



Altura Mining Limited

ABN 39 093 391 774

ANNUAL FINANCIAL REPORT

30 JUNE 2018

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Corporate Directory

DIRECTORS

James Brown – Managing Director
Paul Mantell – Executive Director
Allan Buckler – Non-Executive Director
Dan O’Neill – Non-Executive Director
Beng Teik Kuan – Non-Executive Director
Zhao Tong – Non-Executive Director

COMPANY SECRETARY

Damon Cox

REGISTERED OFFICE

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Perth WA 6000

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AUDITORS

PKF Hacketts Audit
Level 6, 10 Eagle Street
Brisbane QLD 4000

SHARE REGISTRY

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250 St George’s Terrace
Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

Code: AJM



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018

Your directors have pleasure in presenting the annual financial report of Altura Mining Limited ("Altura" or "the Company") and its controlled entities ("the Group") for the financial year ended 30 June 2018.

DIRECTORS

The names of the directors in office at any time during or since the end of the financial year are:

Mr James Brown
Mr Paul Mantell
Mr Allan Buckler
Mr Dan O'Neill
Mr Beng Teik Kuan
Mr Zhao Tong

COMPANY SECRETARY

The name of the secretary in office during the financial year and up to the date of this report is as follows:

Mr Damon Cox

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the construction of the mine and processing plant at Altura's 100% owned Pilgangoora Lithium Project in the Pilbara region of Western Australia.

OPERATING AND FINANCIAL REVIEW

Overview

Altura Mining Limited ("AJM") is an ASX listed entity that is focused on the construction and commencement of operations of the Altura Lithium Project in the Pilbara region of Western Australia.

Operating results

The Group's operating loss after providing for income tax and non-controlling interests for the year ended 30 June 2018 was \$12,816,965 (2017: loss \$6,165,006). The loss in 2018 related to the Group's administrative and corporate costs and a net foreign exchange loss in the year.

Exploration, commissioning, evaluation and development costs of the Pilgangoora Lithium Project were capitalised during both the 2018 and 2017 financial years.

Strategy

The Company's objective is to create shareholder value through the development of profitable mining operations and other supplementary mining activities that deliver strong cash flows for the Group, and resultant regular dividends for shareholders.

Altura is focused on achieving name plate production from its Altura lithium project, with first sales due to commence during Q3 of calendar 2018. The Company has also completed a Definitive Feasibility Study (DFS) for a Stage 2 expansion of the lithium project, which it plans to commence as soon as practical.

The Company also holds coal assets in Indonesia which it is in the process of divesting as soon as reasonably possible.



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Pilgangoora Lithium

During the year Altura continued with its construction and commissioning of the mine and process plant for Stage 1 of the Pilgangoora Lithium Project.

The major components of the construction phase included:

- Run-of-Mine (ROM) pad
- Tailings Storage Facility (TSF)
- Power Station
- Crushing and Screening plant
- High Pressure Grind Rolls (HPGR) and Ball Mill
- Dense Media Separation (DMS) module
- Flotation Circuit
- Mine Operations Centre
- Water bores and pipelines
- Raw Water Dam and Water Treatment Plant (Reverse Osmosis)
- Metallurgy Laboratory
- Product Storage Shed in Port Hedland (built and owned by Qube)

Mining operations were also established, and these comprised:

- Mobilisation of the mining, drill and blast fleet
- Development of the mining pit, consisting of 3 main areas
- Loading and haulage of spodumene ore to ROM pad and ROM stockpiles
- Removal of waste rock to the waste rock dump
- Construction of workshop and mining contractor facilities

Altura has also completed its Stage 2 Definitive Feasibility Study (DFS) in April 2018 with the results confirming the robust economics of the project.

The key outcomes of the Stage 2 DFS included:

- Duplication of the Stage 1 processing plant to produce 440,000 tpa of 6% Spodumene;
- Post-tax NPV (1) of A\$834M, an IRR of 63% and a 2.3 year pay back;
- Life of Mine (LOM) revenue set to be A\$4.377B with LOM EBITDA (2) of A\$2.473B over an estimated mine life of 13 years;
- Estimated capital cost of \$A119 million (exclusive of Stage 1 capital costs);
- Stage 2 project significantly de-risked by having all major statutory approvals, key personnel and contractors in place to commence production; and
- First product from expansion expected 18 months after Final Investment Decision.

Subsequent to the release of the Stage 2 DFS, Altura announced in May 2018 an increased Ore Reserve of 41.1 million tonnes at 1.05% Li₂O which adds a minimum of 2 years to the estimated mine life.

With first production and shipments due in the second half of calendar 2018, Altura has entered into a number of important contracts with key suppliers:

1. A 5-year mining contract has been signed with NRW. The deposit will be mined by conventional bulk mining methods utilising hydraulic excavators, dump trucks and drill and blast coupled to a ROM stockpile.
2. The logistics and transport supplier is Qube Holdings Pty Ltd. The scope includes loading of the product at the mine stockyard, transporting the product in side tipping road trains to Port Hedland, construction and operation of a product storage shed at Port Hedland, and transport to the port and ship loading using the patented Rotabox™ system.
3. Kalgoorlie Power Systems has been contracted to provide an 11MW diesel fuelled power station for a 5-year period. The power station comprises dual fuel diesel and gas generators such that opportunities for cleaner and more cost-efficient gas may be utilised in the future should a suitable source be available.



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

The Company has in place two Binding Offtake Agreements (BOAs) with China based groups Shaanxi J&R Optimum Energy Co Ltd and Lionergy Limited, in which the parties will each take a minimum of 100,000 tonnes of 6% Li₂O grade spodumene concentrate annually for an initial 5-year period. Annual pricing will be agreed with reference to current market pricing information, including but not limited to prices published or announced by other companies in the market, movement in carbonate pricing and with reference to any indices that may become available in the future. For the first 3 years of the BOAs, there is a floor price of US\$550 per tonne of 6% spodumene, and there is also a ceiling price of US\$950 per tonne for the same period, the floor price being very important from the Company's perspective to ensure that it can repay its loan on the project in the next 3 years.

Coal Assets

Delta Coal

On 14 June 2018 Altura divested its' the one-third investment in the Delta coal mine and associated infrastructure. There was no cash consideration in the transaction. The Group holds no future rights relating to the Delta coal mine.

Tabalong Coal

The Tabalong Coal Project is a premium grade thermal coal deposit located in South Kalimantan, Indonesia. The project consists of five (5) Mining Licences (IUPs), with all five (5) IUPs granted for Operation Production. Altura holds 70% of three IUPs and 56% of the remaining two. The Company has previously stated its intention to divest its interests in Tabalong coal assets. It is pursuing a number of options for sale of the coal assets and information has been made available to a number of parties under confidentiality deed arrangements.

Financial position

The net assets of the consolidated group increased in 2018, with non-current assets significantly higher due to the construction phase of the Lithium Project. During the year funds were sourced from a funding facility of US\$110 million and a \$26 million placement.

Risk

Development of Altura's lithium project is subject to the ability of the Company and its advisors to successfully complete commissioning and ramp up to full production capacity of the project in a timely manner.

The Company is also subject to movements in international commodity prices, and being an Australian based company, foreign exchange movements.

DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2018 (2017: Nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the nature of the Group's principal activities during the financial year, other than as discussed in the financial report and elsewhere in this Directors Report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year, Altura entered into an amendment deed with existing Loan Note Holders for an additional US\$15 million of debt funding as an extension to the existing debt facility (see ASX announcement of 11 September 2018). The terms of the facility are generally in line with the existing US\$110 million senior secured loan note facility that was executed in July 2017 (see ASX announcement on 28 July 2017). Altura will use the additional funds as it ramps-up production to nameplate capacity at the Altura Lithium Project, continued exploration of the Company's portfolio of tenements and ongoing work on the Stage 2 expansion.



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will focus on completing the commissioning of the Pilgangoora Lithium Project and achieving full commercial operations as soon as possible. The Group intends to divest its interests in the Tabalong coal projects as soon as practical so it can focus on its lithium project.

ENVIRONMENTAL PERFORMANCE

The Group is committed to achieving a high standard of environmental performance and is subject to significant environmental regulation from both Commonwealth and State legislation in Australia to its mining, development and exploration activities. The Board of Directors is responsible for regular monitoring of environmental exposures and compliance with these environmental regulations. The Group complied with its environmental performance obligations during the year.

INFORMATION ON DIRECTORS

Mr James Brown (Managing Director)

Qualifications

Graduate Diploma in Mining from University of Ballarat

Experience

Mr Brown is a mining engineer with over 35 years' experience in the mining industry in Australia and Indonesia, including the last 10 years in the chief executive role at Altura. His mining development and operations experience includes the New Acland and Jeebropilly mines in South East Queensland, the Adaro and Multi Harapan Utama operations in Indonesia and Blair Athol in the Bowen Basin in Central Queensland.

Other current directorships in listed entities

Sayona Mining Limited

Former directorships in last 3 years

None

Special responsibilities

Chief Executive Officer

Interests in shares and performance rights

28,518,301 ordinary shares in Altura Mining Limited

2,000,000 performance rights over shares in Altura Mining Limited

Mr Paul Mantell (Executive Director)

Qualifications

Bachelor of Commerce from the University of Queensland and a Fellow of CPA Australia

Experience

Mr Mantell is an accountant with more than 35 years' corporate experience in the mining and associated industries. He has been involved in all aspects of accounting and finance, financial reporting, taxation and administration, including the responsibilities of an ASX listed entity. He has previously arranged finance for mining and infrastructure projects both in Australia and Indonesia and has set up corporate, administrative and financial systems to support new and expanding mining operations. He was appointed a director in May 2009.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

Chief Financial Officer

Interests in shares and performance rights

33,503,084 ordinary shares in Altura Mining Limited

1,000,000 performance rights over shares in Altura Mining Limited



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

INFORMATION ON DIRECTORS (continued)

Mr Allan Buckler (Non-Executive Director)

Qualifications

Certificate in Mine Surveying and Mining, First Class Mine Managers Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines

Experience

Mr Buckler has over 45 years' experience in the mining industry and has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Mr Buckler was appointed a director in December 2008.

Other current directorships in listed entities

Sayona Mining Limited

Former directorships in last 3 years

None

Special responsibilities

Member of the Audit & Risk Committee (to 20 September 2017)

Member of the Remuneration & Nomination Committee

Interests in shares

194,839,756 ordinary shares in Altura Mining Limited

Mr Dan O'Neill (Independent Non-Executive Director)

Qualifications

Bachelor of Science in geology from the University of Western Australia

Experience

Mr O'Neill was appointed a director in December 2008. He has held positions with a number of Australian and multinational exploration companies and has managed exploration programs in a diverse range of environments and locations including Botswana, North America, South East Asia, North Africa and Australasia. During his 35 years' experience, he has held executive management positions with ASX listed companies and has worked on a range of commodities including diamonds, gold, base metals, coal, oil and gas.

