Altura Mining Limited

ABN 39 093 391 774

HALF YEAR FINANCIAL REPORT

For the six months ended 31 December 2018

Altura's maiden lithium shipment departs Port Hedland in October 2018

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Company's Annual Report for the year ended 30 June 2018 and any public announcements made by Altura Mining Limited ABN 39 093 371 774 during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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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

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AUSTRALIAN SECURITIES EXCHANGE

Code: AJM

Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Your directors have pleasure in presenting the interim financial statements of Altura Mining Limited ("Altura" or "the Company") and its controlled entities ("the Group") for the financial half-year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was the mining of lithium ore, and the completion of construction and commissioning of the 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 operations of the Pilgangoora Lithium Project in Western Australia. The Company also has an interest in a coal project in Indonesia, which is in the process of being divested.

Operating results

The Group's operating loss after providing for income tax for the half-year ended 31 December 2018 was $10,978,556 (2017: loss ($4,334,559). The loss in the current half year was principally related to the Group's administrative and corporate costs and a net foreign exchange loss in the six months.

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 the completion of commissioning and achieving commercial production and sales from its lithium project.

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

Altura Lithium Project

During the six months to 31 December 2018, Altura joined the ranks of global lithium miners with the completion of construction, commencement of production and shipping of lithium concentrate during the commissioning of its flagship Altura Lithium Project.

The following key milestones were achieved during the half year:

- First production of lithium concentrate in late July 2018
- First haulage from the mine site to the Qube storage facility in Port Hedland in August 2018
- Formal opening of the Altura Lithium Project on 5 September 2018
- First shipment of lithium concentrate to Altura's offtake partner Lionergy in early October 2018

Project Development

The focus of the Company over the past six months has been to complete the remaining few tasks of the construction phase of the Project, and to commission the various components of the processing plant to enable a ramp-up of production to nameplate capacity. The structural, mechanical and platework installation was completed plant-wide during the September quarter, with the remaining electrical work finalised by November.

The process plant commissioning has been executed in two stages with the course plant (dense medium separation or DMS) undertaken before the fines plant. The DMS plant has performed well and has delivered excellent results in relation to mica removal with average product mica levels <1.15% and well below offtake thresholds.

The commissioning of the fines plant commenced in late November. The complexity of the process and component reliability resulted in some initial challenges and subsequent delays to stable production throughput. Subsequent to the end of the half year, modifications were made to the tailings thickener which have resulted in a marked improvement in output and product grade from the fines plant.

Daily production levels of up to 700 tonnes per day (tpd) of spodumene concentrate have been achieved, compared to nameplate capacity of 640tpd and overall recovery of more than 70% is only slightly below the target of 80%. Subsequent to the end of the reporting period, and supported by stable continued production levels, in March 2019, directors determined that the Pilgangoora Lithium Project has satisfied the activity milestones for commercial operations.

Importantly, product quality has remained at an average of 6% lithium oxide (Li_2O) or, as generally referred to SC6.0 specification, coupled with low levels of impurities such as mica and iron, marking the Altura spodumene as a high-quality, sought-after premium product.

Mining and Production

The reporting period saw a progressive increase in the volumes of ore processed and lithium concentrate produced. The key statistics comprise the following:

Area / Description	Units	Sept Qtr 2018	Dec Qtr 2018
Ore mined	wmt	323,539	350,099
Waste mined	wmt	1,512,840	1,491,011
Total material mined	bcm	625,881	625,008
Ore processed	wmt	98,135	256,931
Ore mined – grade Li_2O	%	1.21	1.19
Lithium concentrate produced	wmt	7,379	25,794^
Lithium concentrate shipped	wmt	-	24,419

^ Includes 6,427 tonnes of low-grade material produced during commissioning

The majority of the lithium concentrate produced during the reporting period was delivered from the coarse plant via the DMS circuits. This was due to the coarse plant being commissioned prior to the fines plant, along with the commissioning of the fines plant not beginning until late November. Following the resolution of the issues with the fines plant, the future delivery of product will comprise a combination of coarse and fines product.

