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ANNUAL REPORT 2016



CORPORATE DIRECTORY

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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

COMPANY SECRETARIES

Noel Young
Damon Cox

REGISTERED OFFICE

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AUSTRALIAN SECURITIES EXCHANGE

Code: AJM

AUDITORS

PKF Hacketts Audit
Level 6
10 Eagle Street
Brisbane QLD 4000

SHARE REGISTRY

Link Market Services Limited
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152 St George's Terrace
Perth WA 6000

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PILGANGOORA LITHIUM: RAPIDLY DEVELOPING TOWARDS PRODUCTION

Dear Shareholder,

I am pleased to report that over the past year the Pilgangoora Lithium project has rapidly developed towards production.

Since our last annual report Altura has recruited a project team under the guidance of Mr Chris Evans, General Manager Operations, to coordinate the required feasibility studies, undertake the mine planning and advance the various mining approvals for the project.

The development of the Pilgangoora Lithium project has now accelerated to the point where subject to finance and expected government approval of the Mining Proposal, construction of the mine can commence early in 2017.

With an 11 month construction period, the first production from the mine is planned to occur from Q4 2017 which will place Altura in an elite group of near term lithium supply companies.

The journey from a "large hard rock lithium deposit" to "Australia's likely next producing lithium mine" over the past 12 months has been remarkable, and would not have been possible without the dedicated efforts of the Pilgangoora Lithium project team located on site and in the Perth office backed by the ongoing support of our shareholders.

The key milestones that have underpinned the rapid development of the project include:

2016 YEAR IN REVIEW

- Definitive Feasibility Study (DFS) released in September 2016
- Feasibility Study (FS) announced in April 2016
- Mining Proposal lodged in September 2016
- Maiden and revised Ore Reserve estimates
- Upgraded Mineral Resource estimates
- Binding offtake agreement and share placement with Chinese lithium company, Lionergy Limited
- Completion of access agreements with landowners
- Metallurgical testwork for the design of the minesite plant
- Issue of mining tender and power plant tender documents

- Haul road design and agreement with local authority

During the year the Company also undertook a review of the long-term viability of the Indonesian coal assets which comprise the Delta Coal mine and Tabalong Coal Project, and has taken the decision to divest the assets as soon as practicable.

At the conclusion of this coal restructuring process, Altura will become a pure lithium play company.

I also take this opportunity to acknowledge the valuable support of our shareholders, particularly those who have participated in recent capital raisings.

This ongoing support has enabled the Company to quickly

progress the Pilgangoora Lithium project through the feasibility studies and mine planning processes to bring the project to where it is today.

Your board will continue to ensure that the Company remains focussed on accelerating the development of the Pilgangoora Lithium Project towards production in the earliest possible timeframe.

Sincerely,



James Brown
Managing Director

2016 HIGHLIGHTS

\$20m

successful
capital raising
conducted

FS

Pilgangoora Lithium Project
Feasibility Study completed
and released 11 April 2016

DFS

Pilgangoora Lithium Project
Definitive Feasibility Study
released 26 September 2016

**PROGRESS
TOWARDS
PILGANGOORA
LITHIUM MINE
DEVELOPMENT**

Binding Offtake Agreement
signed with China based
group Lionergy Limited
for 100,000 tonnes of 6%
Li₂O grade spodumene
concentrate annually for an
initial 5 year period

Access and Compensation
Deed signed with the
pastoral lease holders
who occupy the land over
which Altura's Pilgangoora
tenements are located

Non-binding Memorandum
of Understanding (MOU)
with China based lithium
battery and electronic vehicle
producing group, Optimum
Nano Battery Co. Limited

Native title Agreement with
the Njamal people, the
traditional owners of the land
(early July 2016)

PILGANGOORA LITHIUM DFS KEY OUTCOMES (released in September 2016)

219k

Annual spodumene concentrate production in tonnes over 13 year mine life

\$411m

Project net present value pre-tax

\$316

Life of mine cash cost per tonne of spodumene concentrate (AUD)

\$140m

Capital estimate, including sustaining capital

2.9:1

Life of mine strip ratio

1.8

Payback period (years)

Mining proposal prepared for submission to the (WA Department of Mines and Petroleum)

Power plant tender issued

Haul road design commenced

Mining tender documents issued to prospective contractor bidders

Agreement reached with the local authority to upgrade the haul road

In-house Project team significantly expanded including recruitment of a full time Processing Manager and a Mining Superintendent

PILGANGOORA

LITHIUM

During the year, Altura completed its Feasibility Study on the Pilgangoora Lithium Project, followed by announcement of the results of its Definitive Feasibility Study (DFS) in September 2016.

PROJECT OVERVIEW

The Pilgangoora Lithium Project is located in Western Australia's Pilbara region. The Project seeks to develop mining, processing, logistics and support infrastructure to mine and process an average 1.54 Mtpa of ore to produce approximately 219,000 tonnes of lithium spodumene concentrate per annum, commencing Q4 2017.

Pilgangoora will be extracted by open pit methods

enhanced by the shallow and thick mineralisation allowing spodumene ore to be mined from the commencement of mining.

The deposit has a low Life of Mine (LOM) strip ratio of 2.9:1, providing Altura with a very low operational mining cost.

PROJECT LOCATION

The Project is approximately 90 km south of Port Hedland (see Figure below) and road access to the site is via the Great Northern Highway and then Shire roads and station tracks.

The Pilgangoora mining lease tenements are M45/1230 and M45/1231 and cover a total area of 394 hectares.

DEFINITIVE FEASIBILITY STUDY

The outcomes of the Definitive Feasibility Study (DFS) released on 26 September 2016 have confirmed the Pilgangoora Lithium Project as a significant mining opportunity that will deliver substantial long-term value to shareholders.

The DFS has assessed strategic options for development, and determined an economic open pit mine operation, production schedule and site layout for the preferred option.

The key outcomes of the DFS are:

- Project net present value (NPV) of \$411 million over an initial 13 year mine life;



- An attractive capital estimate of A\$139.7 million including sustaining capital and a payback period of 1.8 years;
- Life of Mine (LOM) cash cost of A\$316 per tonne of spodumene concentrate;
- Average annual ore feed of 1.54 Mt and average annual production of 219,000 tonnes

of spodumene concentrate at 6% Li₂O;

- Ore Reserve estimate of 20.33 Mt @ 1.07% Li₂O (entirely in the Probable category) which underpins the initial 13 year mine plan; and
- Attractive LOM strip ratio of 2.9:1 (waste to ore) providing a very low operational mining cost.

The DFS capital and operating cost estimates, which carry an expected accuracy range of +/-10%, have been externally peer reviewed by integrated project service group Aquenta Consulting Pty Ltd.

For further information, please refer to the ASX Release on 26 September 2016.

DEFINITIVE FEASIBILITY STUDY

KEY RESULTS

Description	Units	Results
Average annual ore feed to plant (LOM) ¹	Mtpa	1.54
Total ore mined	Mt	20.33
Annual spodumene concentrate production (6% Li ₂ O)	tonnes	219,000
Life of Mine (LOM)	years	13.2
Total spodumene concentrate produced	Mt	2.89
LOM strip ratio	waste:ore	2.9:1
Spodumene concentrate average market price ²	US\$/wmt	538.80
Capital cost estimate ³	A\$M	139.7
Total revenue	A\$M	2,074
Project EBITDA ⁴	A\$M	1,064
Total cash cost FOB/tonne product ⁵	A\$	315.90
Net present value (NPV) ⁶	A\$M	411
Internal rate of return (IRR)	%	58.1
Discount rate	%	10
Project payback period	years	1.8
Exchange rate	AUD:USD	0.7500

1. Average annual ore feed based nominal 1.4 Mtpa capacity; process and mechanical design of the plant allows for 15% engineering contingency on the nominal throughput of 1.4 Mtpa, allowing capacity to be maintained at 1.45 Mtpa and to peak at 1.54 Mtpa.

2. Price based on FOB forecast equivalent.

3. Including sustaining capital and pre-development capital.

4. EBITDA is after allowing for Native Title and Royalties.

5. Total cash cost FOB/tonne product is defined as all cash costs to free on board, excluding royalties, interest, tax and depreciation.

6. Net Present Value (NPV) is pre-tax and on a real basis, at a 10% discount rate.

ORE RESERVE ESTIMATE

The Pilgangoora project has a current Ore Reserve estimate of 20.3 million tonnes at 1.06% Li₂O and 215,000 tonnes of contained Li₂O, which is classified entirely in the Probable category.

This revised estimate was prepared by Orelogy Consulting Pty Ltd, a Western Australian mine planning consulting firm.

It replaces the maiden ore reserve estimate announced in April 2016 in conjunction with the Feasibility Study, also prepared by Orelogy.

REVISED MINERAL RESOURCE ESTIMATE

The Pilgangoora Lithium Project presently has a revised Mineral Resource estimate of 39.2 million tonnes at 1.02% Li₂O and 400,000 tonnes of contained Li₂O.

This latest estimate is an increase of 10% over the previous estimate released in February 2016.

Altura is currently undertaking additional drilling on its Pilgangoora tenements, and further increases to both the mineral resource and ore reserve estimates can be expected.

For further information on both the reserve and resource estimates please refer to the ASX announcement on 22 September 2016.

ORE RESERVE ESTIMATE - SEPTEMBER 2016

JORC category	Cut-off Li ₂ O %	Ore (million tonnes)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Contained Li ₂ O (tonnes)
Proven	0.4%	-	-	-	-
Probable	0.4%	20.3	1.06	1.96	215,000
Total	0.4%	20.3	1.06	1.96	215,000

MINERAL RESOURCE ESTIMATE - SEPTEMBER 2016

JORC category	Cut-off Li ₂ O %	Ore (million tonnes)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Contained Li ₂ O (tonnes)
Measured	0.4%	-	-	-	-
Indicated	0.4%	30.56	1.04	2.00	318,000
Inferred	0.4%	8.60	0.95	2.05	82,000
Total	0.4%	39.16	1.02	2.01	400,000

OFFTAKE AGREEMENTS

Altura has successfully negotiated the following agreements for product offtake:

- A binding offtake agreement with Lionergy for a minimum of 100,000 tpa of lithium spodumene concentrate for an initial five year period; and
- A non-binding memorandum of understanding with Optimum Nano also for a minimum 100,000 tpa of lithium spodumene concentrate.

Lionergy is a China based company specialising in the Lithium industry. Its business scope covers spodumene exploration and mine development, spodumene concentrate sales and distribution, lithium carbonate and lithium hydroxide manufacturing and sales, lithium metal manufacturing, and cathode materials manufacturing for Li-ion batteries.

The Optimum Nano Group is a leading Chinese battery maker that supplies electric battery solutions to the growing Chinese large electric vehicle market.

