



ASX ANNOUNCEMENT | 30 September 2019

FINANCIAL RESULTS FOR FULL YEAR ENDED 30 JUNE 2019

- *Company delivers zero Lost Time Injury (LTI) for the year ended 30 June 2019*
- *Total spodumene concentrate production of 105,202 wmt (wet metric tonnes)*
- *Total spodumene concentrate sales of 77,680 dmt (dry metric tonnes)*
- *Commercial production declared at Altura Pilgangoora Lithium Operations on 12 March 2019*
- *Operating Loss for the year ended 30 June 2019 of A\$26,712,731*
- *Positive EBITDA of \$9,381,000 was achieved in the fourth quarter of the financial year which was the first complete quarter of Commercial Production*
- *Subsequent to the year ending 30 June 2019 two new offtake agreements were executed with Guangdong Weihua Corporation (50ktpa) and Shandong Ruifu (35ktpa)*
- *A subscription and cooperation agreement was also executed with Shanshan Forever International Co., Limited after the year end, which raised A\$22.4 million in proceeds*

Altura Mining Limited (ASX: AJM) ("Altura" or the "Company") is pleased to report its financial results for year ended 30 June 2019. The results reflect positively on the construction, commissioning and commercial production from its flagship Altura Lithium Project located at Pilgangoora in Western Australia. The Company has delivered reasonably strong sales of spodumene concentrate in a tighter lithium market with very positive feedback on the quality of the product delivered.

Safety and Environmental Performance

Altura's strong commitment to safety resulted in zero Lost Time Injuries for the 12 months ended 30 June 2019. The Company also recorded a Total Recordable Injury Frequency Rate of 13 for the rolling 12 months ending 30 June 2019.

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 on its mining, development and exploration activities. The Board of Directors is responsible for regular

Altura Mining Limited ABN 39 093 391 774

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monitoring of environmental exposures and compliance with these environmental regulations. The Group has complied with its environmental performance obligations during the year.

Operations

Key focus has been on the delivery of the Altura Lithium Project during the past financial year. The Project commenced production in July 2018 and shipped its first cargo of premium spodumene concentrate in October 2018. Following the initial commissioning and ramp up in H1 FY 2019 the Company was able to declare Commercial Production on 13 March 2019. Altura is one of the key new global lithium concentrate suppliers and has established an upstream supply position aligned with Tier 1 suppliers of battery precursor products.

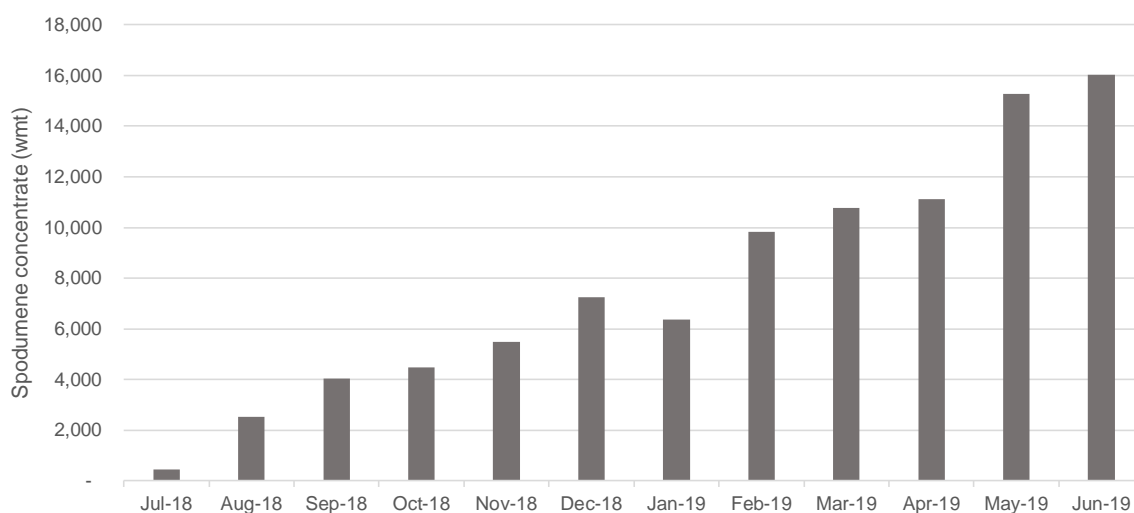
The Altura Lithium Project consisting of an open pit mine, processing plant, administrative and accommodation facilities is located in the Pilgangoora district in north-west Western Australia and is approximately 100 kilometres south of the major raw material export centre of Port Hedland.

The process plant consists of both DMS (Dense Medium Separation) and Flotation in order to maximise resource recovery from the raw ore feed. Since the declaration of Commercial Production, the process plant has generally operated between 80% - 90% of nameplate both in throughput, output and overall lithium metal recovery. The process plant is only the second combined DMS and Flotation lithium concentrate plant operating globally. Product contribution is generally 60% coarse product from the DMS circuits and 40% fines from the flotation circuits.

During the past year 77,680 dmt (dry metric tonnes) of spodumene concentrate were shipped via 11 separate cargoes dispatched from Port Hedland. The weighted average grade of the product cargoes was 5.94% Li₂O and is enhanced by low mica, low iron and optimal moisture with all cargoes well within offtake specifications.

The ramp up of the project has provided some challenges but has generally shown significant improvement month on month for the past year. The process plant output is considered stable with further continuous improvement initiatives being undertaken to deliver nameplate annual product output of 220,000 tonnes. The ramp up in production over the past year is represented in Figure 1 (below).

Figure 1 – Altura Spodumene Concentrate Production AFY 2018-19



Operating Results

The Group's operating loss after providing for income tax and non-controlling interests for the year ended 30 June 2019 was \$26,712,731 (2018: loss \$12,816,965). The loss in 2019 related to the Group's commencement of mining operations, administrative and corporate costs, depreciation and a net foreign exchange loss in the year (both of which are non-cash costs) and financing charges.

However, a positive EBITDA of \$9,381,000 was achieved in fourth quarter, the first complete quarter of Commercial Production.

Refinancing of the Loan Note Facility

Altura notes that its existing debt facility is due for repayment in August 2020. The Company is confident it can successfully refinance the loan note facility before the maturity date, and has appointed Perth based Azure Capital to assist the Company in its facility refinancing.

Events Subsequent

Subsequent to the end of the financial year, Altura has entered into the following agreements:

Subscription and Cooperation Agreement

On 23 July 2019 Altura announced that it had signed a subscription and cooperation agreement with Shanshan Forever International Co., Limited. The agreement raised A\$22.4 million in proceeds, which were received on 7 August 2019. Under the terms of the agreement Shanshan is entitled to appoint a director to the Altura board, provided that their relevant interest in Altura shares does not fall below 12.5 per cent for more than 30 consecutive days.

New Offtake Agreements

On 9 July 2019 Altura announced that it had entered into a new offtake agreement with Shandong Ruifu Lithium Industry Co., Ltd for 35,000 tonnes per annum (tpa). At the same time Altura advised that it had reached agreement with Shaanxi J&R Optimum Energy Co., Ltd for the termination of the remaining 50,000 tpa under that offtake agreement.

On 1 August 2019 Altura announced that it had entered into a new offtake agreement with Guangdong Weihua Corporation for 50,000 tpa. At the same time Altura advised that it had reached agreement with Lionergy Limited to reduce its tonnage from 100,000 tpa to 65,000 tpa.

Loan Note Facility

The Group breached the financial covenant on the loan note facility (Note 17) for each quarter during the year, and the respective covenant is based on an annual net debt to EBITDA ratio. The calculation of this ratio is based on the current operating quarter results added to the previous 3 operating quarters in order to deliver an annual result. 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.

As at 30 June 2019 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 financial breach from the lenders.

Altura Managing Director James Brown said the past financial year has provided significant challenges both in commissioning and marketing spodumene concentrate but the dedication of the Altura team members has continued to deliver excellent results.

"It is a pleasing result for the past financial year, we have met our challenges from commissioning through to commercial production with an enviable safety record. The dedication from the entire Altura team and its contractors and suppliers has to be commended. We are also buoyed by the new offtake partners added over the last 12 months that has provided significant diversification for our premium product. We are equally pleased with the addition of leading global battery precursor material producer in Shanshan.

There is no secret that the market remains tight however we continue to sell our product with a view to maintaining low inventory levels. Our marketing is made more amenable by having a clean, on specification product that continues to draw positive feedback from end users. We look forward to the next 12 months that will cement Altura's place in the global lithium supply chain."

About Altura Mining Limited (ASX: AJM)

Altura is a key player in the global lithium market and is leveraging increasing demand for raw materials for manufacturing lithium ion batteries for electric vehicles and static storage uses. Altura owns and operates the world-class Altura Lithium Project at Pilgangoora in WA's Pilbara region. The mine commenced production in H2 2018, declared Commercial Production in March 2019 and has a production capacity of 220,000tpa of high-quality spodumene concentrate. The Company has completed a Definitive Feasibility Study on a potential Stage 2 expansion, with a Final Investment Decision due following a review of the Stage 1 operations, ramp-up to nameplate production, entering into long-term offtake agreements with customers and securing funding for the expansion.

For further information:

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Media

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Citadel-MAGNUS



Altura Mining Limited

ABN 39 093 391 774

ANNUAL FINANCIAL REPORT

30 JUNE 2019

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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
Xiaoyu Dai – Non-Executive Director

COMPANY SECRETARY

Damon Cox

REGISTERED OFFICE

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AUDITORS

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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, AJMOB

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Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019

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 2019.