Logistics and Shipping

Qube Bulk is the designated logistics contractor and is responsible for loading lithium concentrate at the mine onto trucks and transporting to a purpose-built storage facility at Port Hedland. Qube then loads vessels at the port of Port Hedland. During the period WA Main Roads provided the necessary approval for the use of double-trailer road trains, which is expected to result in considerable cost savings compared to using single trailers.

Directors' Report (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The first shipment of lithium concentrate departed the port of Port Hedland in early October on the vessel "MV Clipper Tenacious" bound for China. By the end of December 2018 Altura had shipped four (4) cargoes totalling 24,419 dry metric tonnes to Chinese based converters.

All cargoes have either met or exceeded customer expectation with grades as high as 6.2% Li_2O and averaging 6.1% Li_2O, 1.04% Fe_2O_3 and 0.63% Mica. Three (3) cargoes were shipped to existing offtake partners with the remaining cargo shipped to a prospective offtake partner (which was a trial cargo under provisional pricing).

The average pricing for the quarter was US$722 per dry metric tonne (dmt) sold on a costs, freight, and insurance inclusive basis (CIF) for the contracted cargoes, and the average overall pricing for the quarter, including the trial cargo, was US$701 dmt.

Under steady-state production Altura anticipates approximately 2-3 shipments per month.

Corporate Developments

Funding

In September Altura advised that it had entered into an Amendment Deed with its existing Loan Note Holders to borrow a further US$15 million to assist with the commissioning and ramp-up of the Altura Lithium Project. The terms of the Amendment Deed were in line with the existing US$110 million senior secured loan note facility that was executed in July 2017.

Subsequent to the end of the period Altura announced it was undertaking a financing package to raise up to A$29.5 million by way of a placement and Share Purchase Plan to provide a further working capital buffer. This financing package has been subsequently increased to A$34.5 million due to strong demand from shareholders.

Offtakes

In November Altura signed a new binding offtake agreement (BOA) with GFL International Co., Limited (GFL), a wholly owned subsidiary of Ganfeng Lithium. Supply under the BOA commenced in late 2018, with a minimum of 70,000 tonnes per annum (tpa) from 2019 until the end of 2021. The BOA further provides for two potential five-year extensions through to 2031.

The terms of the GFL BOA are similar to those previously agreed with other offtake partners. The terms also included a US$11 million prepayment on the 2019 shipped cargoes to GFL, with funds being received by Altura during the half year to December 2018.

Altura also reached agreement with existing offtake partner, Shaanxi J&R Optimum Energy Co., Ltd (JRO) under which JRO will reduce its current BOA commitment from a minimum of 100,000 tpa to a minimum of 50,000 tpa from 2019 onwards. The adjustment provides Altura with more flexibility as JRO continues to work on an internal restructuring.

Stage 1 of the planned production from Altura Lithium Project is now fully committed across a good diverse customer base.

Divestment of Assets – Tabalong Coal Asset

The Company has a stated intention to divest its interest in the Tabalong coal asset. 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. Currently formal offers have been received and are under review by management.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

Capital raising and share purchase plan

Subsequent to the end of the reporting period, the Company undertook a capital raising comprising a Placement of A$24.5 million and a Securities Purchase Plan (SPP) to raise up to a further A$5 million. The SPP amount was subsequently increased to A$10 million due to strong demand from shareholders. The Placement included A$9 million from non-related parties, and these shares were issued on 13 and 14 February 2019.

The Placement also included A$15.5 million from various directors of the Company, of which A$15 million has already been received in the form of a loan to the Company. The issue of shares to directors, including the conversion of the loan into shares, is subject to shareholder approval at a general meeting to be held on Friday 22 March 2019.

The SPP Offer Period closes on Friday 15 March 2019 which is after the date of these accounts.

Commercial Production

Subsequent to the end of the reporting period, in March 2019, directors determined that the Pilgangoora Lithium Project has satisfied the activity milestones for commercial operations. As a result, the mine development at cost asset has been transferred to a depreciable asset subsequent to the end of the reporting period.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations Instrument 2016/191 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2018 has been received and is included on page 6 of the report.

