grade control, water bore installation and water exploration drilling. The extensional step-out drilling and mapping has significantly increased the footprint of the know lithium and tantalum pegmatite swarm.

During 2Q FY2018, the construction of the DMS plant has advanced significantly. With respect to major contracts, the preferred crushing contractor was selected, fuel and power contracts awarded and the non-processing infrastructure engineering was well advanced and procurement commenced. As at 12 January 2018, a summary of the progress is as follows:

- Steelwork installation nearing completion.
- Piping and electrical cabling advancing.
- Power station installed and partly commissioned.
- ROM pad and crusher pad near completion.
- Mining ramping up with daily movements reaching 16,000m³ per day.
- Personnel levels on site peaking at over 200.
- On schedule to commence production this Quarter.

The Company has expended A\$401,418 during 2Q FY2018 on exploration and A\$11,035,373 on construction as part of its contribution to the Bald Hill Joint Venture with Lithco.

Further information on the aforementioned can be found in the Company's announcements on 10 October 2017, 28 November 2017, 6 December 2017 and 12 January 2018.

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

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

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

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

We, Pauline Gately and 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 2017 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
8 February 2018

*This announcement has been prepared by Alliance Mineral Assets Limited (the “**Company**”) and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

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

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