



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Alliance Mineral Assets Limited

Security: Alliance Mineral Assets Limited

Meeting details:

Date: 31 October 2018

Time: 2.00 p.m.

Venue: The SAF Warrant Officers and Specialist Club Carnation Room 1 and 2 Level 3, 48 Boon Lay Way Singapore 609961

Company Description

Alliance Mineral Assets Limited engages in exploring and developing tantalum and lithium mineral resources in Australia. It owns 100% interest in the Bald Hill project comprising 12 exploration licenses, 1 general purpose license, 10 miscellaneous licenses, 6 mining leases, 8 prospecting licenses, and 1 retention license located to the southeast of Kalgoorlie in the Eastern Goldfields of Western Australia. The company was formerly known as HRM Resources Australia Limited and changed its name to Alliance Mineral Assets Limited in March 2014. Alliance Mineral Assets Limited was incorporated in 2010 and is headquartered in Osborne Park, Australia.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=40F)

1. The proposed acquisition by Alliance of all the issued and paid up share capital of Tawana through the implementation of the proposed scheme was approved by shareholders on 21 September 2018. The scheme is expected to be implemented in November 2018.

Prior to the EGM, on 19 September 2018, it was announced that that the group will not seek admission to the Australian Securities Exchange (ASX) in connection with the proposed scheme at this time and will remain listed only on the SGX.

- (i) Can the board/management explain in greater detail the reason(s) for not seeking admission to the ASX in connection with the proposed scheme? What are the main financial and/or regulatory hurdles?**
- (ii) How critical is the listing on the ASX for the merged entity? Would management elaborate further on the benefits of a dual listing (compared to the costs that will be incurred and will have to be incurred to meet the ASX listing obligations)?**
- (iii) What are the remaining steps required to be taken to complete the acquisition and for the merged entity to trade on the SGX?**

2. Can management provide shareholders with better clarity on the operations in the mine? Specifically:

- (i) Production start date: What is the actual date of commencement of production at the Bald Hill Project?** The production start date is a key audit matter in the independent auditor's report as the determination of this date is subjective. Once the mine commences production, capitalisation of development costs ceases, depreciation of the mine development assets commences and the group ceases to capitalise proceeds received from the sale of product produced during the development phase.
- (ii) Mining operation:** The group is running the Dense Media Separation (DMS) at a rate higher than the designed capacity of 160 tonnes per hour (tph). As mentioned in the annual report, the average throughput rose to 211 tph in July and August 2018 (page 16). **Is management also monitoring the actual throughput, operating hours and the net utilisation rate achieved? Would management be tracking these and updating shareholders on a regular basis? Can management help shareholders understand if running the DMS at a higher rate will shorten the useful life of the DMS? Given that the DMS is a key infrastructure in the mining operation, is the group keeping up with the maintenance programme?**
- (iii) Fines circuit:** Following a metallurgical and engineering review, management has decided to add a fines circuit to increase throughput from the existing DMS plant. **Can management elaborate further on the cost of a fines circuit? How much time is needed to add the fines circuit to the current DMS? How will**

the production of the DMS be affected during the integration/modification period?

- (iv) Strip ratio:** As mentioned in the Operations review, the strip ratio achieved was 10.9:1. The company has disclosed that the strip ratio will increase to the range of 17-20:1. **Can management discuss in greater detail the impact on the production costs? How long will the pre-strip phase last?**
- (v) Production level:** As disclosed in the annual report, management has set a target of 60,000 to 75,000 tonnes of spodumene (Lithium) concentrate for the 6 months between July and December 2018. **How confident is management in achieving the target of 60,000 to 75,000 tonnes? What would be the main risk factors that might disrupt the mining operations and lead to a shortfall? What is the target for tantalum?**
- (vi) Exploration:** In the Operations review, it was stated that there would be an increase in exploration activity over the next 12 months. **Can management discuss the exploration strategy in greater detail? What is the expected exploration and evaluation expenditure?**

3. On 3 October 2018, the company announced that the independent auditor, had without modifying their opinion, included in the Independent Auditor's Report an emphasis of matter in respect of the company's ability to continue as a going concern on the audited financial statements of the company for the financial year ended 30 June 2018.

As disclosed in Note 2(c) (page 68 – Going concern), during the early stages of the Bald Hill Project and similar to other companies whose performance is dependent upon newly-constructed assets and start-up operations, the group will be exposed to normal risks and uncertainties, such as:

- the Bald Hill Project failing to perform as expected;
- having higher than expected operating costs;
- having lower than expected customer revenues;
- key additional infrastructure not coming on stream when required or within budget; and
- potential equipment breakdown, failures, and operational errors.

- (i) Would the board, especially the independent directors in the audit committee, help shareholders quantify the key risks listed above?**
- (ii) Could the board also explain the measures it has taken to monitor and/or to mitigate these key risks?**
- (iii) In addition, can the board update shareholders on the capital expenditure plans, the cash flow budget and the fund raising efforts?** In Note 2(c), the directors have stated that they recognise that additional funds via equity raisings or financing facilities may be needed to fund ongoing operating and capital expenditure. **What safeguards have been put in place to ensure that**



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

shareholders are not unduly diluted if the company has to source additional funds via equity raising?

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Alliance%20Minerals%20Assets%20Ltd>

The company's response could be found here: -----