DIRECTORS

The names of the directors in office during the financial year and up to the date of this report are as follows:

Mr James Brown
Mr Paul Mantell
Mr Allan Buckler
Mr Dan O'Neill
Mr Beng Teik Kuan
Mr Zhao Tong (resigned 18 April 2019)
Mr Xiaoyu Dai (appointed 10 September 2019)

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 commissioning and then mining, processing and sale of lithium ore at the Altura 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 mining operations and exploration at the Altura Lithium Project at Pilgangoora in Western Australia. The Company also has an interest in a coal project in Indonesia, which is in the process of being divested.

The focus of the AJM group entities is directed towards the following deliverables:

- Safe, efficient and profitable operation of its 100% owned Altura Lithium project located in the Pilbara region of Western Australia for the benefit of shareholders;
- Consistent sales of premium spodumene concentrate to reliable and sustainable offtake partners;
- Evaluation of Altura's vast exploration tenement portfolio to add value to the existing operations via increase of Ore Reserve and Mineral Resource inventory;
- Increasing shareholder value by the expansion of the Altura Lithium Project via a prudent and timely delivery of the planned Stage 2 operation expansion.

Review of Operations

Altura Lithium Project

Key focus has been on the delivery of the Altura Lithium Project during the past financial year. The project commenced production in July 2018 and shipped its first cargo of premium spodumene concentrate in October 2018. Following the initial commissioning and ramp up in H1 FY 2019 the Company was able to declare Commercial Production on 13 March 2019. The project is one of the key new global lithium concentrate suppliers and has established an upstream supply position aligned with Tier 1 suppliers of battery pre-cursor products.

AJM owns and operates the Altura Lithium Project located in the Pilgangoora district in north-west Western Australia. The project is located approximately 100 kilometres south of the major raw material export centre of Port Hedland. The Company exploits lithium enriched pegmatites via open pit methods. Mineralised pegmatite ore is then fed to the process plant for beneficiation with spodumene concentrate being produced for sale to North Asian customers. Shipping of product is via the public user facility at the port of Port Hedland.

The Company owns and operates the process plant (with exception of the diesel power generators) and utilises a mining contractor for removal of waste and ore. Contract product haulage is also employed at the operations.

Altura Mining Limited and Controlled Entities



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

The process plant consists of both DMS (Dense Medium Separation) and Flotation in order to maximise resource recovery from the raw ore feed. Since the declaration of Commercial Production, the process plant has generally operated between 80% - 90% of nameplate both in throughput, output and overall lithium metal recovery. The process plant is only the second combined DMS and Flotation lithium concentrate plant operating globally. Product contribution is generally 60% coarse product from the DMS circuits and 40% fines from the flotation circuits.

During the past year 77,680 dmt (dry metric tonnes) of spodumene concentrate was shipped via 11 separate cargoes dispatched from Port Hedland. The weighted average grade of the product cargoes was 5.94% Li₂O and is enhanced by low mica, low iron and optimal moisture with all cargoes well within offtake specifications. Table 1 (below) details the mining and process quantities from the past year.

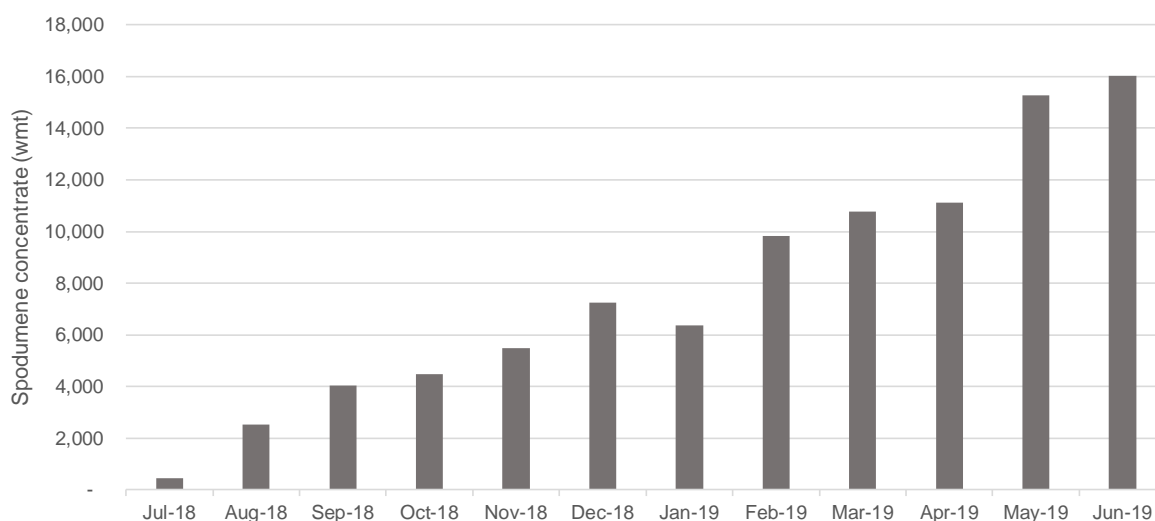
Table 1 – Mining and process quantities

	Units	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total FY19
Ore mined	wmt	323,539	350,099	404,087	439,559	1,517,284
Waste mined	wmt	1,512,840	1,491,011	1,426,256	1,546,719	5,976,826
Total material mined	bcm	625,881	625,008	622,929	675,726	2,549,544
Ore processed	wmt	98,135	256,931	251,200	337,786	944,052
Strip ratio	waste:ore	4.7	4.3	3.5	3.5	3.9
Ore mined grade Li ₂ O	%	1.21	1.19	1.16	1.10	1.16
Lithium concentrate produced	wmt	7,379	25,794 [^]	29,627	42,402	105,202
Lithium concentrate shipped	dmt	-	24,419	14,770	38,491	77,680

[^] Includes 6,427 tonnes of low-grade material produced during commissioning, this material would require re-processing and / or blending in order to be included in saleable product.

The ramp up of the project has provided some challenges but has generally shown significant improvement month on month for the past year. The process plant output is considered stable with further continuous improvement initiatives being undertaken to deliver nameplate annual product output of 220,000 tonnes. The ramp up in production over the past year is represented in Figure 1 (below).

Figure 1 – Altura Spodumene Concentrate Production AFY 2018-19



Altura Mining Limited and Controlled Entities



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

Operating results

The Group's operating loss after providing for income tax and non-controlling interests for the year ended 30 June 2019 was \$26,712,731 (2018: loss \$12,816,965). The loss in 2019 related to the Group's commencement of mining operations, administrative and corporate costs, depreciation and a net foreign exchange loss in the year (both of which are non-cash costs) and financing charges.

However, a positive EBITDA of \$9,381,000 was achieved in fourth quarter, the first complete quarter of Commercial Production.

Commercial operations commenced in March 2019 at the Group's Altura Lithium Project. Exploration, evaluation and development costs are assessed in accordance with the Group's accounting policies. It should be noted that all costs prior to Commercial Production have been capitalised. These costs include operating costs and the cost of finance.

Key operational achievements in the first quarter of Commercial Production include:

- Continuing focus on safety with zero lost time injuries (LTI);
- Production of 42,402 wet metric tonnes (wmt) of spodumene concentrate (versus March quarter 29,627 wmt);
- Sales of 38,635 dry metric tonnes (dmt) of high-quality lithium concentrate via 5 cargoes, with all sales in line with offtake specifications.
- Impressive average operating cash cost of US\$392 wmt produced (FOB basis);
- Coarse and fines circuits successfully decoupled following plant modification delivering significant improvements in coarse concentrate production and stabilising fines concentrate production.

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 the path to nameplate production from the Altura Lithium Project and adding additional commitments for the supply of spodumene concentrate. 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 subject to market conditions.

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 2019 (CONTINUED)

Altura Lithium

During the year Altura continued with its commissioning and operation of the mine and process plant for Stage 1 of the Altura Lithium Project at Pilgangoora in Western Australia.

Key developments in the commissioning and operation of the mine and process plant have included the following:

- First production of coarse concentrate in July 2018.
- First haulage of product to the Qube storage facility in Port Hedland in August 2018.
- Official opening of the mine in September 2018.
- First shipment of product in October 2018.
- First production of fines concentrate in December 2018.
- Modifications to tailings thickener completed in January 2019.
- Formal declaration of commercial production in March 2019.
- Modifications completed in April 2019 to decouple plant modules allowing production to continue in selected plant modules whilst other sections are under maintenance.

The Company has diversified its customer base and now has in place four Binding Offtake Agreements (BOAs) with China based groups for the supply of 6% Li₂O grade spodumene concentrate. 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. All BOAs have a floor price of US\$550 per tonne of 6% spodumene, and there is also a ceiling price of US\$950 per tonne.

Altura's current lithium offtake commitments are summarised below:

Offtake Partner	Tonnage	BOA Term / Expiry
Lionergy Limited	65,000 dmt	September 2023
GFL International Co., Limited	70,000 dmt	December 2021
Shandong Ruifu Lithium Industry Co., Ltd	35,000 dmt	June 2024
Guangdong Weihua Corporation	50,000 dmt	December 2024
Total	220,000 dmt	

Coal Assets

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 Group increased in 2019, with non-current assets significantly higher due to the construction of the Lithium Project. During the year funds were sourced from an additional US\$15 million under the loan facility, a US\$11 million prepayment on future cargoes to Ganfeng, a A\$24.5 million placement and a A\$14 million securities purchase plan offering.

Risk

Development of Altura's lithium project is subject to the ability of the Company to successfully ramp up to full production capacity and comparable sales from the project in a timely manner.

The Company is also subject to movements in international commodity prices and foreign exchange movements on its US\$ revenue and debt.

DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2019 (2018: Nil).