Other current directorships in listed entities

Sayona Mining Limited

Former directorships in last 3 years

None

Special responsibilities

Chairman of the Remuneration & Nomination Committee

Member of the Audit & Risk Committee

Interests in shares

13,633,336 ordinary shares in Altura Mining Limited



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

INFORMATION ON DIRECTORS (continued)

Mr Beng Teik Kuan (Independent Non-Executive Director)

Qualifications

Bachelor of Engineering (University of Malaya)

Experience

Mr Kuan is an engineer with considerable experience in bulk handling and terminal operations, including responsibility for the development and management of the Pulau Laut Coal Terminal in South Kalimantan, Indonesia. He also has experience in Indonesia, Malaysia and Singapore with tin dredging operations, managing rubber, palm oil and cocoa processing factories, and managing palm oil bulk terminals. He was appointed a director in November 2007.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

Chairman of the Audit & Risk Committee

Member of the Remuneration & Nomination Committee

Interests in shares

21,000,000 ordinary shares in Altura Mining Limited

Mr Zhao Tong (Non-Executive Director)

Qualifications

Bachelor of Science (Peking University, China)

Experience

Mr Zhao Tong has over 25 years' experience in the international trade of metals and minerals and has worked for China Shaanxi Metals and Minerals International Trade Co. Ltd. Mr Tong has been the Director of the Lithium Division of J&R Optimum since October 2016. He was appointed a Director in March 2017.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

Member of the Audit & Risk Committee (from 20 September 2017)

Interests in shares

Nil

COMPANY SECRETARY

Mr Damon Cox

Mr Cox is a Chartered Secretary, and a CPA. He has over 30 years' experience in various roles including corporate governance, compliance, treasury and strategic policy advice.



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for directors and other key management personnel.

Remuneration Policy and link to performance

The Company's policy is to remunerate fairly and in line with companies of similar size, operations and in the same industry. Individual remuneration decisions are made by the Remuneration & Nomination Committee taking into account the following factors:

- The responsibility of the role;
- Experience of the employee;
- Past performance and future expectations; and
- Industry conditions and trends.

In order to retain and attract key management personnel of sufficient calibre to facilitate the efficient and effective management of the Company's operations, the Remuneration & Nomination Committee may seek the advice of external advisors in connection with the structure of remuneration packages.

Remuneration packages may contain the following key elements:

- Primary benefits - salary/fees, bonuses and non-monetary benefits including the provision of a motor vehicle;
- Post-employment benefits - including superannuation and prescribed retirement benefits; and
- Equity - performance rights granted under the Long-Term Incentive Plan as disclosed in Note 23 to the financial statements.

None of the Company's personnel remuneration packages are linked directly to the Company's profitability or other measure of performance. The Company maintains a Long Term Incentive Plan under which employees may be granted performance rights and share options which vest subject to service conditions being met. Directors may also be allocated performance rights and/or options as an incentive. During the 2018 year, directors were issued with shares on the vesting of previously issued performance rights.

Performance-based remuneration

The Company currently has performance based remuneration in place as disclosed in Note 23.

Group Performance, Shareholder Wealth and Director and Executive Remuneration

The Group has recorded the following earnings from continuing operations over the last five years:

	2018	2017	2016	2015	2014
Revenues and sundry income	1,675,168	1,600,959	1,485,611	4,779,039	7,610,019
EBITDA *	(13,279,929)	(6,417,320)	(11,290,052)	(15,861,975)	(5,588,222)
NPBT *	(13,120,803)	(6,448,799)	(30,839,474)	(16,947,795)	(6,530,675)
NPAT *	(12,712,487)	(5,914,752)	(31,618,016)	(17,268,152)	(7,017,662)
Dividends paid	-	-	-	-	-

* Definitions: EBITDA = Earnings before interest, tax, depreciation and amortisation
 NPBT = Net profit before tax
 NPAT = Net profit after tax & minority interest



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration Policy

The Remuneration & Nomination Committee reviews the remuneration packages of all directors and key management personnel on an annual basis. Remuneration packages are reviewed and determined with due regard to relevant market conditions and individual's experience and qualification and are benchmarked against comparable industry salaries.

Payment of bonuses and share based compensation benefits is discretionary.

Employment Contracts of Key Management Personnel

Contracts of employment are given to key management personnel at time of employment. Details are as follows:

James Brown, Managing Director - the agreement is of no fixed term and allows for payment of a monthly cash salary in US dollars, reviewed each year, plus allowances. Three months' notice of termination by either party is required, with a separation allowance equivalent to one year's salary and entitlements to be paid if employment is terminated by the Company.

Paul Mantell, Executive Director - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle or equivalent allowance and other non-cash benefits is included. Three months' notice of termination by either party is required, with a separation allowance equivalent to one year's gross salary to be paid if employment was terminated by the Company.

Chris Evans, Chief Operating Officer - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Three months' notice of termination by either party is required, with a separation allowance equivalent to six month's gross salary to be paid if employment was terminated by the Company.

Noel Young, Group Financial Controller - the agreement is of no fixed term and allows for payment of an annual cash salary in US dollars, reviewed each year, plus allowances. Two months' notice of termination by either party is required, with a separation allowance equivalent to six month's gross salary to be paid if employment is terminated by the Company.

Damon Cox, Company Secretary - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle is included. Two months' notice of termination by either party is required, with a separation allowance equivalent to six month's gross salary to be paid if employment is terminated by the Company.



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration

	Short-term benefits			Post employment	Share based payments	Total	Performance rights as a percentage of Total
Name	Cash salary and fees \$	Cash Bonus \$	Non-monetary benefits \$	Super-annuation \$	Performance rights \$	\$	%%
2018							
<i>Non-executive directors</i>							
A Buckler	67,000	30,000	-	9,215	1,117	107,332	1.0%
D O'Neill	79,000	30,000	-	10,355	1,117	120,472	0.9%
B Kuan	79,000	30,000	-	10,355	1,117	120,472	0.9%
Z Tong	67,032	24,657	-	-	-	91,689	-
Sub total non-executive directors	292,032	114,657	-	29,925	3,351	439,965	
<i>Executive directors</i>							
J Brown	403,529	-	92,601	-	432,689	928,820	46.6%
P Mantell	325,026	-	13,922	24,999	216,347	580,294	37.3%
<i>Other key management personnel</i>							
C Evans	278,863	-	-	24,999	211,684	515,546	41.1%
N Young	189,062	-	21,311	12,825	44,385	267,583	16.6%
D Cox	145,000	-	28,079	13,775	44,385	231,239	19.2%
Total for key management personnel compensation	1,341,480	-	155,913	76,598	949,490	2,523,481	
Total compensation	1,633,512	114,657	155,913	106,523	952,841	2,963,446	
2017							
<i>Non-executive directors</i>							
A Buckler	60,000	-	-	5,700	3,885	69,585	5.6%
D O'Neill	72,000	-	-	6,840	3,885	82,725	4.7%
B Kuan	54,000	-	-	24,840	3,885	82,725	4.7%
Z Tong #	19,000	-	-	-	-	19,000	-
Sub total non-executive directors	205,000	-	-	37,380	11,655	254,035	-
<i>Executive directors</i>							
J Brown	413,790	-	91,391	-	38,852	544,033	7.1%
P Mantell	322,000	-	12,650	28,025	19,425	382,100	5.1%
<i>Other key management personnel</i>							
C Evans	220,000	35,000	-	24,225	3,213	282,438	1.1%
N Young	226,788	-	75,229	-	7,770	309,787	2.5%
D Cox	132,500	-	23,353	12,587	7,770	176,210	4.4%
Total for key management personnel compensation	1,315,078	35,000	202,623	64,837	77,030	1,694,568	-
Total compensation	1,520,078	35,000	202,623	102,217	88,685	1,948,603	-

Mr Zhao Tong joined the Altura Board in March 2017

No termination payments or long service leave payments were made during the year (2017 Nil)



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

The following shares were issued to directors and key management personnel on the vesting of performance rights during the year ended 30 June 2018:

	Number issued	Issue date	Value per share at issue date \$
J Brown	1,000,000	18/12/17	0.3613
P Mantell	500,000	18/12/17	0.3613
A Buckler	100,000	18/12/17	0.3613
D O'Neill	100,000	18/12/17	0.3613
BT Kuan	100,000	18/12/17	0.3613
C Evans	400,000	18/12/17	0.3613
N Young	200,000	18/12/17	0.3613
D Cox	200,000	18/12/17	0.3613
	<u>2,600,000</u>		

Performance Rights

In 2014 the Company established a new Long-Term Incentive Plan (LTIP) to assist in the reward and retention of directors and employees.

A total of 8,100,000 rights were granted in December 2014 to directors (with shareholder approval), key management personnel and other senior staff. A further 1,450,000 rights were granted to key management personnel and other senior staff in the year ended 30 June 2016, 1,350,000 in the year ended 30 June 2017 and another 7,850,000 were granted in the year ended 30 June 2018. The rights awarded during the year were granted for no consideration. No amount is payable on the vesting of the rights. The rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the service conditions.

The following performance rights were on issue to directors and key management personnel as at 30 June 2018:

	Granted number	Vesting 30 Nov 2018
J Brown	2,000,000	2,000,000
P Mantell	1,000,000	1,000,000
C Evans	1,000,000	1,000,000
N Young	200,000	200,000
D Cox	200,000	200,000
	<u>4,400,000</u>	<u>4,400,000</u>

MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year there were 5 Directors' meetings, 3 Audit & Risk Committee meetings and 2 Remuneration & Nomination Committee meetings held.

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J Brown	5	5	-	-	-	-
P Mantell	5	5	-	-	-	-
A Buckler	5	5	1	1	2	2
D O'Neill	5	4	3	2	2	2
B Kuan	5	5	3	3	2	2
Z Tong	5	5	2	2	-	-



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with all of its directors in accordance with the Company's Constitution. During the financial year the Company paid a premium to insure the directors, officers and managers of the Company and its controlled entities. The insurance contract requires that the amount of the premium paid is kept confidential.

OPTIONS

At the date of signing this report, 5,784,846 unissued ordinary shares of Altura Mining Limited under option were outstanding.

WARRANTS

Under the terms of the US\$110 million debt facility announced on 28 July 2017, the lenders are to receive a total of 72,644,513 warrants. These were approved on 22 November 2017 at the Company's annual general meeting and issued on 27 November 2017 at an exercise price of \$0.1260 per warrant with an expiry date 4 August 2022. At the date of signing this report, 19,812,140 warrants outstanding.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not party to any such proceedings during the year.

NON-AUDIT SERVICES

The Company's auditor, PKF Hacketts Audit, did not provide any non-audit services to the Company during the year ended 30 June 2018.

