



ALTURA MINING LIMITED
ABN 39 093 391 774
AND CONTROLLED ENTITIES

HALF YEAR FINANCIAL REPORT

For the six months ended 31 December 2015

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Company's Annual Report for the year ended 30 June 2015 and any public announcements made by Altura Mining Limited ABN 39 093 371 774 during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



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Corporate Directory

DIRECTORS

James Brown – Managing Director
Paul Mantell – Non-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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AUDITORS

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SHARE REGISTRY

Link Market Services Limited
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BRISBANE QLD 4000

AUSTRALIAN SECURITIES EXCHANGE

Code: AJM, AJMO

Altura Mining Limited and Controlled Entities

Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Your directors have pleasure in presenting the interim financial statements of Altura Mining Limited ("the Company") and controlled entities ("the consolidated entity") for the financial half-year ended 31 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the period were:

- Feasibility studies at the Pilgangoora Lithium Project;
- Mining and production of coal;
- Provision of mining services, including drilling and geologging services; and
- Other exploration activities within Australia, Indonesia and the Philippines.

OPERATING AND FINANCIAL REVIEW

Overview

Altura Mining Limited, an ASX listed entity is mainly focused on the development of its 100% owned Pilgangoora Lithium Project in the Pilbara region of Western Australia.

Altura also has interests in the producing Delta Coal mine and the Tabalong Coal project in Indonesia.

Operating results

The consolidated entity's operating loss after providing for income tax for the half-year ended 31 December 2015 was \$1,986,394 (2014: loss \$27,495,647). The loss in the current half-year was lower than the comparative period's result mainly due to:

- Delta Coal's operating loss was lower for the half-year ended 31 December 2015,
- the loss making Mt Webber DSO project ceased operations in December 2014,
- no further impairment has been recognised on the Group's intangible assets for the half-year ended 31 December 2015, and
- no further charge for impairment was recognised for the equity accounted asset value of Delta Coal for the half-year ended 31 December 2015.

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 continuing and completing feasibility work at the Pilgangoora lithium project, production at the Delta coal mine in the most economic manner at a time of lower world coal prices environment, completion of final approvals to allow for construction and operation of the Tabalong coal project, and further coal exploration at the Tabalong coal project and in the Philippines. Altura plans to divest its coal assets into a special purpose entity as part of a separate and specific coal business.

Altura Mining Limited and Controlled Entities

Directors' Report (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Pilgangoora Lithium

During the 6 months to 31 December 2015, Altura has completed various aspects of its feasibility study on the Pilgangoora Lithium Project, including completion of metallurgical test work, geotechnical assessment for pit design, subterranean and short range endemic fauna studies and surface and ground water assessments.

In July 2015, Altura appointed Mr Chris Evans as General Manager Operations to be principally responsible for coordinating and managing the feasibility study process for the Company.

The Company also awarded the tender for design of the crushing and beneficiation plant, and commenced logistics planning, including road and port solutions.

Altura is also undertaking processes to locate a suitable off-take and possible strategic equity partner to assist in developing this world class project, and subsequent to half year end, Altura signed a non-binding letter of intent and a non-binding Memorandum of Understanding with potential offtake groups in China.

Delta Coal

During the period, Altura continued to hold its interest in the one-third owned Delta coal mine on the island of Kalimantan in Indonesia.

In the 6 months to 31 December 2015, the operation produced 180,214 tonnes (2014: 640,509 tonnes) and sold 241,897 tonnes (2014: 703,723 tonnes). The Company has continued negotiations with its current contractors in an effort to increase tonnage and reduce mining costs. Reductions in the delivered fuel price has provided some respite however further cost cuts are being investigated to allow for sustaining operations in the challenging thermal coal market.

The mine continues to focus on cost reductions and efficiency gains in order to offset historically low coal prices and provide a positive platform to maximise the extraction of the mine's considerable coal resources.

Tabalong Coal

The Tabalong Coal Project is a premium grade thermal coal deposit located in South Kalimantan, Indonesia. Altura was granted the first in-principal forestry permit in late 2014. The Company is currently awaiting the grant of the second in-principal forestry approval, and is currently undertaking programs in order to satisfy the full grant of the final permits. Once this final regulatory approval is received, there will be a lead time of approximately six months from the start of construction until the first production of coal.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

Singapore listing of the Indonesian coal assets

In January 2016 it was agreed between the shareholder group and its Issue Manager and Underwriter that the process be suspended. This decision was based on the challenging commodity market and investor interest in the coal sector. If the market does improve then the substantial work completed to date will allow for a fast tracking of the listing.