Signed in accordance with a resolution of the directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors,

BT Kuan
Director
Brisbane, 12 March 2019

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 half-year ended 31 December 2018, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

BRISBANE
DATE: 12 MARCH 2019

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Consolidated Statement of Profit and Loss

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Continuing operations			
Revenue	3(a)	450	408
Cost of sales	3(c)	(466)	(387)
Operating profit / (loss)		(16)	21
Other income			
Sundry income	3(b)	143	233
Expenses			
Administration costs		(1,574)	(1,628)
Employee benefits expense	3(f)	(3,454)	(1,415)
Depreciation expenses	3(d)	(94)	(91)
Foreign exchange gain / (loss)	3(e)	(5,883)	(1,360)
Profit / (loss) before income tax		(10,878)	(4,240)
Income tax (expense) / benefit		-	-
Net profit / (loss) for the period from continuing operations		(10,878)	(4,240)
Discontinued operations			
Loss of discontinued operations after tax	5(b)	(101)	(95)
Net profit / (loss) for the period		(10,979)	(4,335)
Net profit / (loss) attributable to:			
Owners of Altura Mining Limited		(10,998)	(4,353)
Non-controlling interest		19	18
		(10,979)	(4,335)
(Loss) per share from continuing and discontinued operations attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic and diluted (loss) per share from continuing and discontinued operations		(0.60)	(0.26)
Basic and diluted (loss) per share from continuing operations		(0.59)	(0.25)
Basic and diluted (loss) per share from discontinued operations		(0.01)	(0.01)

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

Consolidated Statement of Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Net profit / (loss) after income tax	(10,979)	(4,335)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss:		
Changes in the fair value of financial assets	(2,148)	3,125
Exchange differences on translation of foreign controlled entities	(2,184)	691
Other comprehensive income / (loss) for the period, net of tax	(4,332)	3,816
Total comprehensive income / (loss) for the period	(15,311)	(519)
Total comprehensive income / (loss) attributable to:		
Members of the parent entity	(15,310)	(548)
Non-controlling interest	(1)	29
	(15,311)	(519)
Total comprehensive income / (loss) attributable to members:		
Continuing operations	(14,694)	(576)
Discontinued operations	(616)	28
	(15,310)	(548)

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

Consolidated Balance Sheet

AS AT 31 DECEMBER 2018

	Note	31 December 2018 $'000	30 June 2018 $'000
Current assets			
Cash and cash equivalents		9,028	28,761
Trade and other receivables	5	8,756	2,242
Held to maturity investments		78	52
Inventories		1	1
Current tax prepaid		290	295
Other current assets		551	384
Assets classified as held for sale	7	9,690	9,271
Total current assets		28,394	41,006
Non-current assets			
Financial assets	8	1,870	4,018
Property, plant and equipment		561	694
Mine development at cost	11	281,810	221,562
Exploration and evaluation	10	2,571	1,595
Total non-current assets		286,812	227,869
Total assets		**315,206**	**268,875**
Current liabilities			
Trade and other payables	6	44,538	22,713
Borrowings	4	176,075	-
Short term provisions		1,290	1,158
Liabilities classified as held for sale	7	1,926	1,846
Total current liabilities		223,829	25,717
Non-current liabilities			
Borrowings	4	-	145,887
Provisions	9	11,994	3,918
Total non-current liabilities		11,994	149,805
Total liabilities		**235,823**	**175,522**
Net assets		**79,383**	**93,353**
Equity			
Contributed equity	15	195,837	192,893
Reserves		(2,413)	3,502
Accumulated losses		(114,337)	(103,340)
Capital and reserves attributable to owners of Altura Mining Limited		79,087	93,055
Non-controlling interest		296	298
Total equity		**79,383**	**93,353**