ROUNDING OF AMOUNTS

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2018 has been received and is included on page 13 of the annual report.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors,

James Brown

Managing Director

Perth, 11 September 2018

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ALTURA MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF HACKETTS

PKF HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 11 September 2018



Altura Mining Limited and Controlled Entities

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Continuing operations			
Revenue	5(a)	1,165	1,271
Cost of sales	5(c)	(772)	(1,069)
Operating profit / (loss)		393	202
Other income			
Sundry income	5(b)	510	331
Expenses			
Administration costs		(3,780)	(3,030)
Employee benefits expense	5(f)	(3,690)	(2,272)
Other expenses	5(d)	(188)	(167)
Foreign exchange gain / (loss)	5(e)	(6,366)	(1,371)
Impairment on equity accounted asset	25	-	(18)
Share of net profit / (loss) of equity accounted investee, net of tax		-	(124)
Profit / (loss) before income tax		(13,121)	(6,449)
Income tax (expense) / benefit	7(a)	408	534
Profit / (loss) after income tax from continuing operations		(12,713)	(5,915)
Discontinued operations			
Loss from discontinued operations after tax	3	(104)	(250)
Net profit / (loss) for the year		(12,817)	(6,165)
Profit / (loss) attributable to:			
Owners of Altura Mining Limited		(12,880)	(6,127)
Non-controlling interest		63	(38)
		(12,817)	(6,165)
(Loss) per share from continuing and discontinued operations attributable to the ordinary equity holders of the Company:			
Basic and diluted (loss) per share from continuing and discontinuing operations	6	(0.74)	(0.45)
Basic and diluted (loss) per share from continuing operations	6	(0.73)	(0.44)
Basic and diluted (loss) per share from discontinued operations	6	(0.01)	(0.01)

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying Notes.



Altura Mining Limited and Controlled Entities

Consolidated Statement of Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Profit / (loss) for the year		(12,817)	(6,165)
Other comprehensive income / (loss) for the year			
Items that may be reclassified to profit and loss			
Changes in the fair value of available-for-sale financial assets	13	3,194	(509)
Exchange differences on translation of foreign controlled entities		(1,751)	1438
Other comprehensive income / (loss) for the year, net of tax		1,443	929
Total comprehensive income / (loss) for the year		(11,374)	(5,236)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(11,413)	(5,221)
Non-controlling interest		39	(15)
		(11,374)	(5,236)
Total comprehensive income / (loss) attributable to members of the parent entity arises from:			
Continuing operations		(10,948)	(5,295)
Discontinued operations		(465)	74
		(11,413)	(5,221)

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying Notes.



Altura Mining Limited and Controlled Entities

Consolidated Balance Sheet

AS AT 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	8	28,761	13,271
Trade and other receivables	9	2,242	3,336
Held to maturity investments	11	52	52
Inventories	10	1	1
Current tax prepaid		295	272
Other current assets	12	384	333
Assets classified as held for sale	3c	9,271	8,820
Total current assets		41,006	26,085
Non-current assets			
Available-for-sale financial assets	13	4,018	824
Property, plant and equipment	14	694	850
Exploration and evaluation	15	1,595	1,226
Mine development at cost	16	221,562	59,353
Total non-current assets		227,869	62,253
Total assets		268,875	88,338
Current liabilities			
Trade and other payables	17	22,713	9,198
Borrowings	18	-	15,677
Short term provisions	19	1,158	842
Liabilities classified as held for sale	3c	1,846	1,753
Total current liabilities		25,717	27,470
Non-current liabilities			
Borrowings	18	145,887	-
Provisions	21	3,918	3,918
Total non-current liabilities		149,805	3,918
Total liabilities		175,522	31,388
Net assets		93,353	56,950
Equity			
Contributed equity	22	192,893	146,556
Reserves	22	3,502	595
Accumulated losses		(103,340)	(90,460)
Capital and reserves attributable to owners of Altura Mining Limited		93,055	56,691
Non-controlling interest		298	259
Total equity		93,353	56,950

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.



Altura Mining Limited and Controlled Entities

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity	Accumulated losses	Option & performance rights reserve	Change in fair value - market valuation	Foreign currency translation reserve	Non- controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2016	105,840	(84,333)	233	803	(1,276)	274	21,541
Total comprehensive income for the year	-	(6,127)	-	(509)	1,415	(15)	(5,236)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	70	-	-	-	-	-	70
Issue of shares – loan repayment	773	-	-	-	-	-	773
Contributions of equity, net of transaction costs	39,640	-	-	-	-	-	39,640
Transfer from share based payment reserve to equity	233	-	(233)	-	-	-	-
Employee share schemes – value of employee services	-	-	162	-	-	-	162
Sub-total	40,716	-	(71)	-	-	-	40,645
Balance as at 30 June 2017	146,556	(90,460)	162	294	139	259	56,950
Balance as at 30 June 2017	146,556	(90,460)	162	294	139	259	56,950
Total comprehensive income for the year	-	(12,880)	-	3,194	(1,727)	39	(11,374)
Transactions with owners in their capacity as owners:							
Issue of shares - employee bonus payment	34	-	-	-	-	-	34
Contributions of equity, net of transaction costs	45,947	-	-	-	-	-	45,947
Transfer from share based payment reserve to equity	356	-	(356)	-	-	-	-
Employee share schemes – value of employee services	-	-	1,796	-	-	-	1,796
Sub-total	46,337	-	1,440	-	-	-	47,777
Balance as at 30 June 2018	192,893	(103,340)	1,602	3,488	(1,588)	298	93,353

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.



Altura Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		3,069	1,473
Payments to suppliers and employees		(9,345)	(7,731)
Sundry income		38	62
Interest received		468	319
Income tax received		319	320
Net cash (used in) / provided in operating activities	28(b)	(5,451)	(5,557)
Cash flows from investing activities			
Expenditure on exploration and evaluation activities		(1,062)	(8,566)
Purchase of property, plant and equipment		(126,026)	(35,019)
Proceeds from sale of property, plant and equipment		15	4
Net cash (used in) / provided by investing activities		(127,073)	(43,581)
Cash flows from financing activities			
Proceeds from the issue of shares - net of transaction costs		34,425	40,309
Proceeds from borrowings	28(c)	128,615	-
Repayment of borrowings	28(c)	(15,053)	-
Net cash provided by / (used in) financing activities		147,987	40,309
Net increase / (decrease) in cash and cash equivalents held		15,463	(8,829)
Cash and cash equivalents at the beginning of year		13,308	22,132
Effect of exchange rate changes on cash holdings in foreign currencies		8	5
Cash and cash equivalents at the end of year	28(a)	28,779	13,308
Non cash investing and financing activities			
Share based payments	23	(34)	(70)
Interest on loan facility capitalised		(17,706)	-
Transaction fees - borrowings		(23,982)	-

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

This financial report includes the consolidated financial statements and notes of Altura Mining Limited (the Company) and controlled entities ('Consolidated Group' or 'Group'). Altura Mining Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The separate financial statements of the parent entity, Altura Mining Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The financial statements were authorised for issue on 11 September 2018 by the directors of the Company.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The following is a summary of the material accounting policies adopted by the Consolidated Group in the preparation of the financial report. The financial report has been prepared on an accruals basis. The accounting policies have been consistently applied, unless otherwise stated.

i) Going concern principle of accounting

Notwithstanding the Group's reporting an operating loss after income tax of \$12.8 million for the year and generating negative cash flows from operations of \$5.45 million, the financial statements have been prepared on a going concern basis as the Company's directors believe that the Group will be able to pay its debts as and when they fall due and payable.

Given the above, the Group's ability to continue as a going concern is dependent on achieving forecast production and sales, the sale of the net Tabalong assets classified as held for sale and the ongoing support of lenders and shareholders.

Directors are confident that the fully funded Pilgangoora Lithium project will be successfully completed and commissioned into production for Q3 2018 and is forecast to generate considerable cash flow sufficient to address the operating losses and achieve positive cash flows from operations. This together with the ongoing support of lenders and shareholders will ensure the Group is a going concern and will be able to pay its debts as and when they fall due and payable.

ii) New accounting standards for application in future periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) New accounting standards for application in future periods (continued)

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective

The directors do not anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments, including hedging activity.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and;
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

AASB 16: Leases (applicable for annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) New accounting standards for application in future periods (continued)

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets;
- depreciation of right-to-use asset in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognize the cumulative effect of retrospective applications as an adjustment to opening equity on the date of initial application.

The Group has operating lease commitments as disclosed in note 33 (c), which are likely to be impacted by the new standard. At this stage the Group is not able to estimate the impact of the new rules on the Groups financial statements. The Group will make a detailed assessment of the impact over the next 12 months.

iii) Impact of standards issued but not yet applied by the Group

The Group has not applied any accounting standards or amendments for the first time for the annual reporting period commencing 1 July 2017.

iv) Historical cost convention

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas including a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1n



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Carrying value of exploration and evaluation expenditure

The Group has capitalised exploration and evaluation expenditure of \$1.595 million as at 30 June 2018 (2017: \$1.226 million). This amount is after a transfer to mine development at cost of \$932,000 during the year for drilling and analysis, feasibility study and employee remuneration costs for the lithium project stage 2 DFS and a reclassification of exploration expenditure to assets held for sale of \$361,000. Exploration and evaluation expenditure is capitalised as an intangible asset until the Company has completed its assessment of the existence or otherwise of recoverable resources. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

Until exploration and evaluation activities have reached a stage where the assessment is complete, including the forecasting of cash flows to assess the fair value of the expenditure, there is an uncertainty as to the carrying value of the expenditure.

The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

c) Principles of consolidation

i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Altura Mining Limited ('Company' or 'Parent Entity') as at 30 June 2018 and the results of the subsidiaries for the year then ended. Altura Mining Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 26 to the financial statements. All Australian controlled entities have a June financial year-end and all other controlled entities have a December financial year end.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

Where controlled entities have entered or left the Group during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the Consolidated Balance Sheet and in the Consolidated Income Statement. Losses applicable to the non-controlling interest in a consolidated subsidiary are allocated against the controlling interest except to the extent that the non-controlling interest has a binding obligation and is able to make additional investment to cover the losses. If in future years the subsidiary reports profits, such profits are allocated to the controlling interest until the non-controlling interest's share of losses previously absorbed by the controlling interest have been recovered.

The acquisition method of accounting is used to account for business combinations by the Group.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investments in associates includes goodwill identified on acquisition.

The Group's share of its associates post-acquisition profit or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Altura Mining Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

d) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred with the exception of stamp duty. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on acquisition of subsidiaries.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Income tax

The charge for current income tax expense is based on the result for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates (and laws) that have been enacted, or substantially enacted by the end of the reporting period and are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Altura Mining Limited and some of its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax amounts, except for any deferred tax liabilities (or assets) resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement under which the wholly-owned entities fully compensate Altura Mining Limited for any current tax payable assumed and are compensated by Altura Mining Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Altura Mining Limited under the tax consolidated legislation.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements within the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision maker. The Chief Operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured on the cost basis.

The carrying amount of land and buildings is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Plant and equipment

Plant and equipment are measured on the cost basis. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

Mine development

Mine development assets include all mining related development expenditure that is not included under land, buildings and plant and equipment. These capitalised costs are amortised over the life of the mine on a unit of production basis following the commencement of commercial production.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward mine development costs in relation to that area of interest. Mine development is written down immediately to its recoverable amount if the carrying value is greater than its estimated recoverable amount (on a CGU basis).