Non broker sponsored private placement

On 17 February 2016 the Company has agreed to a private placement of 37,037,037 shares in the Company for \$3,000,000 at a price of 8.1 cents per share. This transaction was completed on 7 March 2016.

Letter of Intent - Pilgangoora Lithium project

On 17 February 2016 the Company signed a non-binding offtake Letter of Intent with China-based Lionergy Limited for a minimum of 100,000 tonnes per annum (tpa) and up to 150,000 tpa of Spodumene Concentrate.

Memorandum of Understanding - Pilgangoora Lithium project

On 29 February 2016 the Company announced that it had signed a non-binding Memorandum of Understanding for offtake with Optimum Nano, a leading Chinese based battery producer for a minimum of 100,000 tpa and up to 150,000 tpa of Spodumene Concentrate.

Vendor loan variation

On 3 March 2016, the Company obtained a variation to the due dates of loan payments to the vendors of Evora Mining Inc. The payment that was previously due in July 2016 was deferred to July 2017. The other payments are now due in July 2018 (US\$4.15 million) and July 2019 (US\$4.2 million). Refer Note 4 to the Financial Statements.

Altura Mining Limited and Controlled Entities

Directors' Report (continued) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

ROUNDING OF AMOUNTS

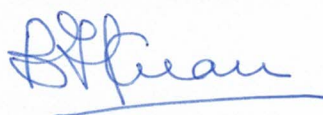
The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2015 has been received and is included on page 5 of the report.

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

On behalf of the Directors,



BT Kuan
Director
Brisbane, 8 March 2016

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015, there have been:

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

PKF HACKETTS

PKF HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 8 March 2016

Altura Mining Limited and Controlled Entities

Consolidated Statement of Profit and Loss

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$'000	2014 \$'000
Continuing operations			
Revenue	3(a)	997	2,353
Cost of sales	3(c)	(1,160)	(2,373)
Operating profit / (loss)		(163)	(20)
Other income			
Foreign exchange movement	3(g)	1,339	3,108
Sundry income	3(b)	22	30
Expenses			
Administration costs		(871)	(1,230)
Employee benefits expense	3(f)	(1,368)	(1,191)
Exploration expenditure	3(h)	(76)	-
Other expenses	3(d)	(33)	(52)
Financing costs	3(e)	(253)	(147)
Impairment of goodwill	12	-	(4,529)
Impairment on equity accounted asset	11,12	-	(7,682)
Share of net loss of associates accounted for using the equity method	11	(634)	(3,074)
Profit / (loss) before income tax		(2,037)	(14,787)
Income tax (expense) / benefit		51	84
Net profit / (loss) for the period from continuing operations		(1,986)	(14,703)
Discontinued operations			
Loss of discontinued operations after tax	5(b)	-	(12,793)
Net profit / (loss) for the period		-	(27,496)
Net profit / (loss) attributable to:			
Owners of Altura Mining Limited		(1,939)	(27,389)
Non-controlling interest		(47)	(107)
		(1,986)	(27,496)
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)		(0.23)	(3.21)
Diluted earnings / (loss) per share (cents per share)		(0.23)	(3.21)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings / (loss) per share (cents per share)		(0.23)	(6.02)
Diluted earnings / (loss) per share (cents per share)		(0.23)	(6.02)

The accompanying notes form part of these financial statements.

Altura Mining Limited and Controlled Entities

Consolidated Statement of Comprehensive Income / (Loss)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	2015 \$'000	2014 \$'000
Net profit / (loss) after income tax	(1,986)	(27,496)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss:		
Changes in the fair value of available for sale financial assets	(121)	86
Exchange differences on translation of foreign controlled entities	(711)	80
Other comprehensive income / (loss) for the period, net of tax	(832)	166
Total comprehensive income / (loss) for the period	(2,818)	(27,330)
Total comprehensive income / (loss) attributable to:		
Members of the parent entity	(2,745)	(27,200)
Non-controlling interest	(73)	(130)
	(2,818)	(27,330)

The accompanying notes form part of these financial statements.