GOVERNMENT APPROVALS AND LANDHOLDER AGREEMENTS

In August 2016 Altura received advice that its two mining leases (M45/1230 and M45/1230) had been granted by the Department of Mines and Petroleum (DMP). This followed the successful completion of:

- The signing of an Access and Compensation Deed

with the pastoral lease holders in May 2016;

- The signing in July 2016 of a Native Title Agreement with the Njamal people, the traditional owners of the land; and
- The purchase and transfer of exploration licence E45/2363 from Atlas Operations Pty Ltd.

Altura has subsequently lodged the Mining Proposal for these two mining leases with the DMP for assessment and approval (under WA legislation a Mining Proposal cannot be submitted until the mining lease has been granted).

The Mining Proposal covers the proposed mining operations, processing and power plants, mine site infrastructure, environmental assessments, hydrogeology studies, and the mine rehabilitation plan.

It is anticipated that approval of the Mining Proposal will be obtained by the end of 2016, which will pave the way for construction to commence soon after.

MINING PROCESS AND MINE LAYOUT

Mining will be undertaken by conventional bulk mining methods, utilising hydraulic excavators, dump trucks, and drill and blast, coupled to a ROM stockpile.

Ore will be trucked directly from the blasted faces to the ROM stockpile and fed to the primary crusher using front-end loaders.

The Project has a relatively small footprint of some 400 hectares covered by two mining leases. The ore will be mined from a single pit located on the eastern side of the

mining lease and stockpiled on the ROM stockpile adjacent to the pit.

Process plant and site facilities are to be located immediately to the west of the pit, with the ex-pit waste rock dump and the tailings storage facility located in the centre and north-west of the tenement respectively.

STRATEGIC DEVELOPMENT ADVANTAGES

Altura has several strategic advantages over its competitors that place it in a solid position to become Australia's likely next producing lithium mine. These include:

- Altura is well advanced with its statutory approvals, with landowner agreements obtained, the mining leases granted and the Mining Proposal lodged;
- A binding offtake agreement for a minimum of 100,000 tpa of lithium spodumene concentrate for an initial five year period; and
- Securing long lead capital items comprising the purchase of, and/or ordering of, high pressure grinding rolls, crushing and screening plant and ball mill.

CORPORATE DEVELOPMENTS

Key corporate developments during the year include:

FUNDING

The rights issue and placement conducted in April and May 2015 enabled the Company to commence the 2015/16 financial year with sufficient funds to undertake feasibility studies and progress the mining lease towards grant at the Pilgangoora Lithium Project.

Altura received further funding during 2015/16 from the following sources.

Listed options expiring 30 June 2016

Listed options exercisable at 2 cents each were issued as part of the 2015 rights issue and placement. Funds from these options were received periodically during the year, with the vast majority of options being exercised during the June quarter.

The listed options had a take-up rate of 99.9% and resulted in Altura receiving over \$4 million in proceeds.

Share placement with Lionergy Limited

In February 2016 Altura agreed on a share placement with Lionergy Limited in the amount

of \$3 million at an issue price of 8.1 cents per share.

This capital raising coincided with the negotiation of a non-binding letter of intent for spodumene concentrate offtake.

Placement and share purchase plan

A direct placement of \$20 million to institutional investors via Joint Lead Managers, Bizzell Capital Partners Pty Ltd and Canaccord Genuity (Australia) Limited was completed in June 2016.

The Company also conducted a share purchase plan (SPP) capital raising as a means to offer existing shareholders the opportunity to acquire shares at the same price as the Placement, and a further \$774,000 was received from the SPP in July 2016.

INDONESIAN COAL ASSETS

During the year, the planned spin-out of the Indonesian coal assets was put on hold due to the challenging commodity market and investor interest in the coal sector.

Altura has decided to divest these assets to allow it to focus on the Pilgangoora lithium project, and is pursuing a number of options for the coal assets including

their possible sale or an asset integration with other similar operations.

These assets comprise:

- The Delta coal mine in East Kalimantan, where Altura has a 33⅓% interest; and
- The Tabalong coal project in South Kalimantan in which Altura holds a 70% interest in three Mining Permits ("SPK", "SCC" and "SP") and a 56% interest in two Mining Licences ("KM" and "MBM").

SALE OF TANAMI TENEMENTS

Altura advised in June 2015 that it had entered into an agreement with ABM Resources NL to sell 90% of its right, title and interest in its four tenements located in the Tanami region of the Northern Territory.

The requisite approvals from the Central Land Council were subsequently obtained and settlement of the transaction occurred during the December quarter 2015.

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FINANCIAL STATEMENTS

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DIRECTORS'

REPORT

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 2016.

DIRECTORS

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

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

COMPANY SECRETARIES

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

Mr Noel Young
Mr Damon Cox

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were exploration and development activities, including completion of a very successful feasibility study at its 100% owned Pilgangoora Lithium Project in the Pilbara region of Western Australia.

OPERATING AND FINANCIAL REVIEW

Overview

Altura Mining Limited is an ASX listed entity that is focused on the development of its 100% owned Pilgangoora Lithium Project in Western Australia. Altura also has interests in the producing Delta Coal project in Indonesia, and the Tabalong Coal project both of which are planned to be divested.

Operating results

The Group's operating loss after providing for income tax and non-controlling interests for the year ended 30 June 2016 was \$31,498,799 (2015: loss \$29,847,345). The loss in 2016 was principally due to the impairment its equity accounted asset, a reduced loss from its equity accounted asset and lower activity in the group's exploration services sector. The result was assisted by a foreign exchange gain due to a lower Australian dollar at year end.

Strategy

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

Altura is focussed on completion of the definitive feasibility study and associated activities at the Pilgangoora lithium project, with the intention of commencing construction of the mine in the near term. The Company also holds coal assets in Indonesia in which it intends to divest as soon as possible.

Pilgangoora Lithium

During the year, Altura completed its Feasibility Study (FS) on the Pilgangoora Lithium Project, and commenced work on the Definitive Feasibility Study (DFS). The FS released to the ASX on 11 April 2016 was a landmark achievement as mining development is fast tracked towards production in 2017.

The key outcomes of the FS included:

- Annual spodumene concentrate production of 215,000 tonnes over a 14 year mine life;
- Project Net Present Value (NPV) of \$382 million pre-tax and an Internal Rate of Return of 59.5%;
- Life of Mine (LOM) cash cost of A\$298 per tonne of spodumene concentrate;
- Gross margin of A\$348 per tonne, based on a market price at the time of US\$494;
- A capital estimate of A\$129 million including deferred capital;
- A very attractive LOM strip ratio of 2.7:1; and
- A payback period of 1.7 years.

The DFS is due for completion during Q3 2016, with production planned for Q4 2017 after a nine month construction period which will place Altura in an elite group of near term lithium supply companies.

Altura's Pilgangoora deposit will be mined by conventional bulk mining methods utilising hydraulic excavators, dump trucks and drill and blast coupled to a ROM stockpile. Ore will be trucked directly from the blasted faces to the ROM stockpile and fed to the primary crusher using a front-end loader. The spodumene concentrate will be exported by ship from Port Hedland to lithium producers, predominantly in China, for further processing into a wide range of lithium chemicals, including lithium carbonate (standard and battery grade), lithium hydroxide, lithium metal, and lithium chloride.

The Company has signed a binding Offtake Agreement (BOA) with China based group Lionergy Limited, in which Lionergy will take a minimum of 100,000 tonnes of 6% Li₂O grade spodumene concentrate annually for an initial 5 year period, with options for extensions to be negotiated between the parties. Altura has also entered into a non-binding Memorandum of Understanding (MOU) with China based lithium battery and electronic vehicle producing group, Optimum Nano Battery Co. Limited (Optimum Nano). Apart from Altura's proposed supply of spodumene to Optimum Nano, the MOU paves the way for Altura to enter into an alliance with Optimum Nano as a natural resource supplier into the expanding lithium battery market.

During the year, Altura signed an Access and Compensation Deed with the pastoral lease holders who occupy the land over which Altura's Pilgangoora tenements are located, and in early July 2016, the Company signed a Native title Agreement with the Njamal people, the traditional owners of the land.

As part of its progression of the project to commencement of development, the Company has also prepared the mining proposal for submission to the DMP (WA Department of Mines and Petroleum), issued mining tender documents to prospective contractor bidders, issued a power plant tender, reached agreement with the local authority to upgrade the haul road and commenced haul road design. The in-house Project team has also been significantly expanded including recruitment of a full time Processing Manager, and a Mining Superintendent.

Coal Assets

Delta Coal

During the year, Altura continued to hold its interest in the one-third owned Delta coal mine on the island of Kalimantan in Indonesia. The Delta mine produces a medium energy thermal coal and during the 2015/16 financial year, the mine produced 0.404 million tonnes (mt) and sold 0.453mt of coal. Production during the year was lower than during the 2014/15 financial year due a depressed coal market, and continuing lower production from contractors during the year.

It is the stated intention of the Company that the coal asset would be divested.

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.

Divestment of Coal Assets

During the year, the Company stated its intention to divest its interests in both the Delta and Tabalong coal assets. It is pursuing a number of options including the possible sale of the coal assets or an asset integration with other similar operations.

Financial position

The net assets of the consolidated group in 2016 are similar to the 2015 year, with current assets significantly higher due to the recent \$20 million capital raising conducted by the Company, while non-current assets are lower due to the impairment of the investments accounted for using the equity method.

Risk

Development of Altura's Pilgangoora Lithium Project is subject to the Company receiving all approvals necessary to allow it to commence construction, and the ability of the Company to finance its construction. The Company is also subject to movements in international commodity prices, and being an Australian based company, foreign exchange movements.

DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2016 (2015: Nil).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Share Purchase Plan closed on 13 July 2016. Applications for 3,869,000 shares were received, all were accepted resulting in the receipt of \$773,800 into the Company's bank account, together with shares issued on 18 July 2016.

Two Mining Leases (M45/1230 and M45/1231) for the Company's Pilgangoora Lithium Project were granted on 26 August 2016, enabling the Mining Proposal to be lodged with the DMP on 2 September 2016.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Group will focus on completing the definitive feasibility study for the Pilgangoora lithium project, so that commencement of construction of the mine can commence as soon as possible. The Group intends to divest its interests in the coal projects as soon as possible so it can focus on its lithium project.

ENVIRONMENTAL PERFORMANCE

The Group is committed to achieving a high standard of environmental performance. The Board of Directors is responsible for regular monitoring of environmental exposures and compliance with environmental regulations. The Group complied with its environmental performance obligations during the year.

INFORMATION ON DIRECTORS

Mr James Brown (Managing Director)

Qualifications

Graduate Diploma in Mining from University of Ballarat

Experience

Mr Brown is a mining engineer with more than 30 years' experience in the coal mining industry in Australia and Indonesia, including 22 years at New Hope Corporation. He was appointed as Managing Director of Altura in September 2010 and was previously Altura's Group General Manager since December 2008. His coal 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

26,518,301 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. His responsibilities have included arranging finance for mining and infrastructure projects both in Australia and Indonesia and for setting up corporate, administrative and financial systems to support new and expanding mining operations. He was appointed a director on 25 May 2009. Mr Mantell stepped down as an Executive Director of the Company in September 2013 to work on a number of projects in Asia, but returned to the full time Executive Directors role in early 2016.