Depreciation

The depreciable amount of all fixed assets excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets are depreciated over the asset's useful life or over the shorter of the assets useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and equipment	20% - 50%
Leased plant and equipment	12.5%
Mine development	units of production

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each separately identifiable area of interest. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through the successful development and commercial exploitation of the area, or alternatively sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Exploration and evaluation expenditure assets acquired in a business combination are recognised at their fair value at the acquisition date.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining development.

Accumulated costs in relation to an abandoned area are written off in full against the result in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

i) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised at the lease inception date, by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease terms if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised immediately in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units, "CGUs"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investment and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held to maturity, re-evaluates this designation at the end of each reporting period.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in current trade and other receivables and non-current trade and other receivables (refer to Note 9).

iii) Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally listed marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

v) Recognition and de-recognition

Purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs except where the financial asset is classified as fair value through profit or loss in which case transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income and reclassified to profit or loss as gains and losses from investment securities.

vi) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets, financial assets at fair value through profit or loss and held to maturity investments are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in shares in unlisted companies, which do not have a quoted market price and whose fair value cannot be reliably measured, are classified as available-for-sale and are measured at cost. Gains or losses are recognised in profit or loss when the investments are derecognised or impaired.

vii) Impairment

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is reclassified from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

m) Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and accumulating sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as superannuation, workers compensation, insurance and payroll tax and are included in trade and other payables. Non-accumulating, non-monetary benefits such as housing and cars are expensed by the Group as the benefits are used by the employee.

Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee salary and wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

ii) Long service leave

The Group's net obligation in respect of long term service benefits is the amount of future benefit that employees have earned in return for their service to the reporting date. The obligation is calculated using expected future increases in wages and salary rates including related on costs and expected settlement dates and is discounted using an appropriate discount rate.

The current liability for long service leave represents all unconditional obligations where employees have fulfilled the required criteria and also those where employees are entitled to a pro rata payment in certain circumstances and is included in the current provisions. The non-current provision for long service leave includes the remaining long service leave obligations.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii) Superannuation

Contributions made by the Group to defined contribution superannuation funds are recognised as an expense in the period in which they are incurred.

iv) Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

n) Significant accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The resulting accounting estimates, will, by definition, seldom equal the related actual results. Management has identified the following significant accounting policies for which significant judgements, estimates and assumptions are made.

i) Significant accounting estimates and assumptions

Critical accounting estimates and judgements

Following is a summary of the key assumptions concerning the future, and other key sources of estimation and accounting judgements at reporting date that have not been disclosed elsewhere in these financial statements.

a. Determination of coal resources and reserves

The Company estimates its coal ore resources and reserves based on information compiled by Competent Persons defined in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (December 2012), which is prepared by the Joint Ore Reserves Committee ("JORC") of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, known as the JORC Code. Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of mine lives and for forecasting the timing of the payment of rehabilitation costs.

The amount of reserves that may actually be mined in the future and the Company's estimate of reserves from time to time in the future may vary from current reserve estimates.

b. Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If after expenditure is capitalised information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the Consolidated Statement of Profit or Loss in the period when the new information becomes available.

c. Impairment

The Group assesses impairment by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Goodwill is assessed for impairment at each reporting period. Recoverable amounts of relevant assets are reassessed using the higher of fair value less costs to sell and value in use calculations which incorporate various key assumptions.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Significant accounting estimates and judgements (continued)

d. Rehabilitation

The calculation of the provisions for rehabilitation and the related mine development assets rely on estimates of the cost to rehabilitate an area which is currently disturbed based on legislative requirements and future costs. The costs are estimated on the basis of a mine closure plan. Cost estimates take into account expectations about future events including the mine lives, the time of rehabilitation expenditure, regulations, inflation and discount rates. When these expectations change in the future, the provision and where applicable, the mine development assets are recalculated in the period in which they change.

e. Derivatives

The fair value of financial instruments must be estimated for recognition and measurement purposes.

The fair value of financial instruments traded in active markets such as available-for-sale securities is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques that use observable market data at the reporting date where it is available.

f. Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

g. Share-based payment transactions

From time to time the Company has issued options to directors and employees. The Company measures fair value of share-based payments using the Black-Scholes Pricing Model, using the assumptions detailed in Note 23. This formula takes into account the terms and conditions under which the instruments were granted.

h. Mines under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mine Development' which is a sub-category of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mine Development'. Development expenditure is net of proceeds from the sale of spodumene concentrate extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'mine development' are then transferred to 'producing mines' which is also a sub-category of 'mine properties'.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

i) Rehabilitation costs

Provision is made for the Group's estimated liability arising under specific legislative requirements and the conditions of its exploration permits and mining leases for future costs expected to be incurred in restoring mining areas of interest. The estimated liability is based on the restoration work required using existing technology as a result of activities to date. The liability includes the cost of reclamation of the site, including infrastructure removal and land fill costs. An asset is created as part of the mine development asset, to the extent that the development relates to future production activities, which is offset by a current and non-current provision for rehabilitation.

q) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is recognised in the profit or loss as follows:

i) Sale of goods

Revenue from the sale of bulk commodities is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery, usually on a Free On Board ("FOB") basis.

ii) Royalty revenue

Royalties are recognised as revenue when the right to receive payment is established.

iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

iv) Interest

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

v) Services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authorities. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

t) Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at balance sheet date; and
- income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the income statement upon disposal of the foreign operation.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Foreign currency transactions and balances

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

v) Goodwill and intangibles

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised, it is tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

w) Financial liabilities and equity

Non-derivative financial liabilities (including trade and other payables and interest-bearing liabilities excluding financial guarantees) are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

All non-derivative financial liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

x) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

y) Inventories

Consumable stores

Inventories of consumable supplies and spare parts expected to be used in the supply of services are valued at cost.

Bulk commodities

Bulk commodity stockpiles are physically surveyed or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling final product. Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods.

z) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

aa) Deferred mining cost

During the commercial production stage of open pit operations, production stripping costs comprises the accumulation of expenses incurred to enable access to the ore body (coal or iron ore) and includes direct removal costs and machinery and plant running costs.

Production stripping costs are capitalised as part of an asset if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The asset is called "stripping activity asset".

The stripping asset is amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied.

Production stripping costs that do not satisfy the asset recognition criteria are expensed.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, loans, finance leases, cash and short term deposits. These activities expose the Group to a variety of financial risks: market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group manages these risks in accordance with the Group's financial risk management policy. The Group uses different methods and assumptions to measure and manage different types of risks to which it is exposed at each balance date.

The Board reviews and approves policies for managing each of the Group's financial risk areas. The Group holds the following financial instruments:

	2018 \$'000	2017 \$'000
FINANCIAL ASSETS		
Cash and cash equivalents	28,761	13,271
Trade and other receivables	2,242	3,336
Held to maturity investments	52	52
Available-for-sale investments	4,018	824
	35,073	17,483
FINANCIAL LIABILITIES		
Trade and other payables	22,713	9,198
Borrowings	145,887	15,677
	168,600	24,875

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, securities prices and coal prices will affect the Group's income or the value of its holdings of financial investments.

i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect to the US dollar. Revenue is denominated in US dollars and a strengthening of the Australian dollar against the US dollar has an adverse impact on earnings and cash flow settlement. In particular, on commencement of sales from Altura Lithium, revenue from sales of spodumene will be received in US dollars. Liabilities for some loans are denominated in currencies other than the Australian dollar and a weakening of the Australian dollar against other currencies has an adverse impact on earnings and cash flow settlement. In particular, Altura Lithium's loan for construction and commissioning of the mine is in US dollars (US\$126 million), and therefore repayment of the loan will be made in US dollars.

The Group's overseas subsidiaries have a US dollar functional currency. This exposes the Group to foreign exchange fluctuations upon conversion to AUD.

At 30 June 2018, the Group held funds in foreign currency amounting to US\$382,000 (2017: US\$366,000)

The Group does not currently enter into any hedging arrangements.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

2. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk sensitivity analysis

At 30 June 2018, the effect on profit and equity as a result of changes in the value of the Australian dollar to the US dollar that management considers to be reasonably possible, with all other variables remaining constant is as follows:

	2018 \$'000	2017 \$'000
Change in profit		
— Improvement in AUD to USD by 11%	704	(403)
— Decline in AUD to USD by 11%	(704)	403
Change in equity		
— Improvement in AUD to USD by 11%	704	(403)
— Decline in AUD to USD by 11%	(704)	403

ii) **Price risk**

The Group is exposed to coal price risk and equity securities price risk. The Group currently does not have any hedges in place against the movements in the spot price of coal.

The Group's equity investments are publicly traded on the United States of America OTCBB and are not quoted on any market Index. The table below summarises the impact of increases/decreases in the value on the Group's equity investments as at balance date. The analysis is based on the assumption that the equity pricing had increased/decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	2018 \$'000	2017 \$'000
Change in profit		
— Increase in equity value by 10%	-	-
— Decrease in equity value by 10%	-	-
Change in equity		
— Increase in equity value by 10%	402	82
— Decrease in equity value by 10%	(402)	(82)

iii) **Interest rate risk**

At balance date the Group's debt was fixed rate. For further details on interest rate risk refer to Note 18.

Interest rate sensitivity analysis

At 30 June 2018, the effect on profit and equity as a result of changes in the interest rate that management considers to be reasonably possible, with all other variables remaining constant would be as follows:

	2018 \$'000	2017 \$'000
Change in profit		
— Increase in interest rate by 1%	(1,450)	200
— Decrease in interest rate by 1%	1,450	(200)
Change in equity		
— Increase in interest rate by 1%	(1,450)	(200)
— Decrease in interest rate by 1%	1,450	200

Term deposits have been treated as a floating rate due to the short term nature of the deposits.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

2. FINANCIAL RISK MANAGEMENT (continued)

b) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Consolidated Group. The Consolidated Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

c) Liquidity risk

Liquidity risk includes the risk that the Group will not be able to meet its financial obligations as they fall due. The Group will be impacted in the following ways:

- i) Will not have sufficient funds to settle transactions on the due date;
- ii) Will be forced to sell financial assets at a value which is less than what they are worth; or
- iii) May be unable to settle or recover a financial asset at all.

The Group manages liquidity risk by monitoring forecast cash flows.

d) Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations for the settlement period for all other financial instruments. As such the amounts may not reconcile to the balance sheet.