Altura Mining Limited and Controlled Entities

Consolidated Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 December 2015 \$'000	30 June 2015 \$'000
Current assets			
Cash and cash equivalents		1,279	2,092
Trade and other receivables		2,452	2,758
Held to maturity investments		50	1,280
Inventories		1	1
Current tax prepaid		664	525
Other current assets		486	480
Assets classified as held for sale		-	100
Total current assets		4,932	7,236
Non-current assets			
Other receivables		2,430	2,377
Available-for-sale financial assets		452	573
Property, plant and equipment		1,129	1,382
Exploration and evaluation		15,970	14,949
Investments accounted for using the equity method	11	19,812	19,451
Deferred tax asset		530	505
Total non-current assets		40,323	39,237
Total assets		45,255	46,473
Current liabilities			
Trade and other payables		2,585	2,584
Interest bearing liabilities	4	5,197	397
Short term provisions		832	777
Total current liabilities		8,614	3,758
Non-current liabilities			
Interest bearing liabilities	4	12,565	16,895
Total non-current liabilities		12,565	16,895
Total liabilities		21,179	20,653
Net assets		24,076	25,820
Equity			
Contributed equity	9	80,009	78,904
Reserves		(1,496)	179
Accumulated losses		(54,773)	(53,672)
Capital and reserves attributable to owners of Altura Mining Limited		23,740	25,411
Non-controlling interest		336	409
Total equity		24,076	25,820

The accompanying notes form part of these financial statements.

Altura Mining Limited and Controlled Entities

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Contributed equity	Accumul- ated losses	Option/ perform- ance rights reserve	Change in fair value - available for sale financial assets	Foreign currency translat- ion reserve	Non- controll- ing 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/ (loss) for period	-	(27,389)	-	86	103	(130)	(27,330)
Transactions with owners in their capacity as owners:							
Issue of shares – employee bonus payment	552	-	-	-	-	-	552
Option reserve on recognition of bonus element of options	-	-	21	-	-	-	21
Transfer from option reserve on expiry of options	-	45	(45)	-	-	-	-
Sub-Total	552	45	(24)	-	-	-	573
Balance as at 31 December 2014	75,114	(51,214)	856	140	(339)	548	25,105
Balance as at 30 June 2015	78,904	(53,672)	1,019	43	(883)	409	25,820
Total comprehensive income/ (loss) for period	-	(1,939)	-	(121)	(685)	(73)	(2,818)
Transactions with owners in their capacity as owners:							
Issue of shares	360	-	-	-	-	-	360
Issue of shares – employee bonus payment	456	-	-	-	-	-	456
Issue of shares on exercise of listed options	106	-	-	-	-	-	106
Transfer from Option / Performance rights reserve on exercise of performance rights	183	-	(183)	-	-	-	-
Amortisation of performance rights	-	-	152	-	-	-	152
Transfer from option reserve on expiry of options	-	838	(838)	-	-	-	-
Sub-Total	1,105	838	(869)	-	-	-	1,074
Balance as at 31 December 2015	80,009	(54,773)	150	(78)	(1,568)	336	24,076

The accompanying notes form part of these financial statements.

Altura Mining Limited and Controlled Entities

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Receipts from customers	2,095	2,098
Payments to suppliers and employees	(3,462)	(3,511)
Sundry income	62	33
Interest received	20	60
Interest paid	(6)	(5)
Income tax	(138)	(23)
Net cash provided by / (used in) operating activities	(1,429)	(1,348)
Cash flows from investing activities		
Expenditure on exploration and evaluation	(794)	(554)
Expenditure on property, plant and equipment	-	(37)
Proceeds from held to maturity investments	1,230	-
Proceeds from sale of assets held for sale	100	-
Net cash provided by / (used in) investing activities	536	(591)
Cash flows from financing activities		
Proceeds for the issue of shares and other securities	106	-
Payment of loans	(20)	(500)
Payment of hire purchase liabilities	(9)	(3)
Net cash provided by / (used in) financing activities	77	(503)
Net increase / (decrease) in cash and cash equivalents held	(816)	(2,442)
Cash and cash equivalents at the beginning of year	2,092	3,403
Effect of exchange rates on cash holdings in foreign currencies	3	(130)
Cash and cash equivalents at the end of period	1,279	831
Non cash investing and financing activities		
Proceeds from the sale of 30% interest in the Mt Webber DSO project	-	24,031
Repayment of the Atlas Operations Pty Ltd loan facility	-	(24,031)
Increase in the Atlas Operations Pty Ltd loan facility	-	6,435
Contributions made to Atlas Operations Pty Ltd loan facility	-	(6,435)
Share based payments	(456)	-
Repayment of loans by the issue of shares	(360)	-

The accompanying notes form part of these financial statements.