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

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 has entered into the following agreements:

Subscription and Cooperation Agreement

On 23 July 2019 Altura announced that it had signed a subscription and cooperation agreement with Shanshan Forever International Co., Limited. The agreement raised A\$22.4 million in proceeds, which were received on 7 August 2019. Under the terms of the agreement Shanshan is entitled to appoint a director to the Altura board, provided that their relevant interest in Altura shares does not fall below 12.5 per cent for more than 30 consecutive days.

New Offtake Agreements

On 9 July 2019 Altura announced that it had entered into a new offtake agreement with Shandong Ruifu Lithium Industry Co., Ltd for 35,000 tonnes per annum (tpa). At the same time Altura advised that it had reached agreement with Shaanxi J&R Optimum Energy Co., Ltd for the termination of the remaining 50,000 tpa under that offtake agreement.

On 1 August 2019 Altura announced that it had entered into a new offtake agreement with Guangdong Weihua Corporation for 50,000 tpa. At the same time Altura advised that it had reached agreement with Lionergy Limited to reduce its tonnage from 100,000 tpa to 65,000 tpa.

Loan Note Facility

The Group breached the financial covenant on the loan note facility (Note 17) for each quarter during the year, the respective covenant is based on an annual net debt to EBITDA ratio, the calculation of this ratio is based on the current operating quarter results added to the previous 3 operating quarters in order to deliver an annual result. 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.

As at 30 June 2019 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 financial breach from the lenders.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will focus on attaining nameplate production of Stage 1 of the Altura Lithium Project and deliver the Stage 2 expansion as dictated by market conditions. The Group intends to divest its interests in the Tabalong Coal Project as soon as practical so it can focus on the Altura 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.



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

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 options

30,088,301 ordinary shares in Altura Mining Limited

385,000 options over ordinary 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

None

Interests in shares and options

35,273,084 ordinary shares in Altura Mining Limited

385,000 options over ordinary shares in Altura Mining Limited



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (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 (from 18 April 2019)

Member of the Remuneration & Nomination Committee

Interests in shares and options

311,773,371 ordinary shares in Altura Mining Limited

58,466,808 options over 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 2019 (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 and options

23,000,000 ordinary shares in Altura Mining Limited

1,000,000 options over ordinary shares in Altura Mining Limited

Mr Zhao Tong (Non-Executive Director - Resigned 18 April 2019)

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 (until 18 April 2019)

Interests in shares

Nil



Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

Mr Xiaoyu Dai (Non-Executive Director – Appointed 10 September 2019)

Qualifications

Master of Business Administration (Nanjing University, China)

Experience

Mr Xiaoyu Dai has 21 years' experience in chemicals industry, spanning various commodities, specialties and operations in China, Africa, Germany, Singapore, Japan and Korea. He held senior executive roles with extensive operational experience in both petro and fine chemicals leading companies, including previous roles as head of alpha olefins, fatty alcohol in Sasol China, Managing Director of Rockwood Lithium China, and senior consultant of Shanshan Inc. Since 1 July 2019, he works as General Manager of Shanshan Forever Lithium Co., Ltd.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

None

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.

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Altura Mining Limited and Controlled Entities



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (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:

- a) Primary benefits - salary/fees, bonuses and non-monetary benefits including the provision of a motor vehicle;
- b) Post-employment benefits - including superannuation and prescribed retirement benefits; and
- c) Equity - performance rights granted under the Long-Term Incentive Plan as disclosed in Note 22 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 2019 year, two executive 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 22.

Group performance, shareholder wealth and director and executive remuneration

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

	2019	2018	2017	2016	2015
Revenues and sundry income	39,571,130	1,675,168	1,600,959	1,485,611	4,779,039
EBITDA *	(3,967,691)	(13,279,929)	(6,417,320)	(11,290,052)	(15,861,975)
NPBT *	(26,283,568)	(13,120,803)	(6,448,799)	(30,839,474)	(16,947,795)
NPAT *	(26,571,019)	(12,712,487)	(5,914,752)	(31,618,016)	(17,268,152)
Dividends paid	-	-	-	-	-

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



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (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.

Phil Robinson, Chief Operating Officer - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Two months' notice of termination by either party is required, with a minimum separation allowance equivalent to one month's gross salary to be paid if employment was terminated by the Company. Mr Robinson was appointed the Chief Operating Officer in February 2019 and resigned in August 2019.

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. Mr Evans resigned in February 2019.

Noel Young, Group Financial Controller - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. 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 2019 (CONTINUED)

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration

Name	Short-term benefits				Post employment		Share based payments	Total	Performance rights as a percentage of total %
	Cash salary and fees \$	Cash bonus \$	Bonus shares \$	Non-monetary benefits \$	Super-annuation \$	Termination payments \$	Performance rights \$	\$	
2019									
<i>Non-executive directors</i>									
A Buckler	72,000	-	-	-	6,840	-	-	78,840	-
D O'Neill	84,000	-	-	-	7,980	-	-	91,980	-
B Kuan	84,000	-	-	-	7,980	-	-	91,980	-
Z Tong #	57,399	-	-	-	-	-	-	57,399	-
Sub total non-executive directors	297,399	-	-	-	22,800	-	-	320,199	
<i>Executive directors</i>									
J Brown	436,278	-	-	98,334	-	-	265,000	799,612	33.1%
P Mantell	325,025	-	-	14,214	24,999	-	132,500	496,738	26.7%
<i>Other key management personnel</i>									
P Robinson ##	267,771	-	124,850	-	22,924	-	39,750	455,295	8.7%
C Evans ^	191,151	-	-	-	22,144	62,716	132,500	408,511	32.4%
N Young	180,000	-	-	3,848	17,100	-	26,500	227,448	11.7%
D Cox	150,000	-	-	20,371	14,250	-	26,500	211,121	12.6%
Total for key management personnel compensation	1,550,225	-	124,850	136,768	101,417	62,716	622,750	2,598,726	
Total compensation	1,847,624	-	124,850	136,768	124,217	62,716	622,750	2,918,925	
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	1,314,480	-	-	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	

Mr Tong joined the Altura Board in March 2017 and resigned in April 2019

^ Mr Evans resigned in February 2019

Mr Robinson was appointed Chief Operating Officer in February 2019

No long service leave payments were made during the year (2018 Nil)

Altura Mining Limited and Controlled Entities



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (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 2019:

	Number issued	Issue date	Value per share at issue date
			\$
J Brown	2,000,000	20/02/19	0.1325
P Mantell	1,000,000	20/02/19	0.1325
C Evans	1,000,000	20/02/19	0.1325
P Robinson	300,000	20/02/19	0.1325
P Robinson	500,000	11/10/18	0.2497
N Young	200,000	20/02/19	0.1325
D Cox	200,000	20/02/19	0.1325
	<u>5,200,000</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. No performance rights were granted in the year ended 30 June 2019. The rights awarded during these years 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.

There were no performance rights on issue to directors and key management personnel as at 30 June 2019.

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 9 Directors' meetings, 4 Audit & Risk Committee meetings and 3 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	9	9	-	-	-	-
P Mantell	9	9	-	-	-	-
A Buckler	9	8	1	1	3	2
D O'Neill	9	8	4	4	3	3
B Kuan	9	9	4	4	3	3
Z Tong	7	6	3	3	-	-

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.

Altura Mining Limited and Controlled Entities



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

OPTIONS

Under the terms of the Placement and the Securities Purchase Plan undertaken during the year ended 30 June 2019, a total of 148,798,009 listed options were issued with an exercise price of \$0.20 cents per option and an expiry date of 28 February 2022. At the date of signing this report, there were 148,797,979 listed options outstanding.

At 30 June 2019, there were also 5,784,846 unlisted options over ordinary shares of Altura Mining Limited outstanding. These unlisted options expired on 25 September 2019.

WARRANTS

Under the terms of the US\$110 million debt facility announced on 28 July 2017, the lenders received 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, there were 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 Brisbane Audit, did not provide any non-audit services to the Company during the year ended 30 June 2019.

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 2019 has been received and is included on page 16 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,

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

James Brown
Director
Brisbane, 30 September 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 year ended 30 June 2019, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

PKF

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

30 SEPTEMBER 2019
BRISBANE

For personal use only



Altura Mining Limited and Controlled Entities

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$'000	2018 \$'000
Continuing operations			
Revenue	5(a)	39,399	1,165
Cost of sales	5(c)	(31,961)	(772)
Gross profit		7,438	393
Other income			
Sundry income	5(b)	172	510
Expenses			
Administration costs		(3,344)	(3,780)
Employee benefits expense	5(f)	(5,725)	(3,690)
Other expenses	5(d)	(188)	(188)
Profit / (loss) before foreign exchange and finance costs		(1,647)	(6,755)
Net foreign exchange loss	5(e)	(6,466)	(6,366)
Profit / (loss) before finance costs		(8,113)	(13,121)
Finance costs			
Interest on funding facility		(10,566)	-
Amortisation of transaction costs		(7,605)	-
Profit / (loss) before income tax		(26,284)	(13,121)
Income tax (expense) / benefit	7(a)	(287)	408
Profit / (loss) after income tax from continuing operations		(26,571)	(12,713)
Discontinued operations			
Loss from discontinued operations after tax	3	(142)	(104)
Net profit / (loss) for the year		(26,713)	(12,817)
Profit / (loss) attributable to:			
Owners of Altura Mining Limited		(26,665)	(12,880)
Non-controlling interest		(48)	63
		(26,713)	(12,817)
(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	(1.40)	(0.74)
Basic and diluted (loss) per share from continuing operations	6	(1.39)	(0.73)
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 2019