Other current directorships in listed entities

None

Former directorships in last 3 years

None

Special responsibilities

Chief Financial Officer

Interests in shares and options

32,503,084 ordinary shares in Altura Mining Limited

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 40 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. Significant operations such as PT Adaro Indonesia, PT Indonesia Bulk Terminal and New Hope Coal Australia have been developed under his leadership. Mr Buckler was appointed a director on 18 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

Member of the Remuneration & Nomination Committee

Interests in shares and options

177,193,692 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 on 18 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 30 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 and options

14,333,336 ordinary shares in Altura Mining Limited

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 on 28 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

20,800,000 ordinary shares in Altura Mining Limited

COMPANY SECRETARIES

Mr Noel Young

Mr Young is a Fellow of the Institute of Public Accountants. He has over 30 years' experience in the mining industry and holds the dual role of Group Financial Controller and 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.

REMUNERATION REPORT (Audited)

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

Remuneration Policy

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

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

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

Remuneration packages may contain the following key elements:

- Primary benefits - salary/fees, bonuses and non-monetary benefits including the provision of a motor vehicle;
- Post-employment benefits - including superannuation and prescribed retirement benefits; and
- Equity - performance rights and share options 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 options as an incentive that could be realised if the Company's share price increases. During the 2016 year, directors were issued with shares on the vesting of previously issued performance rights.

Performance-based remuneration

The Company currently has performance based remuneration in place refer 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:

	2016	2015	2014	2013	2012
Revenues and sundry income	1,485,611	4,779,039	7,610,019	7,370,049	10,424,210
EBITDA *	(11,290,052)	(15,861,975)	(5,588,222)	(535,167)	(1,719,227)
NPBT *	(30,839,474)	(16,947,795)	(6,530,675)	(1,044,269)	(1,580,280)
NPAT *	(31,618,016)	(17,268,152)	(7,017,662)	(979,641)	(1,919,347)
Dividends paid	-	-	-	-	-

* Definitions: EBITDA = Earnings before interest, tax, depreciation and amortisation

NPBT = Net profit before tax

NPAT = Net profit after tax & minority interest

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.

REMUNERATION REPORT (Audited) (continued)

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 – During the 2015/16 financial year, Mr Mantell returned to the full time role of Executive Director. His agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle or equivalent allowance and other non-cash benefits is included. Three months' notice of termination by either party is required, with a separation allowance equivalent to one year's gross salary to be paid if employment was terminated by the Company.

Chris Evans, General Manager, Operations - 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 one month's salary for every completed year of service up to a maximum of six months' salary will be paid if employment was terminated by the Company.

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

Damon Cox, Company Secretary - the agreement is of no fixed term and allows for payment of an annual cash salary, reviewed each year, and superannuation. Provision of a motor vehicle is included. One month's notice of termination by either party is required.

REMUNERATION REPORT (Audited) (continued)

Key Management Personnel Remuneration

2016	Short-term benefits			Post employment	Share based payments		Total	Performance rights as a percentage of Total
Name	Cash salary and fees \$	Bonus \$	Non-monetary benefits \$	Super-annuation \$	Performance rights \$	Bonus \$	\$	%
<i>Non-executive directors</i>								
A Buckler	30,000	-		2,850	4,770	88,200	125,820	3.8
D O'Neill	36,000	-		3,420	4,770	88,200	132,390	3.6
B Kuan	23,000	-		16,420	4,770	88,200	132,390	3.9
P Mantell #	-	-	6,624	-	23,850	88,200	118,674	20.1
Sub total non-executive directors	89,000	-	6,624	22,690	38,160	352,800	509,274	
<i>Managing directors</i>								
J Brown	346,223	-	94,913	-	47,700	88,200	577,036	8.3
<i>Other key management personnel</i>								
P Mantell ^	111,834	-	3,312	14,011	-	-	115,146	-
C Evans ##	191,026	-	-	18,147	9,540	16,500	235,213	4.1
N Young	205,737	-	69,223	3,810	9,540	-	288,310	3.3
D Cox	125,000	-	20,177	11,875	9,540	-	166,592	5.7
Total for key management personnel compensation	979,820	-	187,625	47,844	76,320	104,700	1,396,309	
Total compensation	1,068,820	-	194,249	70,534	114,480	457,500	1,905,583	

Non-executive director until 29 February 2016

^ Executive director from 1 March 2016

Commenced employment with Altura on 20 July 2015

No termination payments or long service leave payments were made during the year

REMUNERATION REPORT (Audited) (continued)

2015	Short-term benefits			Post employment	Share based payments		Total	Performance rights as a percentage of Total
Name	Cash salary and fees \$	Bonus \$	Non-monetary benefits \$	Super-annuation \$	Performance rights \$	Bonus \$	\$	%
<i>Non-executive directors</i>								
A Buckler	40,000	-	-	3,800	6,714	19,950	70,464	9.5
D O'Neill	48,000	-	-	4,560	6,714	19,950	79,224	8.5
B Kuan	45,000	-	-	4,275	6,714	19,950	75,939	8.8
P Mantell	19,710	-	10,383	25,690	33,569	99,750	189,102	17.8
Sub total non-executive directors	152,710	-	10,383	38,325	53,711	159,600	414,729	
<i>Managing directors</i>								
J Brown	362,485	-	86,734	-	67,138	199,500	715,857	9.4
<i>Other key management personnel</i>								
N Young	135,819	-	23,199	13,062	13,428	39,900	225,408	6.0
D Cox	125,000	-	20,283	11,875	13,428	39,900	210,486	6.4
Total for key management personnel compensation	623,304	-	130,216	24,937	93,994	279,300	1,151,752	
Total compensation	776,014	-	140,599	63,262	147,705	438,900	1,566,480	

No termination payments or long service leave payments were made during the year.

Shares

Shares were issued to directors (following approval at the Annual General Meeting in November 2015), key management personnel and other senior staff as part of their remuneration for the year ended 30 June 2016.

The following shares were issued to directors and key management personnel during the year ended 30 June 2016:

	Number issued	Issue date	Value per share at issue date \$
J Brown	2,000,000	20/11/15	0.0441
P Mantell	2,000,000	20/11/15	0.0441
A Buckler	2,000,000	20/11/15	0.0441
D O'Neill	2,000,000	20/11/15	0.0441
BT Kuan	2,000,000	20/11/15	0.0441
C Evans	1,000,000	11/08/15	0.0165
	<u>11,000,000</u>		

Shares were also issued on the vesting of performance rights to directors (the issuing of the rights had been approved at the 2014 AGM), key management personnel and other senior staff as part of their remuneration for the year ended 30 June 2016.

REMUNERATION REPORT (Audited) (continued)

The following shares on the vesting of performance rights were issued to directors and key management personnel during the year ended 30 June 2016:

	Number issued	Issue date	Value per share at issue date \$
J Brown	1,000,000	11/12/15	0.0477
P Mantell	500,000	11/12/15	0.0477
A Buckler	100,000	11/12/15	0.0477
D O'Neill	100,000	11/12/15	0.0477
BT Kuan	100,000	11/12/15	0.0477
C Evans	200,000	11/12/15	0.0477
N Young	200,000	11/12/15	0.0477
D Cox	200,000	11/12/15	0.0477
	<u>2,400,000</u>		

Options

There were no new options issued to directors and key management personnel as part of their remuneration for the year ended 30 June 2016, and there are no options on issue as at 30 June 2016.

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. The rights awarded during the year were granted for no consideration. No amount is payable on the vesting of the rights. The rights will vest and automatically convert to ordinary shares in the Company following the satisfaction of the service conditions.

The following performance rights were on issue to directors and key management personnel as at 30 June 2016:

	Granted number	Vesting 30 Nov 2016	Vesting 30 Nov 2017
J Brown	2,000,000	1,000,000	1,000,000
P Mantell	1,000,000	500,000	500,000
A Buckler	200,000	100,000	100,000
D O'Neill	200,000	100,000	100,000
BT Kuan	200,000	100,000	100,000
C Evans	800,000	400,000	400,000
N Young	400,000	200,000	200,000
D Cox	400,000	200,000	200,000
	<u>5,200,000</u>	<u>2,600,000</u>	<u>2,600,000</u>

End of Audited Remuneration Report

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 4 Directors' meetings, 3 Audit & Risk Committee meetings and 2 Remuneration & Nomination Committee meetings held.

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

OPTIONS

At the date of signing this report, there were no unissued ordinary shares of Altura Mining Limited under option.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

The Company's auditor, PKF Hacketts Audit, did not provide any non-audit services to the Company during the year ended 30 June 2016.

ROUNDING OF AMOUNTS

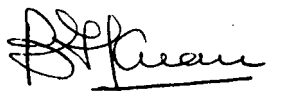
The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and is included on page 14 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,



BT Kuan
Director
Brisbane, 13 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

PKF Hacketts



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 2016, there have been:

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

PKF HACKETTS AUDIT

A handwritten signature in black ink, appearing to read 'Liam Murphy'.