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

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Contributed Equity $'000	Accumulated losses $'000	Option/ Performance rights reserve $'000	Change in fair value - financial assets $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	TOTAL $'000
Balance as at 1 July 2017	**146,556**	**(90,460)**	**162**	**294**	**139**	**259**	**56,950**
Total comprehensive income for the period	-	(4,353)	-	3,125	680	29	(519)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	17	-	-	-	-	-	17
Employee performance rights issued	356	-	(356)	-	-	-	-
Shares issued	45,697	-	-	-	-	-	45,697
Costs of capital raised	(1,397)	-	-	-	-	-	(1,397)
Amortisation of performance rights	-	-	423	-	-	-	423
Sub-Total	44,671	(4,353)	67	3,125	680	29	44,219
Balance as at 31 December 2017	**191,227**	**(94,813)**	**229**	**3,419**	**819**	**288**	**101,169**
Balance as at 1 July 2018	**192,893**	**(103,340)**	**1,602**	**3,488**	**(1,588)**	**298**	**93,353**
Total comprehensive income for the period	-	(10,997)	-	(2,148)	(2,165)	(2)	(15,312)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	125	-	-	-	-	-	125
Employee performance rights issued	2,819	-	(2,819)	-	-	-	-
Amortisation of performance rights	-	-	1,217	-	-	-	1,217
Sub-Total	2,944	(10,997)	(1,602)	(2,148)	(2,165)	(2)	(19,970)
Balance as at 31 December 2018	**195,837**	**(114,337)**	**-**	**1,340**	**(3,753)**	**296**	**79,383**

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

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Receipts from customers #	15,662	1,950
Payments to suppliers and employees	(3,927)	(4,232)
Sundry income	24	14
Interest received	49	223
Income tax paid	-	(59)
Net cash provided by / (used in) operating activities	11,808	(2,104)
Cash flows from investing activities		
Expenditure for mine development	(66,696)	(62,099)
Expenditure on exploration and evaluation	(508)	(262)
Proceeds during commissioning of mine properties ^	16,222	-
Proceeds from sale of property, plant and equipment	44	-
Net cash provided by / (used in) investing activities	(50,938)	(62,361)
Cash flows from financing activities		
Proceeds for the issue of shares - net of transaction costs	-	32,776
Proceeds from borrowings	19,395	128,615
Net cash provided by / (used in) financing activities	19,395	161,391
Net increase / (decrease) in cash and cash equivalents held	(19,735)	96,926
Cash and cash equivalents at the beginning of year	28,779	13,308
Effect of exchange rates on cash holdings in foreign currencies	(5)	(9)
Cash and cash equivalents at the end of period	**9,039**	**110,225**
Reconciliation of cash and cash equivalents at the end of period		
Cash and cash equivalents per balance sheet	9,028	110,208
Cash in assets classified as held for sale	11	17
Cash balance as per statement of cash flows above	9,039	110,225
Non cash investing and financing activities		
Share based payments - Employee	(198)	(17)
Transaction fees - Borrowings	(1,926)	(23,982)
Borrowing costs – Capitalised interest	(13,665)	(6,454)

Receipts from customers includes prepaid sales of spodumene concentrate. The prepayment is to be off-set against sales made during 2019. As a result, they have been classified as operating activities.

^ Proceeds for shipments of spodumene concentrate made prior to 31st December 2018. As disclosed in note 8, proceeds from these shipments were recorded to the cost base of mine development at cost. As such, proceeds have been recorded as investing activities.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The half-year report covers the consolidated financial statements of the consolidated entity comprising Altura Mining Limited (the Company) and its controlled entities (the Group). The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report for the year ended 30 June 2018 of the Company and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial statements were authorised for issue on 12th March 2019 by the directors of the Company.

Basis of preparation
The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, dated 10 July 1998, and in accordance with that Instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Accounting policies
The same accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2018, except for those described below.

(i) Impact of Standards Issued But Not Yet Applied by the Group

AASB 16: Leases

AASB 16: Leases (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: Leases and the related Interpretations. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-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-of-use assets in line with AASB 116: Property Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease;
- inclusion of additional disclosure requirements; and
- accounting for lessors will not significantly change.

AASB 16 will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately $312,000. The Group is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit, financial position and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The Standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the Standard before its effective date.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Changes in Accounting Policies Applied by the Group

AASB 15: Revenue from Contracts with Customers – Accounting Policies

The Group has determined that AASB 15 has not resulted in a change to either recognition or measurement of revenue and therefore there is no requirement to restate revenue reported in prior periods. The Group will continue to recognise each of the following streams of revenue.