	Note	2019 \$'000	2018 \$'000
Profit / (loss) for the year		(26,713)	(12,817)
Other comprehensive income / (loss) for the year			
Items that may be reclassified to profit and loss			
Changes in the fair value of financial assets	13	(2,732)	3,194
Exchange differences on translation of foreign controlled entities		(2,522)	(1,751)
Other comprehensive income / (loss) for the year, net of tax		<u>(5,254)</u>	<u>1,443</u>
Total comprehensive income / (loss) for the year		<u>(31,967)</u>	<u>(11,374)</u>
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(31,885)	(11,413)
Non-controlling interest		(82)	39
		<u>(31,967)</u>	<u>(11,374)</u>
Total comprehensive income / (loss) attributable to members of the parent entity arises from:			
Continuing operations		(31,229)	(10,948)
Discontinued operations		(656)	(465)
		<u>(31,885)</u>	<u>(11,413)</u>

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 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	8	9,494	28,761
Trade and other receivables	9	2,149	2,242
Held to maturity investments	11	78	52
Inventories	10	20,720	1
Current tax prepaid		73	295
Other current assets	12	1,155	384
Assets classified as held for sale	3c	9,903	9,271
Total current assets		43,572	41,006
Non-current assets			
Financial assets	13	1,286	4,018
Property, plant, equipment and mine properties	14	288,680	222,256
Exploration and evaluation	15	3,265	1,595
Total non-current assets		293,231	227,869
Total assets		336,803	268,875
Current liabilities			
Trade and other payables	16	40,778	22,713
Borrowings	17	179,612	-
Short term provisions	18	1,669	1,158
Liabilities classified as held for sale	3c	1,905	1,846
Total current liabilities		223,964	25,717
Non-current liabilities			
Borrowings	17	-	145,887
Rehabilitation provision	20	11,994	3,918
Total non-current liabilities		11,994	149,805
Total liabilities		235,958	175,522
Net assets		100,845	93,353
Equity			
Contributed equity	21	233,955	192,893
Reserves	21	(3,320)	3,502
Accumulated losses		(130,005)	(103,340)
Capital and reserves attributable to owners of Altura Mining Limited		100,630	93,055
Non-controlling interest		215	298
Total equity		100,845	93,353

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 2019

	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 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
Balance as at 30 June 2018	192,893	(103,340)	1,602	3,488	(1,588)	298	93,353
Total comprehensive income for the year	-	(26,665)	-	(2,732)	(2,488)	(83)	(31,967)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	125	-	-	-	-	-	125
Contributions of equity, net of transaction costs	38,118	-	-	-	-	-	38,118
Transfer from share based payment reserve to equity	2,819	-	(2,819)	-	-	-	-
Employee share schemes – value of employee services	-	-	1,217	-	-	-	1,217
Sub-total	41,062	(26,665)	(1,602)	(2,732)	(2,488)	(83)	7,492
Balance as at 30 June 2019	233,955	(130,005)	-	756	(4,076)	215	100,845

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 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers *		48,432	3,069
Payments to suppliers and employees		(34,953)	(9,345)
Sundry income		31	38
Interest received		74	468
Income tax received		-	319
Net cash provided by / (used in) in operating activities	27(b)	<u>13,584</u>	<u>(5,451)</u>
Cash flows from investing activities			
Expenditure on exploration and evaluation activities		(1,198)	(1,062)
Purchase of property, plant, equipment and mine properties		(118,618)	(126,026)
Proceeds during commissioning of mine properties *		29,463	-
Proceeds from sale of property, plant and equipment		44	15
Net cash (used in) / provided by investing activities		<u>(90,309)</u>	<u>(127,073)</u>
Cash flows from financing activities			
Proceeds from the issue of shares - net of transaction costs		37,979	34,425
Proceeds from borrowings	27(c)	19,395	128,615
Repayment of borrowings	27(c)	-	(15,053)
Net cash provided by / (used in) financing activities		<u>57,374</u>	<u>147,987</u>
Net increase / (decrease) in cash and cash equivalents held		(19,351)	15,463
Cash and cash equivalents at the beginning of year	27(a)	28,779	13,308
Effect of exchange rate changes on cash holdings in foreign currencies		85	8
Cash and cash equivalents at the end of year	27(a)	<u>9,513</u>	<u>28,779</u>
Non cash investing and financing activities			
Share based payments	22	(125)	(34)
Interest on loan facility capitalised		(2,141)	(17,706)
Transaction fees - borrowings		(625)	(23,982)

* Receipts from customers include sales of spodumene concentrate from the date of commercial production in March 2019. Shipments of spodumene concentrate prior to commercial production are recorded in proceeds during commissioning of mine properties.

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 (continued)

FOR THE YEAR ENDED 30 JUNE 2019

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 30 September 2019 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 a net loss after income tax of \$26.7 million for the year, net current asset deficiency of \$180.3m and loan note facility of \$179.1m due August 2020, the financial statements have been prepared on a going concern basis as the directors believe that the Group will be able to pay its debts as and when they fall due and payable.

The Group's ability to continue as a going concern is dependent on achieving forecast production and sales and the successful refinancing of the loan note facility by the due date.

Directors are confident that the Altura Lithium Project will:

1. Continue to successfully generate considerable cash flow sufficient to address the operating losses and achieve positive cash flows from operations. Should this not be the case the Group will be required to raise additional working capital. The Directors are confident additional working capital can be secured as required based on the following:
 - The strong support of new and existing shareholders including:
 - in August 2019 the Group successfully raised A\$22.4 million via an equity placement
 - in February and March 2019, the Group successfully raised A\$38.7 million via an equity placement and securities purchase plan
 - Supportive off-take parties as evidenced by the signing in November 2018 of a US\$11 million prepayment on future sales
2. Successfully refinance the loan note facility before the maturity date due to the ongoing support of the existing lenders. The Company has appointed Azure Capital to assist the company in its facility refinancing.

Notwithstanding the position outlined above, if production and sales cannot be achieved at forecast levels, and the loan facility cannot be successfully refinanced by the due date, there is a material uncertainty as to whether the Group will be able to continue as a going concern and, therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) New accounting standards for application in future periods

A number of new standards, amendments and interpretations to existing standards have been published by the Australian Accounting Standards Board (AASB) that are effective for future periods and which the Group will adopt when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except:

AASB 16 Leases: (effective for 30 June 2020 reporting period)

AASB 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and supersedes AASB 117 Leases. AASB 16 eliminates the current dual accounting model for lessees which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The accounting for lessors will not significantly change. This standard will primarily affect accounting for the Group's operating leases. AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019. The Group is not required to adopt this new standard until the annual reporting period ending 30 June 2020 and has not adopted it in the current financial report.

The Group is finalising its assessment of the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to the Group. At present, the Group anticipates to adopt the modified retrospective approach in the year ending 30 June 2020 and will not restate comparative amounts. As the Group has non-cancellable operating lease commitments of \$3,424,000, the impact of the new standard will result in a material right of use asset and lease liability measured at net present value, with the difference recorded in retained earnings on application.

Due to the complexity involved in calculating the impact of AASB 16, management have not yet finalised this assessment, therefore no quantification of the impact has been made. Calculation complexity has been impacted by key judgements, including the incremental borrowing rate used to discount lease assets and liabilities and the uncertainties surrounding lease terms including potential rights of renewals (renewals are assessed on a lease by lease basis).

ii) Impact of new and amended standards adopted by the Group – changes in accounting policies

There were two new standards adopted during the year being AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. The new accounting policies that have been applied from 1 July 2018 are detailed below in Note 1(k) and Note 1(r) respectively.

iii) 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.

iv) 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 1(n).



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Carrying value of exploration and evaluation expenditure

The Group has capitalised exploration and evaluation expenditure of \$3.265 million as at 30 June 2019 (2018: \$1.595 million). This amount includes additions of \$2.2 million 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 \$548,000. 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 2019 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 25 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 Statement of Profit and Loss. 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.

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.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2019

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.

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.

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant, equipment and mine properties

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 Properties

Mine properties consist of two categories being mine properties in production and mine development.

Mine development expenditure relates to costs incurred to access a mineral resource. It represents those costs incurred after the technical and commercial viability of extracting the mineral resource has been demonstrated and an identified mineral reserve is being prepared for production (but is not yet in production). Development expenditure is capitalised as either a tangible or intangible asset depending on the nature of the costs incurred. Capitalisation of development expenditure ceases once the mining property is capable of commercial production, at which point it is transferred into the relevant category of property, plant, equipment and mine properties depending on the nature of the asset and depreciated over the useful life of the asset. Development expenditure includes the direct costs of construction, pre-production costs, borrowing costs incurred during the construction phase, reclassified exploration and evaluation assets (acquisition costs) and subsequent development expenditure on the reclassified areas of interest. These costs are not amortised, the carrying value is assessed for impairment whenever the facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

Mine properties in production includes all development expenditure incurred once a mine property is in commercial production and is immediately expensed to the Statement of Profit and Loss except where it is probable that future economic benefits will flow to the Group, in which case it is capitalised as mine properties in production. Amortisation is provided on a unit of production basis which results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable mineral reserves). A regular review is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss. These assets include all operating mine related assets that are not included under land, buildings and plant and equipment.

Depreciation

The depreciable amount of all property plant and equipment 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. Assets classified as mine properties in production are depreciated using the units of production method for the life of the mine. 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.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant, equipment and mine properties (continued)

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 properties	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.

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.

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

k) Financial assets

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2018.