Consolidated Group

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing								Non-interest bearing		Total	
	2018	2017	2018	2017	Within 1 year		1 to 5 years		Over 5 years						2018	2017
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:																
Cash & cash equivalents	1.00	1.5	28,761	13,271	-	-	-	-	-	-	-	-	-	-	28,761	13,271
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	-	2,242	3,336	2,242	3,336	
Available for sale investments	-	-	-	-	-	-	-	-	-	-	-	4,018	824	4,018	824	
Receivables non-current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Term deposit	1.00	1.70	-	-	52	52	-	-	-	-	-	-	-	-	52	52
Total financial assets			28,761	13,271	52	52	-	-	-	-	-	6,260	4,160	35,073	17,483	
Financial liabilities:																
Trade & sundry payables	-	-	-	-	-	-	-	-	-	-	-	22,713	9,189	22,713	9,198	
Borrowings	14%	-	-	-	-	-	145,887	-	-	-	-	-	15,677	145,887	15,677	
Total financial liabilities			-	-	-	-	145,887	-	-	-	-	22,713	24,875	168,600	24,875	



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

2. FINANCIAL RISK MANAGEMENT (continued)

	2018 \$'000	2017 \$'000
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	22,713	9,198
More than 6 months	-	-
	<u>22,713</u>	<u>9,198</u>

e) Fair value measurements

i) Fair value hierarchy

The Group uses various methods in estimating the fair value of financial instruments. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in accordance with the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 30 June 2017.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2018				
Assets				
Listed investments	4,018	-	-	4,018
Total assets	<u>4,018</u>	<u>-</u>	<u>-</u>	<u>4,018</u>
2017				
Assets				
Listed investments	824	-	-	824
Total assets	<u>824</u>	<u>-</u>	<u>-</u>	<u>824</u>

ii) Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and liabilities held by the Group is the closing price. These instruments are included in level 1.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value for the remaining financial instruments.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

3. DISCONTINUED OPERATIONS

a) Description

During the reporting period the board has made several information packages available to various groups for the purpose of attracting offers for the sale of the Tabalong tenements in Kalimantan, Indonesia. The board considers that the presentation of the Tabalong Group as held for sale confirms its intent to dispose of these assets.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

b) Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the period ending June 2018.

	2018 \$'000	2017 \$'000
Revenue	-	-
Expenses	(104)	(250)
Loss before income tax	(104)	(250)
Loss after income tax of discontinued operation	(104)	(250)
Loss on sale of joint ventures before income tax	-	-
Loss from discontinued operations after income tax	(104)	(250)
Net cash (outflow) from financing activities	(21)	(38)
Net decrease in cash generated by the division	(21)	(38)

c) Carrying amounts of assets and liabilities classified as held for sale

The carrying amounts of assets and liabilities as at 30 June 2018 were:

Cash	17
Other receivables *	2,796
Property, plant and equipment	5
Exploration at cost	6,453
Total assets of disposal group held for sale	9,271
Other payables	234
Borrowings ^	1,612
Total liabilities of disposal group held for sale	1,846

^ These funds were advanced by the minority shareholder in the Tabalong coal project in accordance with the loan agreement. The facility has no defined repayment term.

* These unsecured amounts are due from a minority party in the Tabalong coal project. Their recoverability is dependent on the commercial exploitation of certain mining tenements in the project. The timing of which is currently unknown, and as such the amounts have not been discounted. No losses are expected on these amounts.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

4. SEGMENT INFORMATION

The Group reports the following operating segments to the chief operating decision maker, being the Board of Directors of Altura Mining Limited, in assessing performance and determining the allocation of resources. Unless otherwise stated, all amounts reported to the Board are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

The coal mining segment derives its revenue from coal sold to customers. As the Group's investment in coal is equity accounted, no revenue from this activity is included in this segment note. The lithium mining segment is currently under construction and upon completion it will derive its revenue from the sale of lithium to customers. The exploration services segment provides a range of drilling services to its customers, predominately mining and exploration companies. The mineral exploration segment revenue comprises royalties received and interest earned on funds raised to carry out the exploration activities.

An internally determined service rate is set for all intersegment transactions. All such transactions are eliminated on consolidation of the Group's financial statements.

	Coal mining \$'000	Lithium mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
2018						
Revenue						
External sales	-	-	771	-	-	771
Other income	-	-	457	447	-	904
Other segments	-	-	94	-	(94)	-
Total segment revenue	-	-	1,322	447	(94)	1675
Unallocated revenue						-
Total consolidated revenue						1675
Segment result	-	-	(524)	(12,597)	-	(13,121)
Other segments						-
Unallocated expenses net of unallocated revenue						-
Profit / (loss) before income tax and finance costs						(13,121)
Finance costs						-
Income tax revenue/(expense)						408
Profit / (loss) after income tax						(12,713)
Profit / (loss) from discontinued operations						(104)
Net profit / (loss) for the year						(12,817)
Assets and liabilities						
Segment assets	-	236,968	1,442	21,195	-	259,605
Unallocated assets						9,271
Total assets						268,876
Segment liabilities	-	170,670	998	2,018	-	173,676
Unallocated liabilities						1,846
Total liabilities						175,522
Other segment information						
Capital expenditure	-	162,075	-	134	-	162,209
Exploration expenditure	-	-	-	369	-	369
Depreciation and amortisation	-	-	97	190	-	287



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

4. SEGMENT INFORMATION (continued)

	Coal mining \$'000	Lithium mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
2017						
Revenue						
External sales	-	-	768	-	-	768
Other income	-	-	9	825	-	834
Other segments	-	-	178	-	(178)	-
Total segment revenue	-	-	955	825	(178)	1602
Unallocated revenue						-
Total consolidated revenue						1602
Segment result	(142)	-	(1,123)	(5,184)	-	(6,449)
Other segments						-
Unallocated expenses net of unallocated revenue						-
Profit / (loss) before income tax and finance costs						(6,449)
Finance costs						-
Income tax revenue / (expense)						534
Profit / (loss) after income tax						(5,915)
Profit / (loss) from discontinued operations						(250)
Net profit / (loss) for the year						(6,165)
Assets and liabilities						
Segment assets	-	59,353	1,461	18,704	-	79,518
Unallocated assets						8,820
Total assets						88,338
Segment liabilities	15,677	11,965	1,175	818	-	29,635
Unallocated liabilities						1,753
Total liabilities						31,388
Other segment information						
Capital expenditure	-	47,529	190	470	-	48,189
Exploration expenditure	-	-	-	855	-	855
Depreciation and amortisation	-	-	240	95	-	335



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

4. SEGMENT INFORMATION (continued)

Geographical segments

The Group's geographical segments are determined based on the location of the Group's assets.

2018	Australia \$'000	Indonesia \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Revenue					
External sales	-	771	-	-	771
Other income	447	457	-	-	904
Other segments	-	94	-	(94)	-
Total segment revenue	447	1,322	-	(94)	1,675
Unallocated revenue					-
Total revenue					1,675
Segment assets	256,489	2,899	217	-	259,605
Unallocated assets					9,271
Total assets					268,876
Segment liabilities	25,239	148,293	144	-	173,676
Unallocated liabilities					1,846
Total liabilities					175,522
Capital expenditure	162,209	-	-	-	162,209
Exploration expenditure	229	140	-	-	369
Depreciation and amortisation	188	99	-	-	287
2017	Australia \$'000	Indonesia \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Revenue					
External sales	-	768	-	-	768
Other income	825	9	-	-	834
Other segments	-	178	-	(178)	-
Total segment revenue	825	955	-	(178)	1,602
Unallocated revenue					-
Total revenue					1,602
Segment assets	77,790	1,478	250	-	79,518
Unallocated assets					8,820
Total assets					88,338
Segment liabilities	12,694	16,852	89	-	29,635
Unallocated liabilities					1,753
Total liabilities					31,388
Capital expenditure	48,189	-	-	-	48,189
Exploration expenditure	967	158	-	-	855
Depreciation and amortisation	164	171	-	-	335

The Group has a number of customers to whom it provides services. The Group supplies three external customers in the services segment who account for 35% (US\$324,000), 11% (US\$101,000) and 8% (US\$72,000) of external revenue (2017: 60%).



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
5. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES		
(a) Revenue		
Revenue from services	772	768
Revenue from royalties	393	503
Total sales revenues from ordinary activities	1,165	1,271
(b) Other revenues		
Interest received from other corporations	447	321
Profit on sale of assets	48	9
Other revenue	15	1
Total other revenues from ordinary activities	510	331
Total revenue	1,675	1,602
(c) Cost of sales		
Drilling costs	673	827
Depreciation of plant & equipment	99	242
Total cost of sales	772	1,069
(d) Other expenses		
Depreciation of plant & equipment	189	93
Other expenses	-	8
Loss on sale of assets	-	66
Total other expenses from ordinary activities	189	167
(e) Foreign exchange gain / (loss)		
Net unrealised foreign exchange loss #	6,366	1,371
Total foreign exchange gain / (loss)	6,366	1,371
# The net unrealised foreign exchange loss relates to the revaluation of the US\$110 funding facility and other US\$ denominated funds held by the Group.		
(f) Employee benefits expense		
Employee share scheme expense	1,796	162
Bonus paid by way of issue of shares to directors and staff	34	70
Other employee benefits expense	1,860	2,040
Total employee benefits expense	3,690	2,272



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

6. EARNINGS / (LOSS) PER SHARE

	2018 cents per share	2017 cents per share
(a) Basic earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(0.73)	(0.44)
From discontinued operations	(0.01)	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.74)	(0.45)
(b) Diluted earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(0.73)	(0.44)
From discontinued operations	(0.01)	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.74)	(0.45)
(c) Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share.		
As at 30 June 2018, there were 8,200,000 management performance rights outstanding, these potential ordinary shares would reduce the loss per share from continuing ordinary operations on conversion, and hence these potential ordinary shares are not dilutive.		
	1,743,518,956	1,358,286,271
(d) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:		
Net profit / (loss)	(12,803)	(5,958)
Less - profit /(loss) from discontinued operations	(77)	(169)
Earnings used in the calculation of basic EPS	(12,880)	(6,127)



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
7. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
<i>Current Tax</i>		
Current year	-	-
Adjustments in respect of prior periods	(408)	(534)
<i>Deferred Tax</i>		
Current year deferred tax	-	-
Total income tax expense / (benefit) per income statement	(408)	(534)
(b) Income tax expense / (benefit) is attributable to:		
Profit / (loss) from continuing operations	(408)	(534)
Profit / (loss) from discontinued operations	-	-
	(408)	(534)
(c) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(13,121)	(6,449)
Profit / (loss) from discontinued operations	(104)	(250)
Profit / (loss) before tax	(13,225)	(6,699)
Income tax calculated at the Australian rate of 27.5%	(3,637)	(1,842)
Increase in income tax due to:		
Non-deductible expenses	413	1,083
Share compensation costs	503	64
Effect of current year tax losses not recognised	2,721	666
Under / (over) provision in prior year	(408)	(534)
Difference in overseas tax rates	-	29
Income tax expense / (benefit)	(408)	(534)
Deferred tax assets arising from tax losses are only recognised to the extent that there are equivalent deferred tax liabilities. The remaining tax losses have not been recognised as an asset because recovery of the losses is not regarded as probable:		
Tax losses not recognised - revenue at 27.5%	12,016	9,503

(d) Tax consolidation system

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

Altura Mining Limited and certain of its wholly-owned Australian subsidiaries are eligible to consolidate for tax purposes and have elected to form an income tax group under the Tax Consolidation Regime effective 1 July 2005. The implementation of the tax consolidation group was formally recognised by the ATO on 22 July 2005 with start date for income tax consolidation 1 July 2005 and Altura Mining Limited as the head entity of the group.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Altura Mining Limited and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on standalone tax payer basis. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	28,761	13,271

9. TRADE AND OTHER RECEIVABLES

CURRENT

Trade and other receivables	3,323	4,410
Provision for doubtful debts	(1,081)	(1,074)
	2,242	3,336

	0-30 days \$000	31-60 days \$000	61-90 days \$000	90+ days \$000	Total \$000
2018 Consolidated	1,732	61	54	395	2,242
2017 Consolidated	2,825	43	38	430	3,336

As at 30 June 2018, \$510,000 (2017, \$511,000) trade receivables were past due.