Liam Murphy
Partner

Brisbane, 13 September 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Continuing operations			
Revenue	5(a)	1,350	4,745
Cost of sales	5(c)	(2,112)	(4,718)
Operating profit / (loss)		(762)	27
Other income			
Foreign exchange movement gain		1,006	4,730
Sundry income	5(b)	135	34
Expenses			
Administration costs		(4,074)	(2,905)
Employee benefits expense	5(f)	(2,668)	(2,159)
Exploration costs written off	15	(3,895)	(182)
Other expenses	5(d)	(51)	(122)
Financing costs	5(e)	(277)	(267)
Impairment of goodwill		-	(4,529)
Impairment on equity accounted asset	16,24(c)	(18,480)	(7,682)
Impairment of property, plant and equipment		(261)	-
Share of net profit / (loss) of equity accounted investee, net of tax		(1,513)	(3,894)
Profit / (loss) before income tax		(30,840)	(16,949)
Income tax (expense) / benefit	7(a)	(778)	(320)
Profit / (loss) after income tax from continuing operations		(31,618)	(17,269)
Discontinued operations			
Loss from discontinued operations after tax	3	-	(12,793)
Net profit / (loss) for the year		(31,618)	(30,062)
Profit / (loss) attributable to:			
Owners of Altura Mining Limited		(31,499)	(29,847)
Non-controlling interest		(119)	(215)
		(31,618)	(30,062)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings / (loss) per share (cents per share)	6	(3.50)	(3.48)
Diluted earnings / (loss) per share (cents per share)	6	(3.50)	(3.48)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings / (loss) per share (cents per share)	6	(3.50)	(6.09)
Diluted earnings / (loss) per share (cents per share)	6	(3.50)	(6.09)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Profit / (loss) for the year		(31,618)	(30,062)
Other comprehensive income / (loss) for the year			
Items that may be reclassified to profit and loss			
Changes in the fair value of available-for-sale financial assets		760	(11)
Exchange differences on translation of foreign controlled entities		(409)	(496)
Other comprehensive income / (loss) for the year, net of tax		351	(507)
Total comprehensive income / (loss) for the year		(31,267)	(30,569)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(31,132)	(30,300)
Non-controlling interest		(135)	(269)
		(31,267)	(30,569)

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	8	22,132	2,092
Trade and other receivables	9	1,126	2,758
Held to maturity investments	11	50	1,280
Inventories	10	1	1
Current tax prepaid		248	525
Other current assets	12	461	480
Assets classified as held for sale		-	100
Total current assets		24,018	7,236
Non-current assets			
Other receivables	9	2,482	2,377
Available-for-sale financial assets	13	1,333	573
Property, plant and equipment	14	526	1,382
Exploration and evaluation	15	14,394	14,949
Investments accounted for using the equity method	16	144	19,451
Deferred tax asset	20(c)	-	505
Total non-current assets		18,879	39,237
Total assets		42,897	46,473
Current liabilities			
Trade and other payables	17	2,072	1,872
Borrowings	18	-	397
Short term provisions	19	847	777
Total current liabilities		2,919	3,046
Non-current liabilities			
Borrowings	18	18,437	17,607
Total non-current liabilities		18,437	17,607
Total liabilities		21,356	20,653
Net assets		21,541	25,820
Equity			
Contributed equity	21	105,840	78,904
Reserves	21	(240)	179
Accumulated losses		(84,333)	(53,672)
Capital and reserves attributable to owners of Altura Mining Limited		21,267	25,411
Non-controlling interest		274	409
Total equity		21,541	25,820

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	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 2014	74,562	(23,870)	880	54	(442)	678	51,862
Total comprehensive income for the year	-	(29,847)	-	(11)	(441)	(269)	(30,568)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	552	-	-	-	-	-	552
Contributions of equity, net of transaction costs	3,790	-	-	-	-	-	3,790
Option reserve on recognition of bonus element of options	-	-	184	-	-	-	184
Transfer from option reserve on expiry of options	-	45	(45)	-	-	-	-
Sub-Total	4,342	45	139	-	-	-	4,526
Balance as at 30 June 2015	78,904	(53,672)	1,019	43	(883)	409	25,820
Balance as at 30 June 2015	78,904	(53,672)	1,019	43	(883)	409	25,820
Total comprehensive income for the year	-	(31,499)	-	760	(393)	(135)	(31,267)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	546	-	-	-	-	-	546
Issue of shares – loan repayment	360	-	-	-	-	-	360
Contributions of equity, net of transaction costs	25,847	-	-	-	-	-	25,847
Transfer from share based payment reserve to equity	183	-	(183)	-	-	-	-
Option reserve on recognition of bonus element of options	-	-	235	-	-	-	235
Transfer from option reserve on expiry of options	-	838	(838)	-	-	-	-
Sub-Total	26,936	838	(786)	-	-	-	26,988
Balance as at 30 June 2016	105,840	(84,333)	233	803	(1,276)	274	21,541

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		2,293	4,226
Payments to suppliers and employees		(6,369)	(7,243)
Sundry income		82	86
Interest received		23	64
Interest paid		(8)	(23)
Income tax paid		(75)	(64)
Net cash used in operating activities	27(b)	(4,054)	(2,954)
Cash flows from investing activities			
Expenditure on exploration and evaluation activities		(3,100)	(834)
Purchase of property, plant and equipment		(12)	(45)
Proceeds / (payments) from held to maturity investments		1,230	(1,000)
Proceeds from sale of property, plant and equipment		168	35
Net cash (used in) / provided by investing activities		(1,714)	(1,844)
Cash flows from financing activities			
Proceeds from the issue of shares - net of transaction costs		25,848	3,791
Payment of hire purchase liabilities		(11)	(17)
Proceeds from borrowings		-	300
Repayment of borrowings		(20)	(500)
Net cash provided by (used in) financing activities		25,817	3,574
Net increase / (decrease) in cash and cash equivalents held		20,049	(1,224)
Cash and cash equivalents at the beginning of year		2,092	3,403
Effect of exchange rate changes on cash holdings in foreign currencies		(9)	(87)
Cash and cash equivalents at the end of year	27(a)	22,132	2,092
Non cash investing and financing activities			
Proceeds from the sale of 30% interest in the Mt Webber DSO project	3	-	24,489
Repayment of the Atlas Operations Pty Ltd loan facility	3	-	(24,489)
Increase in the Atlas Operations Pty Ltd loan facility		-	6,893
Contributions made to Atlas Operations Pty Ltd loan facility		-	(6,893)
Share based payments	22	(545)	(552)
Increase in the Directors and management loan facility through expense reimbursement		-	89
Repayment of Directors and management loan facility by the issue of shares		(360)	-

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

NOTES

TO THE FINANCIAL STATEMENTS

This financial report includes the consolidated financial statements and notes of Altura Mining Limited 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 13 September 2016 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) New accounting standards for application in future periods

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

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

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

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

Although the directors do not anticipate that the adoption of AASB 9 will have a material impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

This Standard is not expected to significantly impact the Group's financial statements.

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) New accounting standards for application in future periods (Continued)

The main changes introduced by the new Standard include:

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

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

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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

The Group has not applied any accounting standards or amendments for the first time for the annual reporting period commencing 1 July 2015.

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 1n.

b) Carrying value of exploration and evaluation expenditure

The Group has capitalised exploration expenditure of \$14.394 million as at 30 June 2016 (2015: \$14.949 million). This expenditure includes drilling and analysis costs, feasibility study costs and employee remuneration costs. The costs are 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2016 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 Income Statement. Losses applicable to the non-controlling interest in a consolidated subsidiary are allocated against the controlling interest except to the extent that the non-controlling interest has a binding obligation and is able to make additional investment to cover the losses. If in future years the subsidiary reports profits, such profits are allocated to the controlling interest until the non-controlling interest's share of losses previously absorbed by the controlling interest have been recovered.

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

ii) Associates

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

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

iii) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake economic activities under joint control. Joint control exists only when the strategic, financial and operational policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control

A joint arrangement is either a joint operation or a joint venture. The structure of each joint arrangement is analysed to determine whether the joint arrangement is a joint operation or a joint venture. The classification of a joint arrangement is dependent on the rights and obligations of the parties to the arrangement.

iv) Joint operation

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in Note 24.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Joint venture

A joint venture is structured through a separate vehicle and the parties have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method where the assets and liabilities will be aggregated into one line item on the face of the Consolidated Balance Sheet, after adjusting for the share of profit or loss after tax, which is shown as a separate line item on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income, after adjusting for amounts recognised directly in equity.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form a part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the Group.

vi) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Segment reporting

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

g) Property, plant and equipment

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

Property

Freehold land and buildings are measured on the cost basis.

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

Plant and equipment

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

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

Mine development

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

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

Depreciation

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

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

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

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Exploration and evaluation expenditure

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

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

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

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

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

i) Leases

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

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

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

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

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

j) Impairment of assets

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Investments and other financial assets

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

i) Financial assets at fair value through profit or loss

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

ii) Loans and receivables

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

iii) Held-to-maturity investments

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

iv) Available-for-sale financial assets

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

v) Recognition and de-recognition

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

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

vi) Subsequent measurement

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

vii) Impairment

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

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

l) Borrowing costs

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

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

m) Employee benefits

i) Wages and salaries, annual leave and sick leave

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

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

ii) Long service leave

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) Superannuation

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

iv) Equity-settled compensation

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

n) Significant accounting estimates and judgements

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

i) Significant accounting estimates and assumptions

Critical accounting estimates and judgements

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

a. Determination of coal resources and reserves

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

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

b. Exploration and evaluation expenditure

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

c. Impairment

The Group 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 (refer to Note 16 and 18).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Rehabilitation

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

e. Derivatives

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

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

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

f. Income taxes

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

g. Share-based payment transactions

From time to time the Company has issued options to directors and employees. The Company measures fair value of share-based payments using the Black-Scholes Pricing Model, using the assumptions detailed in Note 22. This formula takes into account the terms and conditions under which the instruments were granted.

o) 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.

p) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Revenue

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

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

i) Sale of goods

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

ii) Dividends

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

iii) Interest

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

iv) Services

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

r) 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.

s) 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.

t) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

u) 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.

v) Financial liabilities and equity

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

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

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

w) Comparative figures

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

x) Inventories

Consumable stores

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

Bulk commodities

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

y) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

z) Deferred mining cost

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

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

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

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

2. FINANCIAL RISK MANAGEMENT

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

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

	2016 \$'000	2015 \$'000
FINANCIAL ASSETS		
Cash and cash equivalents	22,132	2,092
Trade and other receivables	1,126	2,758
Receivables non-current	2,482	2,377
Held to maturity investments	50	1,280
Available-for-sale investments	1,333	573
	<u>27,123</u>	<u>9,080</u>
FINANCIAL LIABILITIES		
Trade and other payables	2,072	1,872
Borrowings	18,437	18,004
	<u>20,509</u>	<u>19,876</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. Export coal sales are 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. 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.

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 2016, the Group held funds in foreign currency amounting to US\$205,000 (2015: US\$243,000).

The Group does not enter into any hedging arrangements.

Foreign currency risk sensitivity analysis

At 30 June 2016, 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:

	2016 \$'000	2015 \$'000
Change in profit		
— Improvement in AUD to USD by 11%	(2,761)	(2,691)
— Decline in AUD to USD by 11%	2,761	2,691
Change in equity		
— Improvement in AUD to USD by 11%	(2,761)	(2,691)
— Decline in AUD to USD by 11%	2,761	2,691

2. FINANCIAL RISK MANAGEMENT (Continued)

ii) Price risk

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

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

	2016 \$'000	2015 \$'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%	133	(57)
— Decrease in equity value by 10%	(133)	57

iii) Interest rate risk

At balance date the Group's debt was fixed rate. For further details on interest rate risk refer to Note 2d.

Interest rate sensitivity analysis

At 30 June 2016, 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:

	2016 \$'000	2015 \$'000
Change in profit		
— Increase in interest rate by 1%	200	-
— Decrease in interest rate by 1%	(200)	-
Change in equity		
— Increase in interest rate by 1%	(200)	-
— Decrease in interest rate by 1%	200	-

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

b) Credit risk

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

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

c) Liquidity risk

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

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

The Group manages liquidity risk by monitoring forecast cash flows.