(a) Mining services revenue – revenue from mining services provided by the Group is recognised upon the delivery of the service to the customer, as per the terms of the contract to provide services.

(b) Royalty revenue - revenue from royalties are recognised when entitlement to a royalty is established in accordance with the terms of the agreement.

(c) Sales of product: revenue from the sale of product is recognised when the group delivers the product to the buyer. Delivery is deemed to occur when the product passes the ship's rail in the port of shipment. At this point, the performance obligation per the off-take agreement (sale contract) is satisfied relating to the delivery of product. A provision for 5% of the total sales invoice is deferred and only recognised as revenue when the certification is completed at port of destination, which releases the warranty for sales invoice adjustments.

AASB 9: Financial Instruments – Accounting Policies

With effect from 1 July 2018, the Group has adopted AASB 9 Financial Instruments. The adoption of this new standard has no impact on the Group's net assets, net profit or total comprehensive income.

The standard addresses the classification, measurement and recognition of financial assets (cash, trade receivables, other receivables) and financial liabilities, the impairment of financial assets and hedge accounting. In summary:

(a) Classification and measurement – financial assets are required to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities the standard retains most of the previous standard requirements. Refer below for details on the change to the classification and measurement of financial assets and liabilities in the group.

(b) Impairment – the expected credit loss model for impairment of financial assets replaces the incurred loss model. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and requires recognition from initial recognition of the trade receivables. Application of this standard has not had a material impact on the carrying value of expected credit losses. No material impact was noted with respect to the opening provision therefore no adjustments have been made to opening balances.

(c) Hedge accounting – the rules on hedge accounting have been amended to align accounting treatment with risk management practices of the reporting entity. There is no impact on the Group of the new standard.

Previous treatment
Previously, the Group's investment portfolio was accounted for under AASB 139 Financial Instruments: Recognition and Measurement. All investments were carried at fair value and classified as available for sale financial assets.

Unrealised gains and losses on investments held in the financial assets were taken to the revaluation reserve, through the statement of changes in equity and reported as other comprehensive income. On the sale of investments in the investment portfolio, the cumulative gain or loss from purchase to sale of the financial assets were transferred from the revaluation reserve to profit or loss. Where there was objective evidence of impairment of an investment in the financial asset, an impairment charge was required to be booked through profit or loss (as a transfer from the revaluation reserve), even where no loss had been realised.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 9: Financial Instruments – Accounting Policies (continued)

New treatment
AASB 9 introduces new categories of classification for financial instruments. All the Group's financial assets continue to be carried at fair value and now classified as financial assets at fair value through other comprehensive income.

All gains and losses (realised and unrealised) on equity instruments held in financial asset are reported as other comprehensive income and are accumulated in the revaluation reserve. Realised gains and losses, are no longer reclassified from other comprehensive income to profit or loss, and do not form part of the Group's profits.

Cumulative gains and losses are transferred from the revaluation reserve to realised gains reserve when the investments are sold. The realised gain reserve is used primarily to record gains upon which income tax has been or will be paid, and which consequently are available for distributions to shareholders.

There are no impairment provisions in AASB 9 for investments designated at fair value through other comprehensive income.

Transitional provisions
Comparatives have not been restated, as AASB 9 is only applied retrospectively to investments held at the date of adoption, being 1 July 2018.

Financial assets sold prior to this date are accounted for under AASB 139 as described above. Financial assets sold after this date are accounted for under AASB 9 and the cumulative gains and losses remain in other comprehensive income.

Further details on the impact of the change have been described in Note 6:

Going concern principle of accounting

Notwithstanding the Group reporting an operating loss after income tax of $10.9 million for the period and having a net current liability position of $195.4 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 due to the fully funded Pilgangoora Lithium project reaching commercial production levels in March 2019, it 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.

2. SEGMENT INFORMATION

The Group's primary segment reporting format is business segments as the Group's risks and returns are affected predominantly in the products and services produced.