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

The half-year report covers the consolidated financial statements of the consolidated entity comprising Altura Mining Limited and its controlled entities (the Group). The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report for the year ended 30 June 2015 of the Company and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of preparation

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2015 annual financial report for the financial year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. At 31 December 2015, the Company had \$1.3 million in cash and term deposits, and has forecasted negative operating cash flows for the next 12 months. The company also had a net current assets deficiency of \$3.7 million as at 31 December 2015.

As such, the Company's ability to continue to adopt the going concern assumption will depend upon a number of matters during the next 12 months period such as raising further capital including by exercise of existing shareholders options, entering into joint venture or farm-in agreements with respect to its tenements and the successful exploration and exploitation of the Company's tenements.

In the absence of a successful outcome in these matters, there exists a material uncertainty that the Group would be able to continue as a going concern and therefore, whether it would be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability or classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Carrying value of exploration and evaluation expenditure

Further to the Going Concern Note above, the Group has recognised exploration and evaluation expenditure of \$15.9 million at 31 December 2015 (30 June 2015: \$14.9 million) which includes costs directly associated with its exploration and evaluation activities. These exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources. The Directors acknowledge that further funding will be required to continue the development and commercial exploitation of its tenements.

In the event that the Group is unable to fund its planned expenditure on these tenements, there is a material uncertainty that the Group would be able to continue the development and commercial exploitation of the tenements with the result that the Group may be required to realise its related assets at amounts different from those currently recognised, settle liabilities other than in the ordinary course of business, and make provisions for costs which may arise as a result of cessation or curtailment of normal business operations.

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative figures

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

2. SEGMENT INFORMATION

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

	Coal mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
Half-year 2015					
Revenue					
External sales	-	997	-	-	997
Other income	-	8	14	-	22
Other segments	-	250	-	(250)	-
Total segment revenue	-	1,255	14	(250)	1,019
Unallocated revenue					-
Total consolidated revenue					1,019
Segment result- EBIT					
Finance costs	(634)	(899)	(251)	-	(1,784)
Profit /(loss) before income tax					(2,037)
Income tax benefit					51
Net profit /(loss) for the period from continuing operations					(1,986)
Loss from discontinued operations					-
Net profit / (loss) for the period					(1,986)
Assets and liabilities					
Segment assets	19,812	3,518	21,395	-	44,725
Unallocated assets					530
Total assets					45,255
Segment liabilities	17,081	1,893	2,205	-	21,181
Unallocated liabilities					-
Total liabilities					21,181

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

2. SEGMENT INFORMATION (continued)

	Coal mining \$'000	Exploration services \$'000	Mineral exploration \$'000	Eliminations \$'000	Total \$'000
Half-year 2014					
Revenue					
External sales	-	2,353	-	-	2,353
Other income	-	5	25	-	30
Other segments	-	957	-	(957)	-
Total segment revenue	-	3,315	25	(957)	2,383
Unallocated revenue					-
Total consolidated revenue					2,383
Segment result- EBIT	(10,756)	(5,409)	1,525	-	(14,640)
Finance costs					(147)
Profit /(loss) before income tax					(14,787)
Income tax expense					84
Net profit /(loss) for the period from continuing operations					(14,703)
Loss from discontinued operations					(12,793)
Net profit / (loss) for the period					(27,496)
Assets and liabilities					
Segment assets	18,857	5,837	18,594	-	43,288
Unallocated assets					442
Total assets					43,710
Segment liabilities	14,975	1,624	2,006	-	18,605
Unallocated liabilities					-
Total liabilities					18,605

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

3. PROFIT / (LOSS) FROM ORDINARY ACTIVITIES

	2015 \$'000	2014 \$'000
(a) Revenue		
Revenue from mining services	997	2,353
Total revenues from ordinary activities	997	2,353
(b) Other income		
Interest received from other corporations	14	25
Profit on sale of assets	8	4
Sundry Income	-	1
Total other income from ordinary activities	22	30
(c) Cost of sales		
Drilling costs	947	2,089
Depreciation - plant & equipment	213	284
Total cost of sales	1,160	2,373
(d) Other expenses		
Depreciation – plant & equipment	33	52
Total other expenses from ordinary activities	33	52
(e) Borrowing costs		
Hire purchase interest expense	-	-
Interest expense	253	147
Total borrowing costs	253	147
(f) Employee benefits expense		
Salaries and oncosts expense	759	618
Employee share scheme expense	152	21
Bonus paid by issue of shares to directors & employees	457	552
Total employee benefits expense	1,368	1,191
(g) Foreign exchange gain		
Revaluation of intercompany loans denominated in US dollars	1,339	3,108
(h) Exploration expenditure		
Exploration costs expensed on sale of tenement	76	-

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015 \$'000	30 June 2015 \$'000
4. INTEREST BEARING LIABILITIES		
Current borrowings		
Interest bearing		
Director & management loans *	-	389
Hire purchase liabilities	2	8
Non interest bearing		
Vendor loan #	5,195	-
Total current borrowings	5,197	397
Non current borrowings		
Non interest bearing		
Loan from other entities ^	1,630	1,551
Vendor loan #	10,935	15,344
Total non current borrowings	12,565	16,895

Hire purchase liabilities are effectively secured as the rights to the assets revert to the owner in the event of default.