2. FINANCIAL RISK MANAGEMENT (Continued)

d) Financial instrument composition and maturity analysis

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

Consolidated Group

	Weighted average effective interest rate		Floating interest rate		Fixed interest rate maturing								Total	
					Within 1 year		1 to 5 years		Over 5 years		Non-interest bearing			
	2016 %	2015 %	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets:														
Cash & cash equivalents	1.75	1.20	22,132	2,092	-	-	-	-	-	-	-	-	22,132	2,092
Trade and other receivables	-	-	-	-	-	-	-	-	-	-	1,126	2,758	1,126	2,758
Available for sale investments	-	-	-	-	-	-	-	-	-	-	1,333	573	1,333	573
Receivables non-current	-	-	-	-	-	-	-	-	-	-	2,482	2,377	2,482	2,377
Term deposit	2.65	2.96	-	-	50	1,280	-	-	-	-	-	-	50	1,280
Total financial Assets			22,132	2,092	50	1,280	-	-	-	-	4,941	5,708	27,123	9,080
Financial liabilities:														
Trade & sundry payables	-	-	-	-	-	-	-	-	-	-	2,072	1,872	3,036	2,584
Directors and Management Loans	-	8.00	-	-	-	389	-	-	-	-	-	-	-	389
Lease liabilities	-	8.09	-	-	-	-	-	8	-	-	-	-	-	8
Borrowings	-	-	-	-	-	-	-	-	-	-	18,437	17,607	17,473	16,895
UJV funding facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total financial liabilities			-	-	-	389	-	8	-	-	20,509	19,479	20,509	19,876
											2016 \$'000		2015 \$'000	

Trade and sundry payables are expected to be paid as follows:

Less than 6 months	2,072	1,872
More than 6 months	-	-
	<u>2,072</u>	<u>1,872</u>

2. FINANCIAL RISK MANAGEMENT (Continued)

e) Fair value measurements

i) Fair value hierarchy

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

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

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2016				
Assets				
Listed investments	1,333	-	-	1,333
Total Assets	1,333	-	-	1,333
2015				
Assets				
Listed investments	573	-	-	573
Total Assets	573	-	-	573

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.

3. DISCONTINUED OPERATIONS

a) Description

On 24 December 2014, a controlled entity entered an agreement to sell its 30% share in the Mt Webber Exploration and Operational joint ventures to its partner Atlas Iron Limited. Shareholder approval was granted at a general meeting held on 12 February 2015 and settlement occurred on 17 February 2015.

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

b) Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the period ending June 2016.

	2016 \$'000	2015 \$'000
Revenue	-	1,199
Expenses	-	(11,879)
Loss before income tax	-	(10,680)
Loss after income tax of discontinued operation	-	(10,680)
Loss on sale of joint ventures before income tax	-	(2,113)
Loss from discontinued operations after income tax	-	(12,793)
Net cash (outflow) from financing activities	-	(500)
Net decrease in cash generated by the division	-	(500)

c) Carrying amounts of assets and liabilities

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

Inventory	-	-
Mine development	-	29,417
Total assets	-	29,417
Mining restoration & rehabilitation provision	-	2,815
Total liabilities	-	2,815
Net assets	-	26,602

d) Details of the sale of the joint ventures

Consideration	-	24,489
Total consideration	-	24,489
Carrying value of net assets sold	-	26,602
Loss on sale before income tax	-	(2,113)
Loss on sale after income tax expense	-	(2,113)

4. SEGMENT INFORMATION

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

The Coal mining segment derives its revenue from coal sold to customers. As the Group's investment in coal is equity accounted, no revenue from this activity is included in this segment note. The exploration services segment provides a range of drilling services to its customers, predominately mining and exploration companies. The mineral exploration segment revenue comprises interest earned on funds raised to carry out the exploration activities.

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

	Coal Mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
2016					
Revenue					
External sales	-	1,350	-	-	1,350
Other income	-	112	23	-	135
Other segments	-	308	-	(308)	-
Total segment revenue	-	1,770	23	(308)	1,485
Unallocated revenue					-
Total consolidated revenue					1,485
Segment result	(19,993)	(2,541)	(8,029)	-	(30,563)
Other segments					-
Unallocated expenses net of unallocated revenue					-
Profit / (loss) before income tax and finance costs					(30,563)
Finance costs					(277)
Profit / (loss) before income tax					(30,840)
Income tax expense					(778)
Net profit / (loss) for the year					(31,618)
Assets and liabilities					
Segment assets	144	1,835	40,918	-	42,897
Unallocated assets					-
Total assets					42,897
Segment liabilities	16,833	1,849	2,674	-	21,356
Unallocated liabilities					-
Total liabilities					21,356
Other segment information					
Capital expenditure	-	-	12	-	12
Exploration expenditure	-	-	3,100	-	3,100
Depreciation and amortisation	-	511	43	-	554

4. SEGMENT INFORMATION (Continued)

	Coal Mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
2015					
Revenue					
External sales	-	4,745	-	-	4,745
Other income	-	6	28	-	34
Other segments	-	1,368	-	(1,368)	-
Total segment revenue	-	6,119	28	(1,368)	4,779
Unallocated revenue					-
Total consolidated revenue					4,779
Segment result	(11,576)	(6,661)	1,555		(16,682)
Other segments					-
Unallocated expenses net of unallocated revenue					-
Profit / (loss) before income tax and finance costs					(16,682)
Finance costs					(267)
Profit / (loss) from discontinued operations					(12,793)
Profit / (loss) before income tax					(29,792)
Income tax expense					(320)
Net profit / (loss) for the year					(30,062)
Assets and liabilities					
Segment assets	19,451	4,450	21,977	-	45,968
Unallocated assets	-	-	-	-	505
Total assets					46,473
Segment liabilities	16,056	2,051	2,546	-	20,653
Unallocated liabilities	-	-	-	-	-
Total liabilities					20,653
Other segment information					
Capital expenditure	-	45	-	-	45
Exploration expenditure	-	-	834	-	834
Depreciation and amortisation	-	752	95	-	847

4. SEGMENT INFORMATION (Continued)

Geographical segments

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

2016	Australia \$'000	Indonesia \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Revenue					
External sales	-	1,350	-	-	1,350
Other income	25	110	-	-	135
Other segments	-	308	-	(308)	-
Total segment revenue	25	1,768	-	(308)	1,485
Unallocated revenue					-
Total revenue					1,485
Segment assets	31,704	10,952	241	-	42,897
Unallocated assets					-
Total assets					42,897
Segment liabilities	551	20,619	186	-	21,356
Unallocated Liabilities					-
Total liabilities					21,356
Capital expenditure	12	-	-	-	12
Exploration expenditure	3,027	73	-	-	3,100
Depreciation and amortisation	161	393	-	-	554
2015					
Revenue					
External sales	-	4,745	-	-	4,745
Other income	30	4	-	-	34
Other segments	32	1,361	-	(1,393)	-
Total segment revenue	62	6,110	-	(1,393)	
Unallocated revenue					-
Total revenue					4,779
Segment assets	13,492	31,892	584	-	45,968
Unallocated assets					505
Total assets					46,473
Segment liabilities	772	19,863	18	-	20,653
Unallocated Liabilities					-
Total liabilities					20,653
Capital expenditure	3	42	-	-	45
Exploration expenditure	526	308	-	-	834
Depreciation and amortisation	83	764	-	-	847

The Group has a number of customers to whom it provides services. The Group supplies three external customers in the services segment who account for 56% (US\$523,000), 12% (US\$109,000) and 10% (US\$91,000) of external revenue (2015: 92%).

	2016 \$'000	2015 \$'000
5. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES		
(a) Revenue		
Revenue from sales	1,350	4,745
Total sales revenues from ordinary activities	1,350	4,745
(b) Other revenues		
Interest received from other corporations	23	29
Profit on sale of assets	111	4
Other revenue	1	1
Total other revenues from ordinary activities	135	34
Total revenue	1,485	4,779
(c) Cost of sales		
Drilling costs	1,609	3,966
Depreciation - plant & equipment	503	752
Total cost of sales	2,112	4,718
(d) Other expenses		
Depreciation - plant & equipment	51	95
Loss on sale of assets	-	27
Total other expenses from ordinary activities	51	122
(e) Financing costs		
Interest expense	277	267
Total financing costs	277	267
(f) Employee benefits expense		
Employee share scheme expense	235	184
Bonus paid by way of issue of shares to directors and staff	545	552
Other employee benefits expense	1,888	1,423
Total employee benefits expense	2,668	2,159

6. EARNINGS / (LOSS) PER SHARE

	2016 cents per share	2015 cents per share
(a) Basic earnings / (loss) per share		
From continuing operations attributable to the ordinary equity holders of the company	(3.50)	(3.48)
From discontinued operation	-	(2.61)
Total basic earnings per share attributable to the ordinary equity holders of the company	(3.50)	(6.09)
(b) Diluted earnings / (loss) per share		
From continuing operations attributable to the ordinary equity holders of the company	(3.50)	(3.48)
From discontinued operation	-	(2.61)
Total basic earnings per share attributable to the ordinary equity holders of the company	(3.50)	(6.09)
(c) Weighted average number of ordinary shares used as the denominator in calculating the basic and diluted earnings per share.		
Listed and unlisted options are not considered as potential ordinary shares and are not included in the calculation because they are antidilutive for the year end 30 June 2016. These options could potentially dilute basic earnings per share in the future.	900,582,172	489,828,314
(d) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:		
	2016 \$'000	2015 \$'000
Net profit / (loss)	(31,499)	(29,847)
Less - profit / (loss) from discontinued operations	-	(12,793)
Earnings used in the calculation of basic EPS	(31,499)	(17,054)
(e) As at 30 June 2016, there were 5,536,201 listed share options outstanding, with 5,299,098 of these share options converted to shares on 12 July 2016, the remainder (237,103 share options) lapsing. These potential ordinary shares would reduce the loss per share from continuing ordinary operations on conversion, and hence these potential ordinary shares are not dilutive.		
(f) As at 30 June 2016, there were 6,650,000 Management performance rights outstanding, these potential ordinary shares would reduce the loss per share from continuing ordinary operations on conversion, and hence these potential ordinary shares are not dilutive.		

7. INCOME TAX EXPENSE

- (a) The components of tax expense comprise:

Current Tax

Current year	-	160
Adjustments in respect of prior periods	254	214

Deferred Tax

Current year deferred tax	524	(54)
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Total income tax expense per income statement	778	320
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- (b) Income tax expense is attributable to :

Profit / (loss) from continuing operations	778	320
Profit / (loss) from discontinued operations	-	-
	778	320

- (c) The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:

Profit / (loss) from continuing operations	(30,840)	(16,949)
Profit / (loss) from discontinued operations	-	(12,793)
Profit / (loss) before tax	(30,840)	(29,742)

Income tax calculated at the Australian rate of 30%	(9,252)	(8,923)
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Increase in income tax due to:

Non-deductible expenses	7,750	6,003
Share compensation costs	234	173
Effect of current year tax losses derecognised	1,881	3,035
Under / (over) provision in prior year	254	214
Difference in overseas tax rates	(89)	(182)

Income tax expense	778	320
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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	9,584	8,640
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- (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.