	Lithium mining $'000	Coal mining $'000	Exploration services $'000	Mineral exploration $'000	Eliminations $'000	Total $'000
Half-year 2018						
Revenue						
External sales	-	-	450	-	-	450
Other income	-	-	110	33	-	143
Other segments	-	-	48	-	(48)	-
Total segment revenue	-	-	608	33	(48)	593
Unallocated revenue						-
Total consolidated revenue						593
Segment result - EBIT	-	-	(499)	(10,379)	-	(10,878)
Finance costs						-
Profit /(loss) before income tax						(10,878)
Income tax benefit						-
Net profit /(loss) for the period from continuing operations						(10,878)
Loss from discontinued operations						(101)
Net profit / (loss) for the period						(10,979)
Assets and liabilities						
Segment assets	299,628	-	1,551	4,703	-	305,882
Unallocated assets	-	-	-	-	-	9,690
Total assets						315,572
Segment liabilities	231,303	-	976	1,983	-	234,262
Unallocated liabilities	-	-	-	-	-	1,927
Total liabilities						236,189

2. SEGMENT INFORMATION (continued)

	Lithium mining $'000	Coal mining $'000	Exploration services $'000	Mineral exploration $'000	Eliminations $'000	Total $'000
Half-year 2017						
Revenue						
External sales	-	-	387	-	-	387
Other income	-	-	32	222	-	254
Other segments	-	-	47	-	(47)	-
Total segment revenue	-	-	466	222	(47)	641
Unallocated revenue						-
Total consolidated revenue						641
Segment result - EBIT	-	-	(260)	(3,980)	-	(4,240)
Finance costs						-
Profit /(loss) before income tax						(4,240)
Income tax benefit						-
Net profit /(loss) for the period from continuing operations						(4,240)
Loss from discontinued operations						(95)
Net profit / (loss) for the period						(4,335)
Assets and liabilities						
Segment assets	202,484	-	1,257	47,554	-	251,295
Unallocated assets	-	-	-	-	-	8,816
Total assets						260,111
Segment liabilities	140,213	15,427	971	591	-	157,202
Unallocated liabilities	-	-	-	-	-	1,740
Total liabilities						158,942

		31 December 2018 $'000	31 December 2017 $'000
3.	**PROFIT / (LOSS) FROM ORDINARY ACTIVITIES**		
(a)	**Revenue**		
	Revenue from mining services	471	387
	Revenue from royalties	(21)	21
	Total revenues from ordinary activities	450	408
(b)	**Sundry income**		
	Interest received from other corporations	33	223
	Profit on sale of assets	110	10
	Total sundry income	143	233
(c)	**Cost of sales**		
	Drilling costs	415	335
	Depreciation - plant & equipment	51	52
	Total cost of sales	466	387
(d)	**Depreciation**		
	Depreciation – plant & equipment	89	91
	Total depreciation	89	91
(e)	**Foreign exchange gain / (loss)**		
	Unrealised foreign exchange loss *	5,883	1,360
	Total Foreign exchange gain / (loss)	5,883	1,360

*The net unrealised foreign exchange loss relates to the revaluation of the US$125 million funding facility and other US$ denominated funds held by the Group

		31 December 2018 $'000	31 December 2017 $'000
(f)	**Employee benefits expense**		
	Salaries and oncosts expense	2,112	975
	Employee share scheme expense	1,217	423
	Bonus paid by issue of shares to employees	125	17
	Total employee benefits expense	3,454	1,415

	31 December 2018 $'000	30 June 2018 $'000
4. BORROWINGS		
Current borrowings	176,075	-
Non-current borrowings	-	145,887
Total borrowings	176,075	145,887
Reconciliation of borrowings		
Opening Balance	145,887	-
Loan notes issued ^	21,227	141,075
Interest capitalised	2,422	17,706
Exchange rate differences	8,465	11,088
Transaction costs	(1,926)	(23,982)
Closing Balance of borrowings	176,075	145,887

^ On 27th July 2017, loan notes were issued to lenders Magy LLC, Pala Investments Limited and CarVal Investors LLC (the facility). On 10th September 2018 the facility was extended providing additional funding under the same terms and conditions as the original 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 had the option to capitalise the first two interest payments into the facility. Accrued interest $20.1 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.