* In early 2015, the Directors provided the Company with a loan to support the working capital requirements of the Group prior to a rights issue in May 2015. The loan was repaid in November 2015 by the issue of shares (note 9) in Altura Mining Limited, following approval at the Company's Annual General Meeting in November 2015.

The vendor loan totalling \$16.1 million (30 June 2015: \$15.3 million) represents the amount owing to the vendors of Evora Mining Inc. As at 31 December 2015, loan payments are due in July 2016 (US\$4.15 million), July 2017 (US\$4.15 million) and July 2018 (US\$4.2 million). On 3 March 2016, the Company obtained a vendor loan variation whereby these loan payments have been deferred to July 2017 (US\$4.15 million), July 2018 (US\$4.15 million) and July 2019 (US\$4.2 million) respectively.

^ These funds were advanced by the minority shareholder in the Tabalong coal project in accordance with the loan agreement. The facility has no defined repayment term and is disclosed as non-current.

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

5. 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.

Whilst the settlement occurred post balance date, the Directors are of the view that in substance the effective date of sale was at 31 December 2014 and therefore the sale has been accounted as at 31 December 2014 and any gain or loss from the sale has been included in the current period gain (loss) from discontinued operations in the Income Statement.

The Directors are of the view that the effective date was as at 31 December 2014 as the Joint Operation effectively ceased from this date with all loan accounts payable settled as at 31 December 2014 and became the consideration for the sale.

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 six months ended 31 December 2014.

	31 December 2015 \$'000	31 December 2014 \$'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 31st December 2014 were:

	31 December 2015 \$'000	30 June 2015 \$'000
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

	31 December 2015 \$'000	31 December 2014 \$'000
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)

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

6. DIVIDENDS

The Company has not paid a dividend during the period and no interim dividend is recommended. (2014: \$0)

7. SUBSEQUENT EVENTS

Singapore listing of the Indonesian coal assets

In January 2016 it was agreed between the shareholder group and its Issue Manager and Underwriter that the process be suspended. This decision was based on the challenging commodity market and investor interest in the coal sector. If the market does improve then the substantial work completed to date will allow for a fast tracking of the listing.

Non broker sponsored private placement

On 17 February 2016 the Company has agreed to a private placement of 37,037,037 shares in the Company for \$3,000,000 at a price of 8.1 cents per share. This transaction was completed on 7 March 2016.

Letter of Intent - Pilgangoora Lithium project

On 17 February 2016 the Company signed a non-binding offtake Letter of Intent with China-based Lionergy Limited for a minimum of 100,000 tonnes per annum (tpa) and up to 150,000 tpa of Spodumene Concentrate.

Memorandum of Understanding - Pilgangoora Lithium project

On 29 February 2016 the Company announced that it had signed a non-binding Memorandum of Understanding for offtake with Optimum Nano, a leading Chinese based battery producer for a minimum of 100,000 tpa and up to 150,000 tpa of Spodumene Concentrate.

Vendor loan variation

On 3 March 2016, the Company obtained a variation to the due dates of loan payments to the vendors of Evora Mining Inc. The payment that was previously due in July 2016 was deferred to July 2017. The other payments are now due in July 2018 (US\$4.15 million) and July 2019 (US\$4.2 million). Refer Note 4 to the Financial Statements.

8. CONTINGENT LIABILITIES

No change to contingent liabilities has occurred since 30 June 2015.

9. CONTRIBUTED EQUITY

Issued capital

	31 December 2015 \$'000	30 June 2015 \$'000
2015:892,834,326 (2014: 837,676,732) ordinary shares and fully paid	80,009	78,904

	31 December 2015		30 June 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
Shares issued on exercise of listed options	5,257,594	105	-	-
Employee bonus payment *	11,000,000	458	8,300,000	552
Shares issued in satisfaction of repayment of loans to directors and management	36,000,000	360	-	-
Shares issued on vesting of performance rights	2,900,000	182	-	-
Share purchase plan	-	-	5,240,000	262
Non renounceable rights issue	-	-	303,720,989	3,037
Share placement and lead managers fee	-	-	66,143,562	661
Share issue costs	-	-	-	(170)
Balance at the end of the financial year	892,834,326	80,009	837,676,732	78,904

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

* Ordinary 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 during the six months ended 31 December 2015.