	2018 \$'000	2017 \$'000
10. INVENTORIES		
Consumables and stores – at cost	1	1
	1	1

11. HELD TO MATURITY INVESTMENTS

Term deposits	52	52
	52	52

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 1.0% (2017: 1.5%). Due to their short term nature their carrying value is assumed to approximate their fair value. Information about the Group's exposure to credit risk is disclosed in Note 2.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
12. OTHER CURRENT ASSETS		
Financial assets (security deposits)	118	128
Prepayments	266	205
	<u>384</u>	<u>333</u>
13. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed investments at fair value		
Carried forward from previous year	824	1,333
Changes in fair value	3,194	(509)
Total listed investments at fair value	<u>4,018</u>	<u>824</u>

In November 2012 the Group acquired a 14.7% interest in Lithium Corporation, Nevada USA by way of a non-brokered private placement. Lithium Corporation is quoted on the US OTCBB (Over The Counter Bulletin Board).

14. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office equipment	Plant and equipment	Exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Gross carrying amount					
Balance at 30 June 2017	1,001	737	7,192	298	9,228
Additions	2	50	82	-	134
Exchange difference	21	7	171	1	200
Disposals	(90)	-	-	-	(90)
Balance at 30 June 2018	<u>934</u>	<u>794</u>	<u>7,445</u>	<u>299</u>	<u>9,472</u>
Accumulated depreciation					
Balance at 30 June 2017	689	605	6,953	131	8,378
Depreciation expense	71	65	90	61	287
Exchange difference	19	11	173	-	203
Disposals	(90)	-	-	-	(90)
Balance at 30 June 2018	<u>689</u>	<u>681</u>	<u>7,216</u>	<u>192</u>	<u>8,778</u>
Net book value as at 30 June 2018	<u>245</u>	<u>113</u>	<u>229</u>	<u>107</u>	<u>694</u>



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Motor vehicles	Office equipment	Plant and equipment	Exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2017					
Gross carrying amount					
Balance at 30 June 2016	713	616	7,342	108	8,779
Additions	339	132	-	190	661
Exchange difference	(18)	(10)	(150)	-	(178)
Disposals	(33)	(1)	-	-	(34)
Balance at 30 June 2017	1,001	737	7,192	298	9,228
Accumulated depreciation					
Balance at 30 June 2016	686	565	6,894	108	8,253
Depreciation expense	56	66	190	23	335
Exchange difference	(21)	(25)	(131)	-	(177)
Disposals	(32)	(1)	-	-	(33)
Balance at 30 June 2017	689	605	6,953	131	8,378
Net book value as at 30 June 2017	312	132	239	167	850

15. EXPLORATION AND EVALUATION

Exploration and evaluation expenditure at cost:

Carried forward from previous year	1,226	14,394
Transfer to mine development costs	(932)	(15,459)
Incurred during the year	1,662	8,382
Transferred to assets classified as held for sale	(361)	(6,092)
	1,595	1,226
Written off during the year	-	-
Total exploration and evaluation expenditure	1,595	1,226

The recovery of expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploitation, or alternatively their sale.

The Company's title to certain mining tenements is subject to Ministerial approval and may be subject to successful outcomes of native title issues.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
16. MINE DEVELOPMENT AT COST		
Mine development costs:		
Carried forward from previous year	59,353	-
Transfer from exploration and evaluation	932	15,459
Incurred during the year	161,277	43,894
Total mine development costs	221,562	59,353
17. TRADE AND OTHER PAYABLES		
Trade payables and accruals	22,713	9,198
	22,713	9,198
18. BORROWINGS		
Current borrowings		
Interest bearing		
Vendor loan #	-	15,677
Total current borrowings	-	15,677
Non-current borrowings		
Interest bearing ^		
Opening Balance	-	-
Loan notes issued	141,075	-
Interest capitalised	17,706	-
Exchange rate differences	11,088	-
Transaction costs	(23,982)	-
Total non-current borrowings	145,887	-

The vendor loan totalling \$15.677 million was repaid in January 2018.

^ On 27 July 2017, loan notes were issued to lenders Magy LLC, Pala Investments Limited and CarVal Investors LLC (the facility). The interest rate is 14% p.a. for the first 18 months of the loan and 15% pa thereafter. The loan is for a 3-year term expiring in August 2020. No repayments other than interest are due until the loan termination date. The loan is secured over all of Altura Lithium Operations (ALO) assets, shares in ALO, AJM bank accounts and certain AJM receivables.

The Company has the option to capitalise Interest payments into the facility. Accrued interest \$17.7 million has been capitalised to the end of the period.

Under the terms of the facility, the Company is required to comply with the following financial covenants:

- For periods ending on 30 September 2018, the Company shall ensure that the net debt to defined EBITDA ratio shall not exceed the ratio of 2:1.
- For quarterly reporting periods after the 30 September 2018 the net debt to defined EBITDA ratio shall not exceed the ratio of 1.5:1.

No breaches have been reported.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
19. SHORT TERM PROVISIONS		
Employee benefits	1,158	842
	<u>1,158</u>	<u>842</u>
Movements in provisions		
Short term employee benefits		
Opening balance	842	847
Provision increase / (decrease)	563	200
Expense incurred	(247)	(205)
Balance at year end	<u>1,158</u>	<u>842</u>
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:		
Provision for employee entitlements:		
Current	1,158	842
Total	<u>1,158</u>	<u>842</u>
20. CURRENT TAXATION & DEFERRED TAX LIABILITIES & ASSETS		
(a) Liabilities		
<u>Current</u>		
Income tax paid / payable	-	-
<u>Non-Current</u>		
Deferred tax liability comprises:		
Unrealised foreign exchange gain	-	1,586
Tax allowances relating to exploration	4,918	4,560
Property, plant & equipment	6,961	-
Other	9	6
	<u>11,888</u>	<u>6,152</u>
(b) Assets		
<u>Non-Current</u>		
Deferred assets comprise:		
Provisions	1,399	254
Revenue losses	22,204	15,154
Revenue losses not recognised	(11,014)	(9,503)
Property, plant and equipment	-	6
Unrealised foreign exchange loss	124	-
Other	(825)	241
	<u>11,888</u>	<u>6,152</u>



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
21. REHABILITATION PROVISION		
Non-current provision		
Rehabilitation and demobilisation	3,918	3,918
	<u>3,918</u>	<u>3,918</u>
Movements in provisions		
Rehabilitation and demobilisation		
Opening balance	3,918	-
Provision increase/(decrease)	-	3,918
Expense incurred	-	-
Balance at year end	<u>3,918</u>	<u>3,918</u>
Directors have reviewed the rehabilitation provision and are confident that inputs into the current calculation can be relied upon. Refer to Note 1n (a) and Note 1p (i) for accounting policies in relation to the rehabilitation provision.		

22. CONTRIBUTED EQUITY

Issued capital

1,819,866,474 (2017: 1,541,678,000) ordinary shares issued and fully paid	192,893	146,556
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	2018 Number	\$'000	2017 Number	\$'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	1,541,678,000	146,556	1,222,459,902	105,840
Issue of shares to directors and staff #	150,000	34	450,000	70
Issue of shares on vesting of performance rights ##	3,800,000	356	3,600,000	233
Share purchase plan	-	-	3,869,000	773
Shares issued in lieu of loan note fees	72,644,513	11,521	-	-
Share placement	136,973,685	26,025	306,000,000	41,616
Exercise of Listed Options	-	-	5,299,098	105
Exercise of Warrants and Unlisted Options	64,620,276	9,799	-	-
Share issue costs	-	(1,398)	-	(2,081)
Balance at the end of the financial year	<u>1,819,866,474</u>	<u>192,893</u>	<u>1,541,678,000</u>	<u>146,556</u>

- On 31 July 2017, the Company completed its loan funding facility. As part of this funding facility, 72.6 million shares were issued at an issue price of 15.86 cents per share.
- On 12 October 2017, the Company completed a placement of shares in which 136.97 million shares were issued at an issue price of 19.0 cents per share.
- During the period warrants and options that were issued as part of the funding facility were exercised. The Company completed the following issue shares.
 - o On 30 November 2017, 122.5 million shares were issued at an issue price of 19.0 cents per share, 1 million shares were issued at an issue price of 26.5 cents per share and 19.812 million shares were issued at an issue price of 12.6 cents per share
 - o On 12 December 2017, 2 million shares were issued at an issue price of 26.6 cents per share and 33.02 million shares were issued at an issue price of 12.6 cents per share
 - o 21 December 2017, 2.6 million shares were issued at an issue price of 26.67 cents per share
 - o 15 January 2018, 2.75 million shares were issued at an issue price of 26.65 cents per share and 3.44 million shares were issued at an issue price of 26.65 cents per share

No shares were issued to directors and other key management personnel in 2018 (2017 nil).

2,600,000 shares were issued to directors and other key management personnel in 2018 (2017 2,600,000).

Fully paid ordinary shares carry one vote per share and carry the rights to dividends. Ordinary shares have no par value.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

22. CONTRIBUTED EQUITY (continued)

Reserves

Movements in option and performance rights reserve

	2018 \$'000	2017 \$'000
Opening balance	162	233
Share based payment expense following the issue of performance rights	1,796	162
Performance rights exercised and transferred to accumulated losses	(356)	(233)
Balance at year end	1,602	162

The option and performance rights reserve records items recognised as expenses on the valuation of share options and performance rights.

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

The change in fair value reserve records valuation differences arising on the market valuation of available for sale financial assets. Refer to note 13 for reconciliation of movements in the year.

Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and by share issues.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

23. SHARE BASED PAYMENTS

a) Performance Rights

In 2014 the Company approved a Long-Term Incentive Plan (LTIP) under which employees and directors of the Group may be issued on a discretionary basis with performance rights over ordinary shares of Altura Mining Limited.

The purpose of this plan is to:

- assist in the reward, retention and motivation of employees and directors;
- align the interests of employees and directors more closely with the interests of Shareholders by providing an opportunity for employees and directors to receive an equity interest in the form of Awards; and
- provide employees and directors with the opportunity to share in any future growth in value of the Company.

The Performance Rights lapse when employment ceases with Altura Mining Limited. The Performance Rights have been granted for no consideration, and no amount is payable on the vesting or exercising of the Performance Rights. All rights subject to the LTIP carry no rights to dividends and no voting rights, until converted into ordinary shares.

The Company had the following Performance Rights granted under the LTIP as at 30 June 2018:

Number	Issue date	Vesting date
500,000	30 March 2017	First shipment of ore
7,500,000	18 December 2017	30 November 2018
200,000	21 February 2018	30 November 2018

b) Bonus shares

During the year 150,000 shares were issued to staff for no consideration.