The Group breached the financial covenant for 30 September 2018 and 31 December 2018 as the mine was not yet in commercial production. As at 31 December 2018 the Group did not hold an unconditional right to defer settlement of the loan, and the loan was therefore required to be reclassified as current on this basis. Subsequent to the year end, the Group received a full written waiver of the breach from the lenders.

	31 December 2018 $'000	30 June 2018 $'000
5. TRADE & OTHER RECEIVABLES		
Trade and other receivables	9,714	3,323
Provision for doubtful debts	(958)	(1,081)
Total trade & other receivables	8,756	2,242
6. TRADE & OTHER PAYABLES		
Trade payables and accruals	29,405	22,713
Prepaid revenue	15,133	-
Total trade & other payables	44,538	22,713

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

7. DISCONTINUED OPERATIONS

(a) **Description**

During the reporting period the Directors have made further information packages available to various groups for the purpose of attracting offers for the sale of the Tabalong tenements, Kalimantan. Currently formal offers have been received and are under review by management.

The Directors consider that the presentation of the Tabalong Group as held for sale confirms its intention to dispose of these assets in the next 12 months.

(b) **Financial performance and cash flow information of discontinued operations**

The financial performance and cash flow information presented are for the six months ended 31 December 2018.

	31 December 2018 $'000	31 December 2017 $'000
Revenue	-	-
Expenses	(101)	(95)
Loss before income tax	(101)	(95)
Loss after income tax of discontinued operation	(101)	(95)
Loss from discontinued operations after income tax	(101)	(95)
Net cash (outflow) from financing activities	(11)	(17)
Net decrease in cash generated by the division	(11)	(17)

(c) **Carrying amounts of assets and liabilities**

	31 December 2018 $'000	31 June 2018 $'000
Cash	11	17
Other receivables *	2,928	2,769
Property, plant and equipment	5	5
Exploration at cost	6,746	6,453
Total assets	9,690	9,271
Other payables	238	234
Borrowings ^	1,688	1,612
Total liabilities	1,926	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.

8. FINANCIAL ASSETS

	31 December 2018 $'000	30 June 2018 $'000
Non-current Financial assets		
Financial assets	1,870	4,018

Reconciliation of the fair values at the beginning and end of the current and previous period are set out below

Opening fair value	4,018	824
Additions	-	-
Disposals	-	-
Reductions in cost based of investments on capital returns	-	-
Revaluation gains (losses)	(2,148)	3,194
Closing fair value	1,870	4,018

The adoption of AASB 9 Financial Instruments has no impact on the Group's comparative profit, other comprehensive income and reserves. As described in Note 1, the adoption of AASB 9 has resulted in a change in the classification of the Group's investment portfolio, although this has not impacted the value of these investments.

	As previously reported	Restated
Available for sale financial assets	4,018	-
Financial assets	-	4,018

All financial assets held are classified as financial assets at fair value through other comprehensive income, as described in Note 1.

Movements in the financial assets relate to changes in market value of listed investments, as quoted on the US OTCBB (Over the counter bulletin board)

9. REHABILITATION PROVISION

	31 December 2018 $'000	30 June 2018 $'000
Non-current provision		
Rehabilitation and demobilisation	11,994	3,918
	11,994	3,918
Movements in provisions		
Rehabilitation and demobilisation		
Opening balance	3,918	3,918
Provision increase/(decrease)	8,076	-
Expense incurred	-	-
Total provision	11,994	3,918

Directors have reviewed the rehabilitation provision and are confident that inputs into the current calculation can be relied upon.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

10. EXPLORATION AND EVALUATION

	31 December 2018 $'000	30 June 2018 $'000
Exploration and evaluation expenditure at cost:		
Carried forward from previous year	1,595	1,226
Transfer to mine development costs	-	(932)
Incurred during the year	1,270	1,662
Transfer to Held for sale	(294)	(361)
	2,571	1,595
Written off during the year	-	-
Total exploration and evaluation expenditure	2,571	1,595

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.