AASB 9 replaces AASB 139 and addresses the classification, measurement and recognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group notes the following impacts from the adoption of the new standard on 1 July 2018. Adoption of AASB 9 has resulted in the reclassification of the following financial instruments:

Category	Previously AASB 139	Currently AASB 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost
Financial assets	Financial assets at fair value through OCI	Financial assets at fair value through OCI
Trade and other payables	Other financial liabilities	Other financial liabilities
Loans and borrowings	Other financial liabilities	Other financial liabilities

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to the Group in relation to financial assets classified at amortised cost, being the Group's trade receivables. Based on the Group's assessment of historical provision rates, there is no material financial impact on the impairment provisions on adoption of this standard and no adjustment to retained earnings is required. For the current period, the Group has elected to measure loss allowances on trade receivables using a life-time expected loss model. The Group has also used the practical expedient of a provisions matrix using a single loss rate approach to approximate the expected credit losses. These provisions are considered representative across all business and geographical segments of the Group based on historical credit loss experience.

The standard requires that for financial liabilities designated at fair value through profit or loss (FVTPL) any change in fair value arising as a consequence of a change in the company's own credit risk should be recognised in other comprehensive income rather than profit or loss.

The new hedge accounting rules have no impact on the Group's financial statements.

Following adoption of AASB 9 on 1 July 2018, there is no material impact on the Group's financial position and no restatement is required.

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.

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**l) 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.

m) 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.

n) 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 2019

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.

o) 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 be disclosed elsewhere in these financial statements.

a. Determination of resources and reserves

The Company estimates its ore resources and reserves is 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. The current Life of Mine (LOM) for the Altura Lithium Project is 26 years.

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 in that area of interest, 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 and Loss in the period when the new information becomes available.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Significant accounting estimates and judgements (continued)

c. Impairment

The Group assess 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.

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. 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.

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 22. This formula takes into account the terms and conditions under which the instruments were granted.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Significant accounting estimates and judgements (continued)

h. Mines under construction

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mine properties in development' which 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 properties in 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 properties in development' are then transferred to 'Mine properties in production' which is also a sub-category in 'Property, plant, equipment and mine properties'.

In March 2019, the Altura Lithium Project recorded in 'Mine properties in development' was deemed to have reached commercial production and transferred to 'Mine properties in production'. Judgement was involved in this determination.

p) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**q) 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.

r) 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.

s) Revenue

This note explains the impact of the adoption of AASB 15 Revenue from Contracts with Customers on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2018.

AASB 15 addresses the recognition of revenue. It replaces the previous revenue recognition guidance in AASB 118 Revenue and AASB 111 Construction Contracts. The new standard is based on the principle that revenue is recognised when control of a good and service transfers to a customer.

The Group adopted AASB 15 from 1 July 2018 which resulted in changes in accounting policies relating to the recognition of revenue. Management have reviewed each of the Group's revenue streams under the five-step model outlined in AASB 15 and concluded adoption of AASB 15 has no material impact on revenue recognition. Therefore, there is no requirement to restate revenue reported in prior periods. The details of the review process are outlined below.

Accounting policies have been amended to ensure that the five-step method is applied consistently to revenue recognition processes across the Group. To assess the impact of AASB 15 on the Group, each contract type was analysed, with the five-step method applied to assess the impact on revenue recognition. The five-step method for recognising revenue from contracts with customers involves consideration of the following: 1. Identifying the contract with the customer 2. Identifying performance obligations 3. Determining the transaction price 4. Allocating the transaction price to distinct performance obligations 5. Recognising revenue.

The following is a summary of the revenue recognition for each revenue stream:

(a) Mining services revenue – revenue from mining services provided by the Group is recognised at a point in time upon delivery of the service to the customer, in accordance with the terms of the contract to provide services.

(b) Royalty revenue – revenue from royalties are recognised at a point in time 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 at a point in time, being when the Group delivers the product to the buyer. In accordance with the contract, 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 (contract) is satisfied relating to the delivery of product. A variable consideration of 5% of the total invoice is recognised as revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) 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.

u) 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.

v) 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.

w) 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.

x) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

y) Comparative figures

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

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z) Inventories

Consumables stores

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

Product and processing stock

Product and processing stock 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. Finished goods consists of spodumene product ready for transport or shipment.

aa) 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.

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, loans, finance leases, financial asset at fair value through other comprehensive income, 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:

	2019 \$'000	2018 \$'000
FINANCIAL ASSETS		
Cash and cash equivalents	9,494	28,761
Trade and other receivables	2,149	2,242
Held to maturity investments	78	52
Other financial assets	1,286	4,018
	<u>13,007</u>	<u>35,073</u>
FINANCIAL LIABILITIES		
Trade and other payables (note 16)	40,778	22,713
Borrowings	179,612	145,887
	<u>220,390</u>	<u>168,600</u>

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, sales of spodumene concentrate are 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\$143 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 2019, the Group held funds in foreign currency amounting to US\$3,934,000 (2018: US\$382,000)

The Group does not currently enter into any hedging arrangements.

2. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk sensitivity analysis

At 30 June 2019, 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:

	2019	2018
	\$'000	\$'000
Change in profit		
— Improvement in AUD to USD by 11%	1,317	704
— Decline in AUD to USD by 11%	(1,317)	(704)
Change in equity		
— Improvement in AUD to USD by 11%	1,317	704
— Decline in AUD to USD by 11%	(1,317)	(704)

ii) Price risk

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

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.

	2019	2018
	\$'000	\$'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%	129	402
— Decrease in equity value by 10%	(129)	(402)

iii) Interest rate risk

At balance date the Group's debt was held at a fixed rate. For further details on interest rate risk refer to Note 17.

Interest rate sensitivity analysis

At 30 June 2019, 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:

	2019	2018
	\$'000	\$'000
Change in profit		
— Increase in interest rate by 1%	(1,987)	(1,450)
— Decrease in interest rate by 1%	1,987	1,450
Change in equity		
— Increase in interest rate by 1%	(1,987)	(1,450)
— Decrease in interest rate by 1%	1,987	1,450

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

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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 Group. The 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.

The Group

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing						Non-interest bearing		Total	
	2019	2018	2019	2018	Within 1 year		1 to 5 years		Over 5 years		2019	2018	2019	2018
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:														
Cash & cash equivalents	1%	1%	9,494	28,761	-	-	-	-	-	-	-	-	9,494	28,761
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	2,149	2,242	2,149	2,242
Financial assets	-	-	-	-	-	-	-	-	-	-	1,286	4,018	1,286	4,018
Term deposit	1%	1%	-	-	78	52	-	-	-	-	-	-	78	52
Total financial assets			9,494	28,761	78	52	-	-	-	-	3,435	6,260	13,007	35,073
Financial liabilities:														
Trade & other payables	-	-	-	-	-	-	-	-	-	-	40,778	22,713	40,778	22,713
Borrowings	15%	14%	-	-	-	-	179,612	145,887	-	-	-	-	179,612	145,887
Total financial liabilities			-	-	-	-	179,612	145,887	-	-	40,778	22,713	220,390	168,600



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. FINANCIAL RISK MANAGEMENT (continued)

	2019 \$'000	2018 \$'000
Trade and other payables are expected to be paid as follows:		
Less than 6 months (note 16)	36,523	22,713
More than 6 months (note 16)	4,255	-
	<u>40,778</u>	<u>22,713</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:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b) 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
- c) 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 2019 and 30 June 2018.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2019				
Assets				
Listed investments	1,286	-	-	1,286
Total assets	<u>1,286</u>	<u>-</u>	<u>-</u>	<u>1,286</u>
2018				
Assets				
Listed investments	4,018	-	-	4,018
Total assets	<u>4,018</u>	<u>-</u>	<u>-</u>	<u>4,018</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 2019

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 year ending 30 June 2019.

	2019 \$'000	2018 \$'000
Revenue	-	-
Expenses	(142)	(104)
Loss before income tax	(142)	(104)
Loss after income tax of discontinued operation	(142)	(104)
Loss from discontinued operations after income tax	(142)	(104)
Net cash Inflow/(outflow) from financing activities	2	(21)
Net increase/(decrease) in cash generated by the division	2	(21)

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

The carrying amounts of assets and liabilities as at 30 June 2019 were:

Cash	19
Other receivables *	2,899
Property, plant and equipment	5
Exploration at cost	6,980
Total assets of disposal group held for sale	9,903
Other payables	206
Borrowings ^	1,699
Total liabilities of disposal group held for sale	1,905

^ 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 2019

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 lithium mining segment was previously under construction and since commercial production was achieved in March 2019, has derived its revenue from the sale of spodumene concentrate 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.