	2016 \$'000	2015 \$'000
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	22,132	2,092

9. RECEIVABLES

CURRENT

Trade and other receivables	1,977	3,265
Provision for doubtful debts	(851)	(507)
	1,126	2,758

NON-CURRENT

Other receivables – Related parties *	2,482	2,377
	2,482	2,377

* 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.

	0-30 days \$000	31-60 days \$000	61-90 days \$000	90+ days \$000	Total \$000
2016 Consolidated	307	83	736	-	1,126
2015 Consolidated	1,517	163	120	958	2,758

As at 30 June 2016, \$819,000 (2015: \$1,241,000) trade receivables were past due.

	2016 \$'000	2015 \$'000
10. INVENTORIES		
Consumables and stores – at cost	1	1
	1	1

11. HELD TO MATURITY INVESTMENTS

Term deposits	50	1,280
	50	1,280

The term deposits are held to their maturity of less than one year and carry a weighted average fixed interest rate of 2.65% (2015: 2.96%). 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.

	2016 \$'000	2015 \$'000
12. OTHER CURRENT ASSETS		
Financial assets (security deposits)	132	192
Prepayments	329	288
	<u>461</u>	<u>480</u>

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Listed investments at fair value	1,333	573
	<u>1,333</u>	<u>573</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles \$'000	Office equipment \$'000	Plant and equipment \$'000	Land \$'000	Exploration \$'000	Plant and equipment under lease \$'000	Total \$'000
2016							
Gross carrying amount							
Balance at 30 June 2015	755	599	7,208	16	108	61	8,747
Additions	-	12	-	-	-	-	12
Transfer	63	-	-	-	-	(63)	-
Exchange difference	18	16	134	-	-	2	170
Disposals	(123)	(11)	-	(16)	-	-	(150)
Balance at 30 June 2016	<u>713</u>	<u>616</u>	<u>7,342</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>8,779</u>
Accumulated depreciation							
Balance at 30 June 2015	658	478	6,089	-	107	33	7,365
Depreciation expense	52	72	418	-	1	11	554
Impairment expense	-	-	261	-	-	-	261
Transfer	46	-	-	-	-	(46)	-
Exchange difference	35	26	126	-	-	2	189
Disposals	(105)	(11)	-	-	-	-	(116)
Balance at 30 June 2016	<u>686</u>	<u>565</u>	<u>6,894</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>8,253</u>
Net book value as at 30 June 2016	<u>27</u>	<u>51</u>	<u>448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526</u>

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles	Office equipment	Plant and equipment	Land	Exploration	Plant and equipment under lease	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015							
Gross carrying amount							
Balance at 30 June 2014	661	683	6,218	14	139	49	7,764
Additions	-	4	41	-	-	-	45
Transfer	-	-	-	-	-	-	-
Exchange difference	94	86	949	2	-	12	1,143
Disposals	-	(174)	-	-	(31)	-	(205)
Balance at 30 June 2015	755	599	7,208	16	108	61	8,747
Accumulated depreciation							
Balance at 30 June 2014	481	444	4,639	-	125	16	5,705
Depreciation expense	51	106	664	-	12	14	847
Transfer	-	-	-	-	-	-	-
Exchange difference	126	66	786	-	-	3	981
Disposals	-	(138)	-	-	(30)	-	(168)
Balance at 30 June 2015	658	478	6,089	-	107	33	7,365
Net book value as at 30 June 2015	97	121	1,119	16	1	28	1,382

15. EXPLORATION AND EVALUATION

Exploration and evaluation expenditure at cost:

	2016 \$'000	2015 \$'000
Carried forward from previous year	14,949	14,205
Transfer to mine development costs	-	-
Incurred during the year	3,340	859
Disposed during year	-	-
	18,289	15,064
Written off during the year	(3,895)	(115)
Total exploration and evaluation expenditure	14,394	14,949

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.

	2016 \$'000	2015 \$'000
16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Non-Current Assets		
Investments in associates (refer to Note 1C(ii) and Note 24 (b))	144	19,451
	<u>144</u>	<u>19,451</u>
Impairment assessment		
An impairment charge of \$18.5 million was recognised during the 12 months ended 30 June 2016 to the Group's investment in the Delta Coal operations. The recoverable amount is based on the Director's assessment of the likely return to the Company on sale of the asset.		
17. TRADE AND OTHER PAYABLES		
Trade payables	2,072	1,872
	<u>2,072</u>	<u>1,872</u>
18. BORROWINGS		
Current borrowings		
Interest bearing		
Hire purchase liabilities (Note 33)	-	8
Director & Management loans (Note 26)	-	389
Total current borrowings	<u>-</u>	<u>397</u>
Non-current borrowings		
Non-interest bearing		
Loan from other entities ##	1,604	1,551
Vendor loan #	16,833	16,056
Total non-current borrowings	<u>18,437</u>	<u>17,607</u>

19. CURRENT PROVISIONS

	2016 \$'000	2015 \$'000
Employee benefits	847	777
	<u>847</u>	<u>777</u>

Movements in Provisions

Short term employee benefits		
Opening balance	777	544
Provision increase / (decrease)	132	335
Expense incurred	(62)	(102)
Balance at year end	<u>847</u>	<u>777</u>

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

Provision for employee entitlements:		
Current	847	777
Total	<u>847</u>	<u>777</u>

20. CURRENT TAXATION & DEFERRED TAX LIABILITIES & ASSETS

(a) Liabilities

Current

Income tax paid / payable	-	-
---------------------------	---	---

Non-Current

Deferred tax liability comprises:

Unrealised foreign exchange gain	2,140	1,875
Tax allowances relating to exploration	2,483	2,740
Other	3	18
	<u>4,627</u>	<u>4,633</u>

(b) Assets

Non-Current

Deferred assets comprises:

Provisions	254	439
Revenue losses	13,887	13,002
Revenue losses not recognised	(9,584)	(8,640)
Property, plant and equipment	7	230
Other	63	107
	<u>4,627</u>	<u>5,138</u>

(c) Reconciliation of:

Gross movements

The overall movement in the deferred tax account is as follows:

Opening balance - net deferred taxes	505	367
(Charge) / credit to income statement	(524)	54
(Charge) / credit to equity	19	84
Closing balance - net deferred taxes	<u>-</u>	<u>505</u>

2016
\$'000

2015
\$'000

21. CONTRIBUTED EQUITY

Issued capital

1,222,459,902 (2015: 837,676,732) ordinary shares issued and fully paid

105,840

78,904

	2016		2015	
	Number	\$'000	Number	\$'000
Fully paid ordinary shares				
Balance at the beginning of the financial year	837,676,732	78,904	454,272,181	74,562
Issue of shares to directors and staff #	11,450,000	545	8,300,000	552
Issue of shares on vesting of performance rights ##	2,900,000	183	-	-
Share purchase plan	-	-	5,240,000	262
Non renounceable rights issue	-	-	303,720,989	3,037
Share placement and lead managers fee	137,037,037	23,000	66,143,562	661
Exercise of Listed Options	197,396,133	3,948	-	-
Repayment of Director and Management loans by the issue of shares	36,000,000	360	-	-
Share issue costs	-	(1,100)	-	(170)
Balance at the end of the financial year	1,222,459,902	105,840	837,676,732	78,904

11,000,000 shares were issued to directors and other key management personnel.

2,400,000 shares were issued to directors and other key management personnel.

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

Reserves

Option and performance rights reserve

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

Foreign currency translation reserve

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

Change in fair value reserve

The change in fair value reserve records valuation differences arising on the market valuation of available for sale financial assets.

Capital management

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

22. SHARE BASED PAYMENTS

a) Options

The Company previously had in place an Employee Share Option Plan (ESOP) under which employees and directors of the Group may be issued on a discretionary basis with options over ordinary shares of Altura Mining Limited. In 2014 this plan was replaced with a Long-Term Incentive Plan referred to below in (b).

There were 9 million employee share options expiring on 30 September 2015, all of which lapsed.

	2016		2015	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	9,000,000	0.20	9,575,000	0.20
Granted	-	-	-	-
Forfeited / expired	(9,000,000)	-	(575,000)	-
Exercised	-	-	-	-
Outstanding at year-end	-	-	9,000,000	0.20
Exercisable at year-end	-	-	9,000,000	0.20

There were no new options issued to staff during the year ended 30 June 2016.

b) Performance Rights

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

The purpose of this plan is to:

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

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

The Company had the following Performance Rights granted under the LTIP as at 30 June 2016:

Number	Issue date	Vesting date
2,700,000	11 December 2014	30 November 2016
400,000	11 August 2015	30 November 2016
150,000	21 June 2016	30 November 2016
2,700,000	11 December 2014	30 November 2017
400,000	11 August 2015	30 November 2017
300,000	21 June 2016	30 November 2017

SHARE BASED PAYMENTS (continued)

c) Bonus Shares

During the year 11,450,000 shares were issued to the directors and staff for no consideration.

	2016 \$'000	2015 \$'000
During the year, the Company has the following share based payments expenses:		
Options expense (Note 22a)	-	3
Performance rights (Note 22b)	235	181
Bonus shares (Note 22c)	545	552
	780	736

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	Non-Executive Director
Allan Buckler	Non-Executive Director
Dan O'Neill	Non-Executive Director
BT Kuan	Non-Executive Director

Key Management Personnel

Chris Evans	General Manager, Operations
Noel Young	Group Financial Controller and Company Secretary
Damon Cox	Company Secretary

b) Key management personnel remuneration

	2016 \$	2015 \$
Short-term employee benefits	1,263,069	916,613
Long-term employee benefits	-	-
Post-employment benefits	70,534	63,262
Termination benefits	-	-
Share based payments	571,980	586,605
	1,905,583	1,566,480

c) Option holdings

Number of options held by key management personnel

2016	Balance at the start of the year	Purchased in rights issue	Granted for loan conversion	Exercised	Lapsed	Balance at end of the year	Vested and exercisable
J Brown	4,500,001	-	3,000,000	(5,500,001)	(2,000,000)	-	-
P Mantell	5,523,334	-	3,000,000	(6,523,334)	(2,000,000)	-	-
A Buckler	28,682,283	-	3,000,000	(30,682,283)	(1,000,000)	-	-
D O'Neill	1,555,556	-	3,000,000	(3,555,556)	(1,000,000)	-	-
B Kuan	3,500,000	-	3,000,000	(5,500,000)	(1,000,000)	-	-
C Evans	-	-	-	-	-	-	-
N Young	2,180,000	-	3,000,000	(4,830,000)	(350,000)	-	-
D Cox	425,000	-	-	(75,000)	(350,000)	-	-

23. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Details of options granted as compensation and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Directors' Report and under Note 22.