	2018 \$'000	2017 \$'000
During the year, the Company had the following share based payments expenses:		
Performance rights (Note 23b)	1,796	162
Bonus shares	34	70
	<u>1,830</u>	<u>232</u>



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

24. KEY MANAGEMENT PERSONNEL COMPENSATION

a) Names and positions held of key management personnel in office at any time during the financial year are:

Directors

James Brown	Managing Director
Paul Mantell	Executive Director
Allan Buckler	Non-Executive Director
Dan O'Neill	Non-Executive Director
BT Kuan	Non-Executive Director
Zhao Tong	Non-Executive Director

Key Management Personnel

Chris Evans	Chief Operating Officer
Noel Young	Group Financial Controller
Damon Cox	Company Secretary

b) Key management personnel remuneration

	2018	2017
	\$	\$
Short-term employee benefits	1,904,082	1,757,701
Long-term employee benefits	-	-
Post-employment benefits	106,523	102,217
Termination benefits	-	-
Share based payments	952,841	88,685
	<u>2,963,446</u>	<u>1,948,603</u>



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

24. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

c) Performance Rights

Number of performance rights held by key management personnel

The number of performance rights in the Company held during the financial year by each director of Altura Mining Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2018	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting 30 Nov 2018
J Brown	1,000,000	2,000,000	(1,000,000)	2,000,000	2,000,000
P Mantell	500,000	1,000,000	(500,000)	1,000,000	1,000,000
A Buckler	100,000	-	(100,000)	-	-
D O'Neill	100,000	-	(100,000)	-	-
B Kuan	100,000	-	(100,000)	-	-
Z Tong	-	-	-	-	-
C Evans	400,000	1,000,000	(400,000)	1,000,000	1,000,000
N Young	200,000	200,000	(200,000)	200,000	200,000
D Cox	200,000	200,000	(200,000)	200,000	200,000

2017	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting 30 Nov 2017
J Brown	2,000,000	-	(1,000,000)	1,000,000	1,000,000
P Mantell	1,000,000	-	(500,000)	500,000	500,000
A Buckler	200,000	-	(100,000)	100,000	100,000
D O'Neill	200,000	-	(100,000)	100,000	100,000
B Kuan	200,000	-	(100,000)	100,000	100,000
Z Tong	-	-	-	-	-
C Evans	800,000	-	(400,000)	400,000	400,000
N Young	400,000	-	(200,000)	200,000	200,000
D Cox	400,000	-	(200,000)	200,000	200,000

Details of performance rights awarded as compensation and shares issued on the vesting of the rights, together with terms and conditions of the rights, can be found in the Directors' Report and under Note 23(b).



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

24. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

d) Share holdings

Number of shares held by key management personnel

The number of shares in the Company held during the financial year by each director of Altura Mining Limited and other key management personnel (KMP) of the Group, including their personally related parties, are set out below.

	Balance at start of the year	Purchased / (sold)	Vesting of performance rights	Other changes	Balance at the end of the year
2018					
J Brown	27,518,301	-	1,000,000	-	28,518,301
P Mantell	33,003,084	-	500,000	-	33,503,084
A Buckler	177,293,692	17,446,064	100,000	-	194,839,756
D O'Neill	14,433,336	(900,000)	100,000	-	13,633,336
B Kuan	20,900,000	-	100,000	-	21,000,000
Z Tong	-	-	-	-	-
C Evans	1,400,000	(800,000)	400,000	-	1,000,000
N Young	17,374,411	-	200,000	-	17,574,411
D Cox	1,475,000	-	200,000	-	1,675,000
2017					
J Brown	26,518,301	-	1,000,000	-	27,518,301
P Mantell	32,503,084	-	500,000	-	33,003,084
A Buckler	177,193,692	-	100,000	-	177,293,692
D O'Neill	14,333,336	-	100,000	-	14,433,336
B Kuan	20,800,000	-	100,000	-	20,900,000
C Evans	1,041,000	(41,000)	400,000	-	1,400,000
N Young	17,174,411	-	200,000	-	17,374,411
D Cox	1,275,000	-	200,000	-	1,475,000

25. INVESTMENTS IN OTHER ENTITIES

a) Joint operations

Altura Mining Limited holds no interests in any joint operations or ventures.

b) Interests are held in the following associated companies:

Name	Principal activities	Country of incorporation	Ownership interest		Carrying amount of investment	
			2018 %	2017 %	2018 \$'000	2017 \$'000
Unlisted:						
Evora Mining Inc.*	Coal Mining	British Virgin Islands	0%	33⅓%	-	-
Merida Mining Pte. Ltd.*	Holding and Investment	Singapore	0%	33⅓%	-	-
					-	-

* Evora Mining Inc. is the ultimate controlling entity of PT Binamitra Sumberata, the owner and operator of the Delta coal mining tenements. The Group divested its 33⅓% investment in Evora Mining Inc. and Merida on 14th June 2018. The impact to profit and loss was a gain on sale of \$1.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

26. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Ownership interest	
		2018	2017
		%	%
Altura Lithium Operations Pty Ltd	Australia	100	100
Altura Drilling Pty Ltd	Australia	100	100
Altura Minerals Pty Ltd	Australia	100	100
Minvest Australia Pty Ltd	Australia	100	100
Minvest International Corporation	Mauritius	100	100
Altura Asia Pte Ltd	Singapore	100	100
Altura Mining Philippines Inc. *	Philippines	40	40
PT Asiadrill Bara Utama	Indonesia	100	100
PT Altura Indonesia	Indonesia	100	100
PT Minvest Mitra Pembangunan	Indonesia	100	100
PT Cakrawala Jasa Pratama	Indonesia	100	100
PT Minvest Jasatama Teknik	Indonesia	100	100
PT Cybertek Global Utama	Indonesia	100	100

* Altura Mining Limited through its wholly owned subsidiary, Altura Asia Pte Ltd holds 40% direct equity in Altura Mining Philippines Inc. This entity is considered a subsidiary as the Group has full economic and management rights.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 1:

Name of entity	Country of incorporation	Principal activities	Parent ownership interest		Non-controlling interest	
			2018	2017	2018	2017
			%	%	%	%
PT Velseis Indonesia *	Indonesia	Mining services	50	50	50	50
PT Jasa Tambang Pratama #	Indonesia	Mining and exploration	70	70	30	30
PT Cahaya Permata Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Permata Cemerlang #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Cahaya Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Cahaya Cemerlang #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Permata Khatulistiwa #	Indonesia	Mining and exploration	70	70	30	30
PT Suryaraya Pusaka #	Indonesia	Mining and exploration	70	70	30	30
PT Kodio Multicom	Indonesia	Mining and exploration	56	56	44	44
PT Marangkayu Bara Makarti	Indonesia	Mining and exploration	56	56	44	44

Altura Mining Limited, Altura Lithium Operations Pty Ltd and Altura Minerals Pty Ltd are included within the tax consolidation group.

Altura Mining Limited through its wholly owned subsidiary, Altura Asia Pte Ltd holds 70% direct equity in these seven entities.

* Altura Mining Limited through its wholly owned subsidiary, Minvest International Corporation holds 50% direct equity in PT Velseis Indonesia. This entity is considered a subsidiary as the Group has full management rights.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

26. INTERESTS IN SUBSIDIARIES (continued)

Summarised financial information

Summarised financial information of the subsidiaries with non-controlling interests that are material to the consolidated entity are set out below:

	PT Velseis Indonesia \$'000	PT Suryaraya Pusaka \$'000	PT Kodio Multicom \$'000	PT Marangkayu Bara Makarti \$'000
2018				
Summarised statement of financial position				
Current assets	613	171	1,008	1,007
Non-current assets	300	1,599	867	1,700
Total assets	913	1,770	1,875	2,707
Current liabilities	216	-	1	5
Non-current liabilities	74	1,197	828	1,627
Total liabilities	290	1,197	829	1,632
Net assets	623	573	1,046	1,075
Summarised statement of profit or loss and other comprehensive income				
Revenue	710	-	-	-
Expenses	530	(1)	(12)	(20)
Profit / (loss) before income tax expense	180	1	12	20
Income tax expense / (benefit)	-	-	-	-
Profit / (loss) after income tax expense	180	1	12	20
Other comprehensive income	23	(4)	(12)	(11)
Total comprehensive income	203	(3)	-	9
Statement of cash flows				
Net cash from operating activities	(4)	1	-	-
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(4)	1	-	-
Other financial information				
Profit attributable to non-controlling interests	101	(1)	-	4
Accumulated non-controlling interest at the end of reporting period	285	(1)	19	32



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

26. INTERESTS IN SUBSIDIARIES (continued)

	PT Velseis Indonesia \$'000	PT Suryaraya Pusaka \$'000	PT Kodio Multicom \$'000	PT Marangkayu Bara Makarti \$'000
2017				
Summarised statement of financial position				
Current assets	447	170	969	968
Non-current assets	244	1,530	833	1,633
Total assets	691	1,700	1,802	2,601
Current liabilities	201	-	1	5
Non-current liabilities	73	1,151	807	1,583
Total liabilities	274	1,151	808	1,588
Net assets	417	549	994	1,013
Summarised statement of profit or loss and other comprehensive income				
Revenue	483	-	-	-
Expenses	396	1	24	20
Profit / (loss) before income tax expense	87	(1)	(24)	(20)
Income tax expense / (benefit)	-	-	-	-
Profit / (loss) after income tax expense	87	(1)	(24)	(20)
Other comprehensive income	(11)	3	10	10
Total comprehensive income	76	2	(14)	(10)
Statement of cash flows				
Net cash from operating activities	20	7	-	-
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	20	7	-	-
Other financial information				
Profit attributable to non-controlling interests	38	1	(6)	(4)
Accumulated non-controlling interest at the end of reporting period	184	(1)	19	28

27. RELATED PARTIES

Transactions within the wholly-owned group

The wholly-owned group includes the ultimate parent entity in the wholly-owned group, and wholly-owned controlled entities. The ultimate parent entity in the wholly-owned group is Altura Mining Limited.