	Lithium mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
2019					
Revenue					
External sales	37,802	1,597	-	-	39,399
Other income	2	115	55	-	172
Other segments	-	1,333	-	(1,333)	-
Total segment revenue	37,804	3,045	55	(1,333)	39,571
Unallocated revenue					-
Total consolidated revenue					39,571
Segment result	6,290	(1,018)	(6,919)	-	(1,647)
Other segments					-
Unallocated expenses net of unallocated revenue					-
Profit / (loss) before income tax and finance costs					(1,647)
Finance costs					(24,637)
Income tax revenue/(expense)					(287)
Profit / (loss) after income tax					(26,571)
Profit / (loss) from discontinued operations					(142)
Net profit / (loss) for the year					(26,713)
Assets and liabilities					
Segment assets	321,925	1,253	3,722	-	326,900
Unallocated assets					9,903
Total assets					336,803
Segment liabilities	232,331	1,002	719	-	234,052
Unallocated liabilities					1,906
Total liabilities					235,958
Other segment information					
Capital expenditure	66,535	76	10	-	66,621
Exploration expenditure	1,670	-	-	-	1,670
Depreciation and amortisation	3,883	128	190	-	4,201



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (continued)

	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)	1,675
Unallocated revenue					-
Total consolidated revenue					1,675
Segment result	-	(524)	(6,231)	-	(6,755)
Other segments					-
Unallocated expenses net of unallocated revenue					-
Profit / (loss) before income tax and finance costs					(6,755)
Finance costs					(6,366)
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

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

4. SEGMENT INFORMATION (continued)

Geographical segments

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

2019	Australia \$'000	Indonesia \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Revenue					
External sales	37,802	1,597	-	-	39,399
Other income	57	115	-	-	172
Other segments	-	1,333	-	(1,333)	-
Total segment revenue	37,859	3,045	-	(1,333)	39,571
Unallocated revenue					-
Total revenue					39,571
Segment assets	325,509	1,258	133	-	326,900
Unallocated assets					9,903
Total assets					336,803
Segment liabilities	232,862	1,002	188	-	234,052
Unallocated liabilities					1,906
Total liabilities					235,958
Capital expenditure	66,621	-	-	-	66,621
Exploration expenditure	1,527	143	-	-	1,670
Depreciation and amortisation	4,070	131	-	-	4,201
2018					
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

The Group has a number of customers to whom it provides spodumene product and exploration services. The mining group supplies two external customers in this segment who account for 52% (US\$13,800,000) and 30% (US\$7,850,000) of mining group's external revenue (2018: Nil). The exploration services group supplies two external customers in this segment who account for 61% (US\$348,000) and 12% (US\$68,000) of external revenue (2018: 46%).



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
5. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES		
(a) Revenue		
Revenue from sales of product	37,802	-
Revenue from mining services	792	772
Revenue from royalties	805	393
Total sales revenues from ordinary activities	<u>39,399</u>	<u>1,165</u>
(b) Other revenues		
Interest received	55	447
Profit on sale of assets	115	48
Other revenue	2	15
Total other revenues from ordinary activities	<u>172</u>	<u>510</u>
(c) Cost of sales		
Mining and processing costs	29,849	-
Royalty expenses	6,103	-
Depreciation and amortisation	4,013	99
Product inventory movement	(8,850)	-
Mining services drilling costs	846	673
Total cost of sales	<u>31,961</u>	<u>772</u>
(d) Other expenses		
Depreciation of plant & equipment	188	188
Total other expenses from ordinary activities	<u>188</u>	<u>188</u>
(e) Net foreign exchange loss		
The net foreign exchange loss is unrealised and relates to the revaluation of the US\$ funding facility and other US\$ denominated funds held by the Group.		
(f) Employee benefits expense		
Employee share scheme expense	1,217	1,796
Bonus paid by way of issue of shares to directors and staff	125	34
Other employee benefits expense	4,383	1,860
Total employee benefits expense	<u>5,725</u>	<u>3,690</u>

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

6. EARNINGS / (LOSS) PER SHARE

	2019 cents per share	2018 cents per share
(a) Basic earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(1.39)	(0.73)
From discontinued operations	(0.01)	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.40)	(0.74)
(b) Diluted earnings / (loss) per share		
From continuing operations, attributable to the ordinary equity holders of the Company	(1.39)	(0.73)
From discontinued operations	(0.01)	(0.01)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.40)	(0.74)
(c) Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share.	2019 number	2018 number
	1,912,252,661	1,743,518,956
(d) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:	2019 \$'000	2018 \$'000
Net profit / (loss)	(26,566)	(12,803)
Less - profit / (loss) from discontinued operations	(99)	(77)
Earnings used in the calculation of basic EPS	(26,665)	(12,880)

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
7. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
<i>Current Tax</i>		
Current year	-	-
Adjustments in respect of prior periods	287	(408)
<i>Deferred Tax</i>		
Current year deferred tax	-	-
Total income tax expense / (benefit) per income statement	<u>287</u>	<u>(408)</u>
(b) Income tax expense / (benefit) is attributable to:		
Profit / (loss) from continuing operations	287	(408)
Profit / (loss) from discontinued operations	-	-
	<u>287</u>	<u>(408)</u>
(c) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(26,284)	(13,121)
Profit / (loss) from discontinued operations	(142)	(104)
Profit / (loss) before tax	<u>(26,426)</u>	<u>(13,225)</u>
Income tax calculated at the Australian rate of 30% (2018 - 27.5%)	(7,928)	(3,637)
Increase in income tax due to:		
Non-deductible expenses	1,327	413
Share compensation costs	403	503
Effect of current year tax losses not recognised	6,199	2,721
Under / (over) provision in prior year	286	(408)
Income tax expense / (benefit)	<u>287</u>	<u>(408)</u>
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 30% (2018 - 27.5%)	<u>20,442</u>	<u>12,016</u>

(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.

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	9,494	28,761
9. TRADE AND OTHER RECEIVABLES		
Current		
Trade and other receivables	3,195	3,323
Provision for doubtful debts	(1,046)	(1,081)
	2,149	2,242

	0-30 days \$000	31-60 days \$000	61-90 days \$000	90+ days \$000	Total \$000
2019 Consolidated	1,847	104	-	198	2,149
2018 Consolidated	1,732	61	54	395	2,242

As at 30 June 2019, \$302,000 (2018 \$510,000) trade receivables were past due.

	2019 \$'000	2018 \$'000
10. INVENTORIES		
Consumables stores – at cost	5,746	1
Product and processing stock – at cost	14,974	-
	20,720	1

Movement in product and processing stock inventory of \$8.85m as a result of production activity following the declaration of commercial production from March 2019 has been allocated against mining and processing costs in the determination of cost of sales. Additional costs have been allocated to inventory from mine development costs on the determination of commercial production.

	2019 \$'000	2018 \$'000
11. HELD TO MATURITY INVESTMENTS		
Term deposits	78	52
	78	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% (2018: 1.0%). 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.

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
12. OTHER CURRENT ASSETS		
Financial assets (security deposits)	58	118
Prepayments	1,097	266
	<u>1,155</u>	<u>384</u>
13. FINANCIAL ASSETS		
Listed investments at fair value		
Carried forward from previous year	4,018	824
Changes in fair value	(2,732)	3,194
Total listed investments at fair value	<u>1,286</u>	<u>4,018</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, EQUIPMENT AND MINE PROPERTIES

	Property plant and equipment \$'000	Mine properties in production \$'000	Mine properties in development \$'000	Total \$'000
2019				
Gross carrying amount				
Balance at 30 June 2018	9,472	-	221,562	231,034
Additions	455	6,293	55,804	62,552
Increase/(decrease) in provision for rehabilitation #	-	8,076	-	8,076
Transfers	1,393	275,973	(277,366)	-
Exchange difference	290	-	-	290
Disposals	(1,490)	-	-	(1,490)
Balance at 30 June 2019	<u>10,120</u>	<u>286,424</u>	<u>-</u>	<u>300,462</u>
Accumulated depreciation				
Balance at 30 June 2018	8,778	-	-	8,778
Depreciation expense	307	3,906	-	4,213
Exchange difference	280	-	-	280
Disposals	(1,489)	-	-	(1,489)
Balance at 30 June 2019	<u>7,876</u>	<u>3,906</u>	<u>-</u>	<u>11,782</u>
Net book value as at 30 June 2019	<u>2,244</u>	<u>286,436</u>	<u>-</u>	<u>288,680</u>

An increase or decrease is created to mine development asset from any movement in provision for rehabilitation costs to the extent that the movement in provision relates to future production activities

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

14. PROPERTY, PLANT, EQUIPMENT AND MINE PROPERTIES (continued)

	Property plant and equipment \$'000	Mine properties in production \$'000	Mine properties in development \$'000	Total \$'000
2018				
Gross carrying amount				
Balance at 30 June 2017	9,228	-	59,353	68,581
Additions	134	-	162,209	162,343
Exchange difference	200	-	-	200
Disposals	(90)	-	-	(90)
Balance at 30 June 2018	9,472	-	221,562	231,034
Accumulated depreciation				
Balance at 30 June 2017	8,378	-	-	8,378
Depreciation expense	287	-	-	287
Exchange difference	203	-	-	203
Disposals	(90)	-	-	(90)
Balance at 30 June 2018	8,778	-	-	8,778
Net book value as at 30 June 2018	694	-	221,562	222,256

15. EXPLORATION AND EVALUATION

Exploration and evaluation expenditure at cost:

	2019 \$'000	2018 \$'000
Carried forward from previous year	1,595	1,226
Transfer to mine development costs	-	(932)
Incurred during the year	2,218	1,662
Transferred to assets classified as held for sale	(548)	(361)
	3,265	1,595
Written off during the year	-	-
Total exploration and evaluation expenditure	3,265	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.

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
16. TRADE AND OTHER PAYABLES		
Trade payables and accruals	18,920	22,713
Accrued interest on loan note facility	12,248	-
Prepaid revenue #	9,610	-
	<u>40,778</u>	<u>22,713</u>

In November 2018, Jiangxi Ganfeng Lithium Co. Ltd provided a prepayment of US\$11 million for the future supply of spodumene concentrate. The repayment is made as shipments are completed by returning 30% of the proceeds received. The prepayment is forecast to be completed during the third quarter of FY 2020.