2015	Balance at the start of the year	Purchased in rights issue	Granted for loan conversion	Exercised	Lapsed	Balance at end of the year	Vested and exercisable
J Brown	2,000,000	2,500,001	-	-	-	4,500,001	4,500,001
P Mantell	2,000,000	3,523,334	-	-	-	5,523,334	5,523,334
A Buckler	1,000,000	27,682,283	-	-	-	28,682,283	28,682,283
D O'Neill	1,000,000	555,556	-	-	-	1,555,556	1,555,556
B Kuan	1,000,000	2,500,000	-	-	-	3,500,000	3,500,000
C Evans	-	-	-	-	-	-	-
N Young	350,000	1,830,000	-	-	-	2,180,000	2,180,000
D Cox	350,000	75,000	-	-	-	425,000	425,000

d) 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.

2016	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting 30 Nov 2015	Vesting 30 Nov 2016	Vesting 30 Nov 2017
J Brown	3,000,000	-	(1,000,000)	2,000,000	-	1,000,000	1,000,000
P Mantell	1,500,000	-	(500,000)	1,000,000	-	500,000	500,000
A Buckler	300,000	-	(100,000)	200,000	-	100,000	100,000
D O'Neill	300,000	-	(100,000)	200,000	-	100,000	100,000
B Kuan	300,000	-	(100,000)	200,000	-	100,000	100,000
C Evans	-	1,000,000	(200,000)	800,000	-	400,000	400,000
N Young	600,000	-	(200,000)	400,000	-	200,000	200,000
D Cox	600,000	-	(200,000)	400,000	-	200,000	200,000

2015	Balance at the start of the year	Granted as compensation	Shares issued/ rights lapsed	Balance at the end of the year	Vesting 30 Nov 2015	Vesting 30 Nov 2016	Vesting 30 Nov 2017
J Brown	-	3,000,000	-	3,000,000	1,000,000	1,000,000	1,000,000
P Mantell	-	1,500,000	-	1,500,000	500,000	500,000	500,000
A Buckler	-	300,000	-	300,000	100,000	100,000	100,000
D O'Neill	-	300,000	-	300,000	100,000	100,000	100,000
B Kuan	-	300,000	-	300,000	100,000	100,000	100,000
C Evans	-	-	-	-	-	-	-
N Young	-	600,000	-	600,000	200,000	200,000	200,000
D Cox	-	600,000	-	600,000	200,000	200,000	200,000

Details of performance rights awarded as compensation and shares issued on the vesting of the rights, together with terms and conditions of the rights, can be found in the Directors' Report and under Note 22.

23. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

e) 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 of the Group, including their personally related parties, are set out below. Other changes during the year include the bonus issue of shares to directors (following approval at the 2015 AGM) and shares issued to directors and other key management personnel on the vesting of performance rights.

2016	Balance at start of the year	Purchased / (sold)	Exercise of Listed Options	Conversion of loans to Company	Purchased in rights issue / SPP	Other changes	Balance at the end of the year
J Brown	12,018,300	-	5,500,001	6,000,000	-	3,000,000	26,518,301
P Mantell	17,479,750	-	6,523,334	6,000,000	-	2,500,000	32,503,084
A Buckler	138,411,409	-	30,682,283	6,000,000	-	2,100,000	177,193,692
D O'Neill	2,777,780	(100,000)	3,555,556	6,000,000	-	2,100,000	14,333,336
B Kuan	7,182,968	17,032	5,500,000	6,000,000	-	2,100,000	20,800,000
C Evans	-	(159,000)	-	-	-	1,200,000	1,041,000
N Young	6,144,411	-	4,830,000	6,000,000	-	200,000	17,174,411
D Cox	1,000,000	-	75,000	-	-	200,000	1,275,000
2015							
J Brown	3,718,300	-	-	-	5,300,000	3,000,000	12,018,300
P Mantell	9,233,083	-	-	-	7,346,667	900,000	17,479,750
A Buckler	82,146,845	-	-	-	55,964,564	300,000	138,411,409
D O'Neill	1,166,668	-	-	-	1,311,112	300,000	2,777,780
B Kuan	1,882,968	-	-	-	5,000,000	300,000	7,182,968
C Evans	-	-	-	-	-	-	-
N Young	1,584,411	-	-	-	3,960,000	600,000	6,144,411
D Cox	250,000	-	-	-	150,000	600,000	1,000,000

24. INVESTMENTS IN OTHER ENTITIES

a) Joint operations

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

b) Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorporation	Ownership Interest		Carrying Amount of Investment	
			2016 %	2015 %	2016 \$'000	2015 \$'000
Unlisted:						
Evora Mining Inc.*	Coal Mining	British Virgin Islands	33%	33%	144	19,451
Merida Mining Pte. Ltd.	Holding and Investment	Singapore	33%	33%	-	-
					144	19,451

* Evora Mining Inc. is the ultimate controlling entity of PT Binamitra Sumberata, the owner and operator of the Delta coal mining tenements. The Group acquired 33⅓% of the issued shares of Evora Mining Inc. in 2013.

c) Movement in carrying amounts

Opening acquisition value	19,451	25,772
Share of profits after income tax	(1,513)	(3,894)
Foreign exchange movement	686	5,255
Impairment	(18,480)	(7,682)
Carrying amount at the end of the financial year	144	19,451

Information relating to associated companies is set out below:

d) Summarised financial information of associates

Share of assets and liabilities		
Current assets	4,948	2,896
Non-current assets	12,302	14,530
Total assets	17,250	17,426
Current liabilities	18,841	15,691
Non-current liabilities	-	1,384
Total liabilities	18,841	17,076
Net assets	(1,591)	350
Share of revenues, expenses and profits:		
Revenues	6,001	14,910
Expenses	(7,514)	(19,858)
Profit (loss) before income tax	(1,513)	(4,948)
Income tax expense / (benefit)	-	(1,054)
Profit (loss) after income tax	(1,513)	(3,894)

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	
		2016 %	2015 %
Altura Exploration Pty Ltd	Australia	100	100
Altura Drilling Pty Ltd	Australia	100	100
Altura Lithium 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	
			2016 %	2015 %	2016 %	2015 %
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 Exploration Pty Ltd and Altura Lithium 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.

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
2016				
Summarised statement of financial position				
Current assets	372	176	-	-
Non-current assets	265	1,550	1,885	2,712
Total assets	637	1,726	1,885	2,712
Current liabilities	231	-	1	5
Non-current liabilities	-	1,156	831	1,638
Total liabilities	231	1,156	832	1,643
Net assets	406	570	1,053	1,069
Summarised statement of profit or loss and other comprehensive income				
Revenue	475	-	-	-
Expenses	520	3	(8)	(8)
Profit / (loss) before income tax expense	(45)	(3)	8	8
Income tax expense / (benefit)	54	-	-	-
Profit / (loss) after income tax expense	(99)	(3)	8	8
Other comprehensive income	12	(2)	(9)	(9)
Total comprehensive income	(87)	(5)	(1)	(1)
Statement of cash flows				
Net cash from operating activities	(27)	(24)	(5)	(5)
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(27)	(24)	(5)	(5)
Other financial information				
Profit attributable to non-controlling interests	(44)	(1)	-	-
Accumulated non-controlling interest at the end of reporting period	146	1	25	32

25. INTERESTS IN SUBSIDIARIES (continued)

	PT Velseis Indonesia \$'000	PT Suryaraya Pusaka \$'000	PT Kodio Multicom \$'000	PT Marangkayu Bara Makarti \$'000
2015				
Summarised statement of financial position				
Current assets	350	189	5	5
Non-current assets	299	1,477	1,803	2,603
Total assets	649	1,666	1,808	2,608
Current liabilities	160	-	1	5
Non-current liabilities	-	1,113	798	1,578
Total liabilities	160	1,113	799	1,583
Net assets	489	553	1,009	1,025
Summarised statement of profit or loss and other comprehensive income				
Revenue	356	-	-	-
Expenses	499	1	97	83
Profit / (loss) before income tax expense	(143)	(1)	(97)	(83)
Income tax expense / (benefit)	63	-	-	-
Profit / (loss) after income tax expense	(206)	(1)	(97)	(83)
Other comprehensive income	123	(13)	(40)	(38)
Total comprehensive income	(83)	(14)	(137)	(121)
Statement of cash flows				
Net cash from operating activities	(88)	4	-	-
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(88)	4	-	-
Other financial information				
Profit attributable to non-controlling interests	(42)	(4)	(60)	(53)
Accumulated non-controlling interest at the end of reporting period	190	6	26	32

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 related parties during the financial year.

Transactions with directors and key management personnel

The Directors provided Altura Mining Limited with a short term facility to support the working capital requirements of the Group prior to capital raising during the 2015 financial year. This facility was fully repaid on 19 November 2015 by the issue of shares, which occurred on 20 November 2015. The facility attracted interest at 8% per annum and amounted to \$10,473.

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:

	2016 \$'000	2015 \$'000
Cash at bank and on hand (Note 8)	22,132	2,092
Cash per statement of cash flows	22,132	2,092

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	22,132	1,592
Short-term deposits	-	500
Cash at bank and on hand	22,132	2,092

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

Operating loss after income tax	(31,618)	(17,269)
Adjustments for non-cash income and expense items:		
Option and share pricing	235	184
Interest expense	252	251
Bonus paid by way of issue of shares to directors and staff	545	552
Impairment - goodwill	-	4,529
Impairment - property, plant and equipment	261	-
Impairment - equity	18,480	7,682
Depreciation of property, plant and equipment	554	847
Exploration expenditure written off	3,895	115
Share of (profit) / loss of associates and joint venture partnership	1,513	3,894
Foreign currency exchange rate movement	(1,066)	(3,565)
(Increase) / decrease in current tax prepaid	277	(269)
Increase / (decrease) in deferred tax balances	505	(138)
Changes in assets and liabilities:		
(Increase) / decrease in receivables	1,632	(677)
(Decrease) / increase in other creditors and accruals	452	562
(Increase) / decrease in deposits and prepayments	(41)	115
Increase / (decrease) in current provisions	70	233
Net cash used in operating activities	(4,054)	(2,954)

- c) **Acquisition of entities**

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

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	21,980	3,143
Total assets	67,259	53,377
Current liabilities	554	775
Total liabilities	554	775
Net assets	66,705	52,602

Equity

Contributed equity	105,840	78,904
Reserves	233	1,019
Retained profits / (accumulated losses)	(39,367)	(27,321)
Total shareholder equity	66,705	52,602

Loss for the year	(12,883)	(12,958)
-------------------	----------	----------

Total comprehensive loss for the year	(12,883)	(12,958)
---------------------------------------	----------	----------

(b) Contingent liabilities

Contingent liabilities are disclosed in Note 31.