11. MINE DEVELOPMENT AT COST

	31 December 2018 $'000	30 June 2018 $'000
Mine development costs:		
Carried forward from previous year	221,562	59,353
Transfer from exploration and evaluation	-	932
Incurred during the period		
Interest on funding facility	13,665	17,706
Mine rehabilitation provision	8,077	-
Sales during commissioning	(23,388)	-
Construction and commissioning	61,894	143,571
Total mine development costs	281,810	221,562

As at 31st December 2018, directors had determined that the Pilgangoora Lithium project had not yet satisfied the activity milestones for commercial operations. As at 31st December 2018 the project continued commissioning activities, producing spodumene concentrate and delivering shipments to the Groups off-take partners. As a result, all sales were recognised as a reduction to mine development costs. Subsequent to the end of the reporting period, in March 2019, directors determined that the Pilgangoora Lithium Project has satisfied the activity milestones for commercial operations. As a result, the mine development at cost asset has been transferred to a depreciable asset subsequent to the end of the reporting period.

12. DIVIDENDS

The Company has not paid a dividend during the period and no interim dividend is recommended. (2017: $0)

13. SUBSEQUENT EVENTS

Capital raising and share purchase plan

Subsequent to the end of the reporting period, the Company undertook a capital raising comprising a Placement of A$24.5 million and a Securities Purchase Plan (SPP) to raise up to a further A$5 million. The SPP amount was subsequently increased to A$10 million due to strong demand from shareholders. The Placement included A$9 million from non-related parties, and these shares were issued on 13 and 14 February 2019.

13. SUBSEQUENT EVENTS (continued)

The Placement also included A$15.5 million from various directors of the Company, of which A$15 million has already been received in the form of a loan to the Company. The issue of shares to directors, including the conversion of the loan into shares, is subject to shareholder approval at a general meeting to be held on Friday 22 March 2019.

The SPP Offer Period closes on Friday 15 March 2019 which is after the date of these accounts.

Commercial Production

Subsequent to the end of the reporting period, in March 2019, directors determined that the Pilgangoora Lithium Project has satisfied the activity milestones for commercial operations. As a result, the mine development at cost asset has been transferred to a depreciable asset subsequent to the end of the reporting period.

14. CONTINGENT LIABILITIES AND COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements:

	31 December 2018 $'000	30 June 2018 $'000
Commitments for:		
Mine development at cost	5,389	5,577
Total commitments	5,389	5,577

There have been no material changes to the contingent liabilities as reported at 30 June 2018.

15. CONTRIBUTED EQUITY

Issued capital

	31 December 2018		30 June 2018	
	Number	$'000	Number	$'000
Fully paid ordinary shares issued	1,827,866,474	195,837	1,819,866,474	192,893
Balance at the beginning of the financial year	1,819,866,474	192,893	1,541,678,000	146,556
Issue of shares to directors and staff #	500,000	125	150,000	34
Issue of shares on vesting of performance rights ##	7,500,000	2,819	3,800,000	356
Shares issued in lieu of loan note fees	-	-	72,644,513	11,521
Share placement	-	-	136,973,685	26,025
Exercise of options	-	-	64,620,276	9,799
Share issue costs	-	-	-	(1,398)
Balance at the end of the financial period	1,827,866,474	195,837	1,819,866,474	192,893

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

500,000 shares were issued to directors and other key management personnel in the 6 months ended 31 December 2018 (30 June 2018: nil).
4,400,000 shares were issued to directors and other key management personnel in the 6 months ended 31 December 2018 (30 June 2018: 2,600,000).

16. KEY MANAGEMENT PERSONNEL

Details of the Group's Key Management Personnel Compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 30 June 2018.

Directors' Declaration

The directors declare that:

1. The financial statements and notes as set out on pages 7 to 22 are in accordance with the *Corporations Act 2001* and:

   (a) comply with the Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended on that date of the consolidated entity;

2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors,

BT Kuan
Director

Brisbane, 12 March 2019

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

Conclusion

We have reviewed the accompanying half-year financial report of Altura Mining Limited ("the Company"), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Altura Mining Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Altura Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PKF BRISBANE AUDIT

LIAM MURPHY
PARTNER

BRISBANE
DATE: 12 MARCH 2019