17. BORROWINGS

Current borrowings

Loan note facility	179,100	-
Other	512	-
Total current borrowings	<u>179,612</u>	<u>145,887</u>

Non-current borrowings

Loan note facility	-	145,887
Total non-current borrowings	<u>-</u>	<u>145,887</u>

Total borrowings	<u>179,612</u>	<u>145,887</u>
-------------------------	----------------	----------------

Reconciliation borrowings - loan note facility

Opening balance	145,887	-
Loan notes issued [^]	21,661	141,075
Interest capitalised	2,141	17,706
Exchange rate differences	10,036	11,088
Amortisation of transaction costs	7,031	-
Transaction costs incurred	(7,656)	(23,982)
Total borrowings – loan note facility	<u>179,100</u>	<u>145,887</u>

[^] On 27 July 2017, loan notes were issued to lenders Magy LLC, Pala Investments Limited and CarVal Investors LLC (the facility). On 10 September 2018 the facility was extended providing additional funding under the same terms and conditions as the original facility. The loan notes are available for trade and the current loan note holders are Magy LLC, CarVal Investors LLC, Nomura Corporate Funding Americas, LLC and Clearwater Capital Partners Fund V, L.P.

The interest rate was 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 payments other than interest are due until the loan termination date. The loan is secured over all 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 until 6 February 2019. Accrued interest of \$19.8 million has been capitalised to the end of the year.

Transaction costs capitalised are amortised over the remaining life of the financial instrument. As part of the transfer of costs from mine development at cost to mine properties – production on achievement of commercial production, \$5.1m was transferred to the loan note facility as transaction costs. These transaction costs were initially recorded to mine development but instead relate to transaction costs incurred on recognition of the loan note facility. There was no impact to profit or loss.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

17. BORROWINGS (continued)

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 each quarter during the year. As at 30 June 2019 the Group did not hold an unconditional right to defer settlement of the loan, and the loan was therefore required to be reclassified as currents on this basis. Subsequent to the year end, the Group received a full written waiver of the financial breach from the lenders.

	2019 \$'000	2018 \$'000
18. SHORT TERM PROVISIONS		
Employee benefits	1,669	1,158
	<u>1,669</u>	<u>1,158</u>
Movements in provisions		
Short term employee benefits		
Opening balance	1,158	842
Provision increase / (decrease)	1,247	563
Expense incurred	(736)	(247)
Balance at year end	<u>1,669</u>	<u>1,158</u>

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:		
Current	1,669	1,158
Total	<u>1,669</u>	<u>1,158</u>

19. CURRENT TAXATION & DEFERRED TAX LIABILITIES & ASSETS

(a) Liabilities		
<u>Current</u>		
Income tax paid / payable	-	-
<u>Non-Current</u>		
Deferred tax liability comprises:		
Tax allowances relating to exploration	949	4,918
Property, plant & equipment	28,563	6,961
Other	59	9
	<u>29,571</u>	<u>11,888</u>
(b) Assets		
<u>Non-Current</u>		
Deferred assets comprise:		
Provisions	4,083	1,399
Revenue losses	42,486	22,204
Revenue losses not recognised	(20,442)	(11,014)
Unrealised foreign exchange loss	2,651	124
Other	793	(825)
	<u>29,571</u>	<u>11,888</u>

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
20. REHABILITATION PROVISION		
Non-current provision		
Rehabilitation and demobilisation	11,994	3,918
	<u>11,994</u>	<u>3,918</u>
Movements in provisions		
Rehabilitation and demobilisation		
Opening balance	3,918	3,918
Provision increase/(decrease)	8,076	-
Expense incurred	-	-
Balance at year end	<u>11,994</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 (d) and Note 1p (i) for accounting policies in relation to the rehabilitation provision.

21. CONTRIBUTED EQUITY

Issued capital

2,125,462,476 (2018: 1,819,866,474) ordinary shares issued and fully paid 233,955 192,893

	2019		2018	
	Number	\$'000	Number	\$'000
Fully paid ordinary shares				
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 #	-	-	150,000	34
Issue of shares on vesting of performance rights ##	8,000,000	2,944	3,800,000	356
Shares issued in lieu of loan note fees	-	-	74,644,513	11,521
Share placement / securities purchase plan ###	297,596,002	38,687	136,973,685	26,025
Exercise of Warrants and Unlisted Options	-	-	64,620,276	9,799
Share issue costs	-	(569)	-	(1,398)
Balance at the end of the financial year	<u>2,125,462,476</u>	<u>233,955</u>	<u>1,819,866,474</u>	<u>192,893</u>

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

Nil shares were issued to directors and other key management personnel in 2019 (30 June 2018: nil).

5,200,000 shares were issued to directors and other key management personnel in 2019 on the vesting of performance rights (30 June 2018: 2,600,000).

The Company conducted a share placement and securities purchase plan offering during February and March 2019 at an issue price of 13.0 cents per share. A total of 297.596 million shares were issued as follows:

- Placement of 69.528 million shares to institutional and sophisticated investors on 13 February 2019.
- Securities purchase plan issue of 107.594 million shares to existing eligible shareholders on 20 March 2019.
- Further placement of 120.474 million shares on 26 March 2019 to related parties (following shareholder approval).

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

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

21. CONTRIBUTED EQUITY (continued)

Option and performance rights reserve

Movements in option and performance rights reserve

	2019 \$'000	2018 \$'000
Opening balance	1,602	162
Share based payment expense following the issue of performance rights	1,217	1,796
Performance rights exercised and transferred to contributed equity	(2,819)	(356)
Balance at year end	-	1,602

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

Foreign currency translation reserve

Movements in foreign currency translation reserve

Opening balance	(1,588)	139
Foreign currency translation differences	(2,488)	(1,727)
Balance at year end	(4,076)	(1,588)

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

Fair value reserve

Movements in fair value reserve

Opening balance	3,488	294
Change in fair value of financial assets	(2,732)	3,194
Balance at year end	756	3,488

The change in fair value reserve records valuation differences arising on the market valuation of financial assets at fair value through other comprehensive income. Refer to note 13 for reconciliation of movements in the year.

Capital management

Capital consists of ordinary share capital, retained earnings, reserves and net debt. 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. Other than obtaining consent from existing loan note holders, 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.

Please refer to note 17 for further details of the loan facility.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

22. 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 rewards; 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.

There were no outstanding Performance Rights granted under the LTIP as at 30 June 2019.

b) Bonus shares

	2019 \$'000	2018 \$'000
During the year, the Company had the following share based payments expenses:		
Performance rights (Note 21)	1,217	1,796
Bonus shares	125	34
	1,342	1,830

23. 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 (resigned 18 April 2019)

Key Management Personnel

Phil Robinson	Chief Operating Officer (appointed in February 2019, resigned August 2019)
Chris Evans	Chief Operating Officer (resigned in February 2019)
Noel Young	Group Financial Controller
Damon Cox	Company Secretary

b) **Key management personnel remuneration**

Short-term employee benefits	2,109,242	1,904,082
Long-term employee benefits	-	-
Post-employment benefits	124,217	106,523
Termination benefits	62,716	-
Share based payments	622,750	952,841
	2,918,925	2,963,446



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

23. 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.

2019	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting 30 Nov 2019
J Brown	2,000,000	-	2,000,000	-	-
P Mantell	1,000,000	-	1,000,000	-	-
A Buckler	-	-	-	-	-
D O'Neill	-	-	-	-	-
B Kuan	-	-	-	-	-
Z Tong	-	-	-	-	-
C Evans #	1,000,000	-	1,000,000	-	-
P Robinson ^	800,000	-	800,000	-	-
N Young	200,000	-	200,000	-	-
D Cox	200,000	-	200,000	-	-

C Evans resigned as Chief Operating Officer effective from February 2019

^ P Robinson appointed Chief Operating Officer effective February 2019

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

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 this note.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

23. 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	Placement & Share Purchase Plan	Balance at the end of the year
2019					
J Brown	28,518,301	(1,200,000)	2,000,000	770,000	30,088,301
P Mantell	33,503,084	-	1,000,000	770,000	35,273,084
A Buckler	194,839,756	-	-	116,933,615	311,773,371
D O'Neill	13,633,336	-	-	-	13,633,336
B Kuan	21,000,000	-	-	2,000,000	23,000,000
Z Tong	-	-	-	-	-
C Evans #	1,000,000	(1,500,000)	1,000,000	-	500,000
P Robinson ^	200,000	-	800,000	-	1,000,000
N Young	17,574,411	-	200,000	867,390	18,641,801
D Cox	1,675,000	-	200,000	-	1,875,000
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
C Evans	1,400,000	(800,000)	400,000	-	1,000,000
N Young	17,174,411	-	200,000	-	17,574,411
D Cox	1,475,000	-	200,000	-	1,675,000

C Evans resigned as Chief Operating Officer effective from January 2019

^ P Robinson appointed Chief Operating Officer effective from February 2019

24. INVESTMENTS IN OTHER ENTITIES

a) Joint operations

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



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

25. 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	
		2019 %	2018 %
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	
			2019 %	2018 %	2019 %	2018 %
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 2019

25. 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
2019				
Summarised statement of financial position				
Current assets	557	180	1,063	1,061
Non-current assets	341	1,685	915	1,792
Total assets	898	1,865	1,978	2,853
Current liabilities	270	-	1	5
Non-current liabilities	(25)	1,262	876	1,720
Total liabilities	245	1,262	877	1,725
Net assets	653	603	1,101	1,128
Summarised statement of profit or loss and other comprehensive income				
Revenue	793	-	-	-
Expenses	802	-	3	5
Profit / (loss) before income tax expense	(9)	-	(3)	(5)
Income tax expense / (benefit)	-	-	-	-
Profit / (loss) after income tax expense	(9)	-	(3)	(5)
Other comprehensive income	34	(6)	(17)	(15)
Total comprehensive income	25	(6)	(20)	(20)
Statement of cash flows				
Net cash from operating activities	89	1	-	-
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	89	1	-	-
Other financial information				
Profit attributable to non-controlling interests	12	(2)	(9)	(9)
Accumulated non-controlling interest at the end of reporting period	297	(3)	11	23

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

25. INTERESTS IN SUBSIDIARIES (continued)

	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

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

26. 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.