(c) Contractual commitments

No later than one year	44	52
Later than one year and not later than five years	15	-
Later than five years	-	-
	59	52

2016
\$'000
Parent

2015
\$'000
Parent

29. AUDITORS' REMUNERATION

Amount paid or payable for the audit or review of the financial report

107	96
107	96

30. SUBSEQUENT EVENTS

The Share Purchase Plan closed on 13 July 2016. Applications for 3,869,000 shares were received, all were accepted resulting in the receipt of \$773,800 into the Company's bank account, together with shares issued on 18 July 2016.

Two Mining Leases (M45/1230 and M45/1231) for the Company's Pilgangoora Lithium Project were granted on 26 August 2016, enabling the Mining Proposal to be lodged with the DMP on 2 September 2016.

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:

	2016 \$'000	2015 \$'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.	-	157

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.

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 \$262,897 (2015: \$258,203). 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 no commitments for asset acquisitions at 30 June 2016.

c) Operating leases

The Group has entered into operating leases for office premises at Subiaco in Western Australia and at Jakarta and Balikpapan in Indonesia. The Group also has operating leases in relation to office equipment.

	2016 \$'000	2015 \$'000
The commitment in respect of these leases is:		
No later than one year	325	378
Later than one year and not later than five years	363	19
Later than five years	-	-
	688	397

33. HIRE PURCHASE COMMITMENTS

Hire purchase agreements

The Group will acquire the plant and equipment at the conclusion of the respective agreements

No later than one year

Later than one year and not later than five years

Later than five years

2016
\$'000

2015
\$'000

- 8

- -

- -

- 8

Included in the financial statements as:

Current hire purchase liabilities (Note 18)

Non-current hire purchase liabilities (Note 18)

- 8

- -

- 8

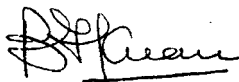
DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes 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 2016 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) the remuneration disclosures that are contained in the remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the *Corporations Act 2001* and the Corporations Regulations 2001; and
- (d) 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.



BT Kuan
Director

Brisbane, 13 September 2016

INDEPENDENT AUDIT REPORT

PKF Hacketts



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

Report on the Financial Report

We have audited the accompanying financial report of Altura Mining Limited ("the company") and its Controlled Entities ("the group") which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss, 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 group comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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 judgment, including the 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 company'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 company's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PKF Hacketts Audit
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PKF Hacketts



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS ALTURA MINING LIMITED
(continued)**

Auditor's Opinion

In our opinion:

- a) the financial report of Altura Mining Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the group's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the Directors' Report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

PKF HACKETTS

PKF HACKETTS AUDIT

Liam Murphy
Partner

Brisbane, 13 September 2016

ADDITIONAL

ASX INFORMATION

SCHEDULE OF MINERAL PROPERTIES

Location	Tenement Number	Interest
Pilbara, Western Australia	E 45/2277	100%
	E 45/2287	100%
	E 45/2363	100%
	E 45/3488	100%
	P 45/2758	100%
	M 45/1230	100%
	M 45/1231	100%
	L 45/392	100%
	L 45/400	100%
	L 45/401	100%
	L 45/404	100%
	L 45/409	100%
Tanami, Northern Territory	ELA 26626	10%
	ELA 26627	10%
	EL 26628	10%
	EL 29828	10%
Delta, East Kalimantan	PT Delta Ultima Coal	33 ¹ / ₃ %
Tabalong, South Kalimantan	PT Suryaraya Permata Khatulistiwa	70%
	PT Suryaraya Cahaya Cemerlang	70%
	PT Suryaraya Pusaka	70%
	PT Kodio Multicom	56%
	PT Marangkayu Bara Makarti	56%
Catanduanes, Philippines	COC 182 (Area 3) - Catanduanes	100%
Albay Region, Philippines	COC 200 (Area 4) - Rapu-Rapu	100%
Bislig Region, Philippines	COC 202 (Area 17) - Surigao del Sur	100%

Key to tenement type:

E, EL: Exploration Licence

G: General Purpose Lease

L: Miscellaneous Licence

M, ML: Mining Lease

P: Prospecting Licence

ISSUED CAPITAL

The issued capital of the company as at 30 September 2016 consists of 1,231,778,000 fully paid ordinary shares.

DISTRIBUTION OF SHAREHOLDERS AS AT 30 SEPTEMBER 2016

FULLY PAID ORDINARY SHARES

Number of holders: 6,026 Holders of less than a marketable parcel: 742

NUMBER OF HOLDERS IN THE FOLLOWING DISTRIBUTION CATEGORIES:

Fully paid ordinary shares	
0-1,000	267
1,001-5,000	861
5,001-10,000	868
10,001-100,000	2,991
100,001 and over	1,039
Total	6,026

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders as disclosed in substantial shareholder notices received by the Company are:

Holder name	Shares
AC Buckler (Shazo Holdings Pty Ltd)	177,193,692
MT Smith (Hartco Nominees Pty Ltd)	167,264,481

VOTING RIGHTS ON ORDINARY SHARES

On a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote. On a poll, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote for each fully paid share held.

ON MARKET BUY BACK

There is no current on market buy back of Altura shares.

20 LARGEST SHAREHOLDERS - FULLY PAID SHARES

The names of the 20 largest shareholders as at 30 September 2016 are as follows:

Rank	Holder name	Units	% of issued shares
1	Shazo Holdings Pty Ltd	162,353,691	13.18%
2	MT Smith	84,021,645	6.82%
3	Hartco Nominees Pty Ltd	83,242,836	6.76%
4	Farjoy Pty Ltd	48,784,288	3.96%
5	Navibell Services Limited	34,892,128	2.83%
6	PK & MA Mantell	32,363,083	2.63%
7	Lionergy Limited	27,191,358	2.21%
8	JS & ML Brown	22,428,914	1.82%
9	BT Kuan	20,800,000	1.69%
10	Rookharp Investments Pty Ltd	20,460,552	1.66%
11	Lido Trading Limited	14,845,679	1.21%
12	AC Buckler	14,840,001	1.20%
13	E.M. Enterprises (Qld) Pty Ltd	13,400,000	1.09%
14	Sand King Pty Ltd	12,000,000	0.97%
15	HSBC Custody Nominees (Australia) Limited	11,800,899	0.96%
16	Finn Air Holdings Pty Ltd	11,272,034	0.92%
17	National Nominees Limited	10,123,094	0.82%
18	NT Young	9,200,000	0.75%
19	Citicorp Nominees Pty Ltd	8,607,926	0.70%
20	N Young Investments Pty Ltd	7,974,411	0.65%
Total		650,602,539	52.82%

MINERAL RESOURCES

AND ORE RESERVES STATEMENT

DELTA COAL

EAST KALIMANTAN, INDONESIA

Updated coal reserves and coal resources are currently being prepared for the Delta coal mine. These estimations were not available at the time that the annual report went to print, but are expected to be completed and published during the December quarter 2016. A comparison with the previous year's estimate is therefore not currently able to be made.

TABALONG COAL

EAST KALIMANTAN, INDONESIA

A revised coal resource estimate is currently being prepared for

the entire Tabalong coal project. The updated estimation was not available at the time that the annual report went to print, but is expected to be completed and published during the December quarter 2016. A comparison with the previous estimate is therefore not currently able to be made.

PILGANGOORA LITHIUM WESTERN AUSTRALIA

Mineral resource estimate

The previous mineral resource estimate in the 2015 annual report was released to the ASX on 14 September 2015, and the current estimate was reported on 22 September 2016.

The differences between the current and previous resource

estimates are the result of further exploration drilling conducted in recent months, and the use of a lower cut-off grade as prescribed by the February 2016 Orelogy Mining Study.

The previous estimate was completed by Ravensgate Mining Industry Consultants, and the current estimate was prepared by Hyland Geological and Mining Consultants (HGMC).

Mr Stephen Hyland was the designated Competent Person for the previous Ravensgate resource estimate and now acts in the same capacity for HGMC providing continuity in the collation, modelling, interpretation and reporting of results.

Mineral resource estimate comparison

JORC resource category	Current estimate (0.4% Li ₂ O cut-off grade)			Previous estimate (0.8% Li ₂ O cut-off grade)		
	Tonnes (Mt)	Li ₂ O (%)	Li ₂ O (tonnes)	Tonnes (Mt)	Li ₂ O (%)	Li ₂ O (tonnes)
Measured	-	-	-	-	-	-
Indicated	30.56	1.04	318,000	19.77	1.21	239,000
Inferred	8.60	0.95	82,000	6.29	1.20	76,000
Total	39.16	1.02	400,000	26.06	1.20	315,000

Ore reserve estimate

A maiden ore reserve estimate was reported during the 2015/16 year, and as such, there is no comparison to be made with the previous annual report.

The ore reserve estimate was prepared by Orelogy Consulting Pty Ltd.

Ore reserve estimate

JORC resource category	Current estimate (0.4% Li ₂ O cut-off grade)		
	Tonnes (Mt)	Li ₂ O (%)	Li ₂ O (tonnes)
Proven	-	-	-
Probable	20.33	1.06	215,000
Total	20.33	1.06	215,000

SUMMARY OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Altura has ensured that the Mineral Resource and Ore Reserve Estimates are subject to good governance arrangements and internal controls. The Mineral Resources and Ore Reserves reported have been generated by independent consultants who are experienced in modelling and estimation methods. The consultants have undertaken reviews of the quality and the suitability of the data and information used to generate the resource estimations.

Altura carries out regular reviews of its own internal practices and those of external contractors who are engaged in a range of specialist areas by the Company.

The Mineral Resources and Ore Reserves for Pilgangoora have been compiled and reported in accordance with the "Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) 2012 Edition.

COMPETENT PERSONS STATEMENTS

The information in this Mineral Resources and Ore Reserves (MROR) statement is based on, and fairly represents, information and supporting documentation prepared by the competent persons listed below.

The MROR statement for Pilgangoora Lithium has been prepared and approved by Mr Bryan Bourke, Altura's Exploration Manager.

PILGANGOORA LITHIUM

The information in this report that relates to the Mineral Resource for the Pilgangoora lithium deposit is based on information compiled by Mr Stephen Hyland and Mr Bryan Bourke. Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy and Mr Bourke is a Member of the Australian Institute of Geoscientists. Mr Hyland is a principal consultant at Hyland Geological and Mining Consultants and has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity of mineral resource estimation to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bourke is the Exploration Manager of Altura Mining Limited and has had sufficient experience that is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hyland and Mr Bourke consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Ore Reserve for the Pilgangoora lithium deposit is based on information compiled by Mr Jake Fitzsimons. Mr Fitzsimons is a Member of the Australasian Institute of Mining and Metallurgy. Mr Fitzsimons is a principal consultant at Orelogy Consulting Pty Ltd and has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity of ore reserve estimation to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fitzsimons consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement on 22 September 2016. Further, all material assumptions and technical parameters underpinning the mineral resource and ore reserve estimates in that announcement continue to apply and have not materially changed.



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