During the year the parent entity provided financial assistance to its wholly owned and controlled entities by way of intercompany loans. The loans are unsecured, interest free and have no fixed term of repayment. Sales and purchases between related parties within the Group have been eliminated upon consolidation. There were no further sales or purchases from wholly-owned related parties during the financial year.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

28. NOTES TO STATEMENT OF CASH FLOWS

- a) For the purpose of the statement of cash flows, cash includes cash on hand and in banks, and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:

	2018 \$'000	2017 \$'000
Cash at bank and on hand (Note 8)	28,761	13,271
Cash in assets classified as held for sale	18	37
Cash per statement of cash flows	28,779	13,308

Reconciliation to Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

Cash at bank and on hand	28,779	13,308
Short-term deposits	-	-
Cash at bank and on hand	27,779	13,308

- b) **Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities**

Operating loss after income tax	(12,817)	(6,165)
Adjustments for non-cash income and expense items:		
Option and share pricing	1,796	162
Bonus paid by way of issue of shares to directors and staff	34	70
Impairment - equity	-	18
Depreciation of property, plant and equipment	287	335
Share of (profit) / loss of associates and joint venture partnership	-	124
Foreign currency exchange rate movement	2,815	(5,166)
(Increase) / decrease in current tax prepaid	126	24
Increase / (decrease) in deferred tax balances	-	-
Changes in assets and liabilities:		
(Increase) / decrease in receivables	1,094	(2,210)
(Decrease) / increase in other creditors and accruals	948	7,128
(Increase) / decrease in deposits and prepayments	(51)	128
Increase / (decrease) in current provisions	316	(5)
Net cash used in operating activities	(5,451)	(5,557)

- c) **Net debt reconciliation**

Net debt

Cash and cash equivalents	28,779	13,308
Borrowings – repayable within one year	-	(15,677)
Borrowings – repayable after one year	(145,887)	-
Net Debt	(117,108)	(2,369)
Cash and liquid investments	28,779	13,308
Gross debt - fixed interest rate	(145,887)	(15,677)
Gross debt - variable interest rate	-	-
Net debt	(117,108)	(2,369)



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

28. NOTES TO STATEMENT OF CASH FLOWS (continued)

	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as at 30 June 2017	13,308	(15,677)	-	(2,369)
Cash flows	15,463	15,053	(128,615)	(98,099)
Foreign exchange adjustments	8	40	(11,088)	(11,040)
Other non-cash movements	-	584	(6,184)	(5,600)
Net debt as at 30 June 2018	<u>28,779</u>	<u>-</u>	<u>(145,887)</u>	<u>(117,108)</u>

d) Acquisition of entities

The Group did not acquire any interest in entities during the year.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$'000 Parent	2017 \$'000 Parent
29. PARENT ENTITY DISCLOSURE		
(a) Summary of financial information		
The individual financial statements for the parent entity show the following aggregate amounts:		
Balance sheet		
Current assets	14,999	13,304
Total assets	113,063	101,008
Current liabilities	447	723
Total liabilities	447	723
Net assets	112,616	100,285
Equity		
Contributed equity	192,893	146,556
Reserves	1,602	162
Retained profits / (accumulated losses)	(81,879)	(46,433)
Total shareholder equity	112,616	100,285
Loss for the year	(35,597)	(7,065)
Total comprehensive loss for the year	(35,597)	(7,065)
(b) Contingent liabilities		
Contingent liabilities are disclosed in Note 32.		
(c) Contractual commitments		
No later than one year	93	89
Later than one year and not later than five years	58	148
Later than five years	-	-
	151	237
	2018 \$'000	2017 \$'000
30. AUDITORS' REMUNERATION		
Amount paid or payable for the audit or review of the financial report	121	109
	121	109
31. SUBSEQUENT EVENTS		
Subsequent to the end of the financial year, Altura entered into an amendment deed with existing Loan Note Holders for an additional US\$15 million of debt funding as an extension to the existing debt facility (see ASX announcement of 11 September 2018). The terms of the facility are generally in line with the existing US\$110 million senior secured loan note facility that was executed in July 2017 (see ASX announcement on 28 July 2017). Altura will use the additional funds as it ramps-up production to nameplate capacity at the Altura Lithium Project, continued exploration of the Company's portfolio of tenements and ongoing work on the Stage 2 expansion.		



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

32. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities for which no provision is included in the financial statements are as follows:

	2018 \$'000	2017 \$'000
The bankers of the Group and parent entity have issued undertakings and guarantees to the DME (Northern Territory Department of Mines and Energy) and various other entities.	53	53

A subsidiary of the Group has entered into a conditional loan agreement

No losses are anticipated in respect of any of the above contingent liabilities.

33. COMMITMENTS

In order to maintain an interest in the mining and exploration tenements in which the Group is involved, the Group is committed to meeting the conditions under which the tenements were granted and the obligations of any joint venture agreements. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the minimum expenditure commitments required by the relevant State Departments of Minerals and Energy, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

One of the Group's subsidiaries has contracted to provide up to a US\$4 million facility to a minority party in the Tabalong coal project. The provision of the facility is contingent on project milestones being achieved. The facility will be repaid in accordance with the loan agreement between the parties. The likelihood of this proceeding is highly probable.

a) Exploration work

The Company has certain obligations to perform minimum exploration work and expend minimum amounts on its wholly owned mining tenements. Obligations for the next 12 months are expected to amount to \$388,600 (2017: \$294,308). No estimate has been given of expenditure commitments beyond 12 months for its wholly owned tenements as this is dependent on the Directors' ongoing assessment of operations and, in certain instances, native title negotiations.

b) Asset acquisitions

The Group has the following commitments for asset acquisitions at 30 June 2018.

	2018 \$'000	2017 \$'000
Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements		
Mine development at cost	5,577	13,903
	<u>5,577</u>	<u>13,903</u>

c) Operating leases

The Group has entered into operating leases for office premises at Barrack Street in Perth, Western Australia and at Jakarta and Balikpapan in Indonesia. The Group also has operating leases in relation to certain office equipment.

	2018 \$'000	2017 \$'000
The commitment in respect of these leases is:		
No later than one year	254	391
Later than one year and not later than five years	58	266
Later than five years	-	-
	<u>312</u>	<u>657</u>



Altura Mining Limited and Controlled Entities

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 14 to 63 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the financial year ended on that date;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as set out in Note 1;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debt as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required under section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in dark ink, appearing to read 'James Brown', written over a horizontal line.

James Brown
Managing Director

Perth, 11 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALTURA MINING LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Altura Mining Limited (the company), which comprises the consolidated balance sheet as at 30 June 2018, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of Altura Mining Limited is in accordance with the *Corporations Act 2001*, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed these matters is provided in that context.

1. Mine Development Assets – Recognition and Measurement

Why significant	How our audit addressed the key audit matter
As at 30 June 2018 mine development expenditure relating to the Pilgangoora Lithium Project of \$221.562 million has been capitalised and is disclosed in Note 16. The consolidated entity's accounting policy in respect of mine development assets is detailed in Note 1. The mine development assets – recognition and measurement is a key audit matter due to: - the significance of the balance (being 82.4% of total assets); and - the level of judgement applied in determining the treatment of mine development expenditure in accordance with AASB 116 <i>Property, Plant and Equipment</i>. In particular, judgement exists around: - whether the conditions for capitalisation are satisfied; and - whether facts and circumstances indicate that the mine development assets should be tested for impairment. The evaluation of the recoverable amount of the asset requires significant judgement in determining the key assumptions supporting the expected future cash flows of the Pilgangoora Lithium Project.	In assessing this key audit matter, we involved senior audit team members who understand the industry. Our audit procedures included, amongst others: - obtaining a project management report and holding discussions with the directors and management to confirm that the mine development project remains on budget with time and resources; - obtaining a schedule of costs capitalised and testing on a sample basis, expenditure on the mine site, including construction, installation and / or completion of infrastructure facilities capitalised during the year; - performing a physical inspection of the mine site, including mine site tour and physical observation of mine site construction assets capitalised. This inspection and observation was conducted by all senior members of the engagement team; - interviews with staff on mine, including the authorised mining licensee; - ensuring costs capitalised during the year comply with the recognition and measurement criteria of AASB 116 for qualifying assets; and - assessing whether any facts or circumstances existed to suggest impairment testing was required.

2. Borrowings – Loan Note Facility – Recognition and Measurement

Why significant	How our audit addressed the key audit matter
As at 30 June 2018 the consolidated entity held a loan note facility of \$145.887 million (2017: \$- million) as described in Note 18. The consolidated entity's accounting policy in respect of the loan note facility is detailed in Note 1. Borrowings - loan note facility – recognition and measurement is a key audit matter due to: - the significance of the balance (being 83.1% of total liabilities); and - the level of complexity and judgement applied in determining the correct treatment in accordance with AASB 132 <i>Financial Instruments: Presentation</i>, AASB 9 <i>Financial Instruments</i> and AASB 123 <i>Borrowing Costs</i>. In particular, complexity and judgement exists around: - whether the loan note is classified as a financial liability, rather than an equity instrument; - which particular transactions costs, if any, are able to be capitalised; - which interest costs, if any, are able to be capitalised; - which foreign currency costs, if any, are able to be capitalised; and - management's plan and the consolidated entity's capacity concerning the repayment of the borrowing facility.	In assessing this key audit matter, we involved senior audit team members who understand such financial instruments. We also obtained external advice where appropriate. Our audit procedures included, amongst others: - obtaining and reviewing loan agreements, subscription deeds and warrant deeds relating to the loan note facility; - obtaining a schedule of costs capitalised and testing on a sample basis, costs capitalised during the year. This included an assessment of the costs capitalised to ensure they meet the appropriate criteria of the standards; - obtaining technical advice concerning the application of relevant accounting standards; - reviewing management's position papers and accounting policies regarding treatment in accordance with relevant accounting standards; and - reviewing management's forecasted plans for repayment and assessment of the consolidated entity's ability to repay the facility by the maturity date.

3. Funding and Liquidity

Why significant

As detailed in note 1(a)(i), the consolidated entity recorded an operating loss after tax of \$12.82m (2017: loss of \$6.16m) and cash outflows from operations of \$5.45m (2017: outflows of \$5.56m). At year-end the consolidated entity had \$28.76m (2017: \$13.27m) of cash available for future expenditure.

The consolidated entity has prepared a forecast which demonstrates that there will be sufficient funding to operate for a period that is not less than twelve months beyond the date these financial statements are approved. The forecast takes into account the available cash on hand at year-end, combined with the forecast cash inflows from operations (successful production and sale of product), cash outflows flows from investing (completion of the mine development asset) and cash inflows from financing (continued support from financiers / shareholders).

Given the judgement involved and audit effort involved in reviewing the forecast cash flows from operations, we have included the going concern assumption as a key audit matter.

How our audit addressed the key audit matter

In assessing this key audit matter, we have evaluated management's plans for future actions in relation to its going concern assessment, whether the outcome of these plans is likely to improve the situation and whether management's plans are feasible in the circumstances. This included evaluating the consolidated entity's latest cash flow forecast for a period that is not less than 12 months beyond the date of the financial statements are approved. We have considered whether there are indicators that the consolidated entity may face a liquidity shortfall and assessed the resulting implications by:

- Understanding and challenging the reasonableness of key assumptions used by the consolidated entity in their cash flow forecast for a period that is not less than 12 months beyond the date of these financial statements are approved;
- Performing sensitivity analysis to determine the robustness of the cash flow forecast and the impact of changing key assumptions; and
- Assessing the adequacy of the disclosures made by management in the consolidated financial statements.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

We have obtained all the other information prior to the date of this Auditor's Report, which includes the letter from the Managing Director, Directors' Report, Corporate Governance Statement and Shareholder Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 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 Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in 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, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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 consolidated entity'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 consolidated entity to cease to continue as a going concern.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

Opinion

In our opinion, the Remuneration Report of Altura Mining Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF HACKETTS

PKF HACKETTS AUDIT



LIAM MURPHY
PARTNER

11 SEPTEMBER 2018
BRISBANE, AUSTRALIA