Transactions other related parties

During the year, Mr Allan Buckler a director of the Group provided an unsecured loan via his controlled entity Katsura Holdings Pte Ltd. The facility provided was for \$15 million at an interest rate of 10% per annum. The loan facility converted into Securities to the nominee of Katsura at the rate of two (2) Shares and one (1) Option for every A\$0.26 loaned by Katsura (these being the same terms as under the Placement) on the basis that the amount lent to the Company would have otherwise been utilised by Katsura to subscribe for Shares and Options in the Placement itself.

The facility was provided on 5 February 2019 and was converted to shares on 26 March 2019 after shareholder approval.

Details of the conversion of the loan facility was as follows:

- o Loan amount \$15,000,000
- o Interest at 10% pa \$201,370
- o Total amount \$15,201,370
- o 13 cents per share and 1 option for every 2 shares subscribed
- o Securities issued
 - Shares 116,933,615
 - Options 58,466,808

27. 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:

	2019 \$'000	2018 \$'000
Cash at bank and on hand (Note 8)	9,494	28,761
Cash in assets classified as held for sale	19	18
Cash per statement of cash flows	9,513	28,779

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	9,513	28,779
Short-term deposits	-	-
Cash at bank and on hand	9,513	28,779

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$'000	2018 \$'000
27. NOTES TO STATEMENT OF CASH FLOWS (continued)		
b) Reconciliation of operating profit / (loss) after income tax to net cash used in operating activities		
Operating loss after income tax	(26,713)	(12,817)
	2019	2018
Adjustments for non-cash income and expense items:	\$'000	\$'000
Option and share pricing	1,217	1,796
Bonus paid by way of issue of shares to directors and staff	125	34
Loan facility fees	7,605	-
Depreciation of property, plant and equipment	4,201	287
Interest expensed	10,566	-
Foreign currency exchange rate movement	8,620	2,815
(Increase) / decrease in current tax prepaid	-	127
Changes in assets and liabilities:		
(Increase) / decrease in receivables	93	1,094
(Decrease) / increase in other creditors and accruals	18,065	948
Increase in inventories	(9,935)	-
(Increase) / decrease in deposits and prepayments	(771)	(51)
Increase / (decrease) in current provisions	511	316
Net cash used in operating activities	13,584	(5,451)
c) Net debt reconciliation		
Net debt		
Cash and cash equivalents	9,513	28,779
Borrowings – repayable within one year	(512)	-
Borrowings – repayable after one year	(179,100)	(145,887)
Net debt	(170,099)	(117,108)
Cash and liquid investments	9,513	28,779
Gross debt - fixed interest rate	(179,612)	(145,887)
Gross debt - variable interest rate	-	-
Net debt	(170,099)	(117,108)

	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as at 30 June 2018	28,779	-	(145,887)	(117,108)
Cash flows	(19,351)	(512)	(19,520)	(39,383)
Foreign exchange adjustments	85	-	(10,036)	(9,951)
Other non-cash movements	-	-	(3,657)	(3,657)
Net debt as at 30 June 2019	9,513	(512)	(179,100)	(170,099)

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 2019

	2019 \$'000 Parent	2018 \$'000 Parent
28. 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	1,960	14,999
Total assets	141,950	113,063
Current liabilities	523	447
Total liabilities	523	447
Net assets	141,427	112,616
<i>Equity</i>		
Contributed equity	233,955	192,893
Reserves	-	1,602
Retained profits / (accumulated losses)	(92,528)	(81,879)
Total shareholder equity	141,427	112,616
Loss for the year	(10,649)	(35,597)
Total comprehensive loss for the year	(10,649)	(35,597)
(b) Contingent liabilities		
Contingent liabilities are disclosed in Note 31.		
(c) Contractual commitments		
No later than one year	55	93
Later than one year and not later than five years	3	58
Later than five years	-	-
	58	151
	2019	2018
	\$'000	\$'000
29. AUDITORS' REMUNERATION		
Amount paid or payable for the audit or review of the financial report	122	121
	122	121

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Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

30. SUBSEQUENT EVENTS

Subscription and Cooperation Agreement

On 23 July 2019 Altura announced that it had signed a subscription and cooperation agreement with Shanshan Forever International Co., Limited. The agreement raised A\$22.4 million in proceeds, which were received on 7 August 2019. Under the terms of the agreement Shanshan is entitled to appoint a director to the Altura board, provided that their relevant interest in Altura shares does not fall below 12.5 per cent for more than 30 consecutive days.

New Offtake Agreements

On 9 July 2019 Altura announced that it had entered into a new offtake agreement with Shandong Ruifu Lithium Industry Co., Ltd for 35,000 tonnes per annum (tpa). At the same time Altura advised that it had reached agreement with Shaanxi J&R Optimum Energy Co., Ltd for the termination of the remaining 50,000 tpa under that offtake agreement.

On 1 August 2019 Altura announced that it had entered into a new offtake agreement with Guangdong Weihua Corporation for 50,000 tpa. At the same time Altura advised that it had reached agreement with Lionergy Limited to reduce its tonnage from 100,000 tpa to 65,000 tpa.

Loan Note Facility

The Group breached the financial covenant on the loan note facility (Note 17) for each quarter during the year, the respective covenant is based on an annual net debt to EBITDA ratio, the calculation of this ratio is based on the current operating quarter results added to the previous 3 operating quarters in order to deliver an annual result. 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.

As at 30 June 2019 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 financial breach from the lenders.

31. CONTINGENT LIABILITIES

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

	2019 \$'000	2018 \$'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.	78	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.



Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2019

32. 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 \$425,000 (2018: \$388,600). 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 2019.

	2019 \$'000	2018 \$'000
Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements		
Property, plant and equipment	978	-
Mine development at cost	-	5,577
	978	5,577

c) Operating leases

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

The commitment in respect of these leases is:

No later than one year	853	254
Later than one year and not later than five years	2,571	58
Later than five years	-	-
	3,424	312



Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 17 to 65 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 2019 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 black ink, appearing to read 'James Brown', written over a horizontal line.

James Brown
Director

Brisbane, 30 September 2019

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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 2019, 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 2019 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 of the financial report which indicates that the consolidated entity incurred a loss after tax of \$26.7m (2018: loss of \$12.8m) and a negative current asset deficiency of \$180.3m (2018: surplus of \$15.3m). At year-end the consolidated entity had \$9.5m (2018: \$28.8m) of cash available while needing to refinance a loan note facility of \$179.1 million by August 2020. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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.

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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. Altura Lithium Project Mine Assets – Recognition and Measurement

Why significant

As at 30 June 2019 mine assets relating to the Altura Lithium Project of \$277.4 million have been capitalised and subsequently transferred to a depreciating asset from the date of commercial production as disclosed in Note 14. The consolidated entity's accounting policy in respect of the Altura Lithium Project Mine Assets is detailed in Note 1.

The Altura Lithium Project Mine Assets – recognition and measurement is a key audit matter due to:

- the significance of the balance (being 85% of total assets); and
- the level of judgement applied in determining the treatment of mine development expenditure in accordance with AASB 116 *Property, Plant and Equipment*.

In particular, judgement exists around:

- whether the conditions for capitalisation are satisfied;
- whether commercial production was achieved;
- whether depreciation rates applied are appropriate;
- whether disclosure is appropriate; and
- whether facts and circumstances indicate that the mine 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 Altura Lithium Project Mine Assets.

How our audit addressed the key audit matter

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 project is operating as forecasted;
- 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 and ensuring costs capitalised during the year comply with the recognition and measurement criteria of AASB 116 for qualifying assets;
- obtaining evidence to confirm management's assessment that commercial production was achieved from 1 March 2019, including but not limited to the review of nameplate capacity, review of production reports, interviews with mine operations team and review of capital expenditure budgets;
- reviewing the transfer of mine development expenditure to a depreciating mine asset;
- obtaining supporting documentation including external reports to validate the LOM (Life of Mine) 26 year period over which the mine asset is depreciated;
- performing a physical inspection of the mine site, including mine site tour and observation of mine site assets capitalised. This inspection and observation was conducted by senior members of the engagement team;
- interviews with staff on mine, including the authorised mining licensee; and
- assessing whether any facts or circumstances existed to suggest impairment testing was required.

2. Borrowings – Loan Note Facility – Classification, Measurement and Disclosure

Why significant

As at 30 June 2019 the consolidated entity held a loan note facility of \$179.1 million as described in Note 17. The consolidated entity's accounting policy in respect of the loan note facility is detailed in Note 1.

Borrowings - Loan Note Facility – Classification, Measurement and Disclosure is a key audit matter due to:

- the significance of the balance (being 75.9% of total liabilities); and
- the level of complexity and judgement applied in determining the correct treatment in accordance with AASB 132 *Financial Instruments: Presentation*, AASB 9 *Financial Instruments* and AASB 123 *Borrowing Costs*.

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;
- whether the impact of debt covenant breaches on the loan classification has been appropriately disclosed; and
- management's plan and the consolidated entity's capacity concerning the repayment of the borrowing facility.

How our audit addressed the key audit matter

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;
- reviewing the debt covenant breaches incurred during the year with reference to the loan agreement, to ensure the impact on loan note classification and related disclosure is appropriate; and
- reviewing management's forecasted plans for repayment and assessment of the consolidated entity's ability to repay the facility by the maturity date.

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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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 2019. 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.

Opinion

In our opinion, the Remuneration Report of Altura Mining Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.



PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

30 SEPTEMBER 2019
BRISBANE, AUSTRALIA

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