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

10. KEY MANAGEMENT PERSONEL

Details of the Group's Key Management Personnel Compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 30 June 2015.

11. INVESTMENTS IN ASSOCIATES

(a) Interests are held in the following associated companies:

Name	Principal Activities	Country of Incorporation	Ownership Interest		Carrying Amount of Investment	
			31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
			%	%	\$'000	\$'000
Unlisted:						
Evora Mining Inc.*	Coal Mining	British Virgin Islands	33⅓	33⅓	19,812	19,451
Merida Mining Pte. Ltd.	Holding and Investment	Singapore	33⅓	33⅓	-	-
					<u>19,812</u>	<u>19,451</u>

* Evora Mining Inc. is the ultimate controlling entity of PT Binamitra Sumberarta, the owner and operator of the Delta coal mining tenements.

	31 December 2015 \$'000	30 June 2015 \$'000
(b) Movement in carrying amounts		
Opening acquisition value	19,451	25,772
Share of profits/(loss) after income tax	(634)	(3,894)
Impairment (note 12)	-	(7,682)
Foreign exchange movement	<u>995</u>	<u>5,255</u>
Carrying amount at the end of the financial year	<u>19,812</u>	<u>19,451</u>

Altura Mining Limited and Controlled Entities

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2015

12. IMPAIRMENT LOSS

The Group assesses whether there are indicators that assets, or group of assets, may be impaired at each reporting date. The following impairment indicators were identified during the half-year ended 31 December 2014:

- Carrying value of investment accounted for using the equity method may exceed its value in use; and
- Under adverse market conditions the carrying value of goodwill may exceed its value in use.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. Total impairment losses recognised in the Consolidated Statement of Profit and Loss for the half year were as follows:

	31 December 2015 \$'000	31 December 2014 \$'000
Impairment of Delta equity accounted investment (a)	-	7,682
Impairment of goodwill (b)	-	4,529
Total impairment loss	-	12,211

(a) Investment accounted for using the equity method

An impairment charge of \$7.7 million was recognised during the half year ended 31 December 2014 to adjust the value of this investment down to its recoverable amount. The recoverable amount of \$18.9 million after impairment was determined by directors based on a draft value in use calculation. This calculation was prepared by independent experts for use in an external valuation of the Delta mining operation which was commissioned by the Group. While at the time of reporting the external valuation remained in draft, directors believe it represents the best estimate available of the recoverable value of the Delta investment.

(b) Impairment of goodwill

As a result of continued adverse market conditions, the Group reassessed the recoverable amount of its goodwill related to its 'Exploration Services' cash generating unit (CGU) during the half year ended 31 December 2014. The recoverable amount of the CGU was determined based on value in use calculation. The calculation used cashflow projections based on financial forecasts prepared by management covering a five-year period. Due to the uncertainty of the future exploration services and based on the value in use calculation, the directors believed that the full amount of goodwill related to the 'Exploration Services' CGU of \$4.5 million should be impaired.

Directors' Declaration

The directors declare that:

1. The financial statements and notes as set out on pages 6 to 19 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with the Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the half-year ended on that date of the consolidated entity;
2. With due regard to commentary in note 1 and In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors,



BT Kuan
Director

Brisbane, 8 March 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Altura Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated balance sheet as at 31 December 2015, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Altura Mining Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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

Conclusion

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

- (a) giving a true and fair view of the group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphases of Matter - Inherent Uncertainty regarding Going Concern and Capitalised Exploration Expenditure

Without modifying our conclusion expressed above, we draw attention to the following matters:

a) Inherent Uncertainty Going Concern

We draw attention to Note 1 in the financial report, which indicates that the group had \$1.3 million in cash and term deposits, and has forecasted negative operating cash flows for the next 12 months. The group also had a net current asset deficiency of \$3.7 million as at 31 December 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

b) Inherent Uncertainty Capitalised Exploration Expenditure

We draw attention to Note 1 in the financial report, which indicates there is material uncertainty as to whether the group would be able to continue the development and commercial exploitation of the tenements with the result that the group may not be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

PKF HACKETTS

PKF HACKETTS AUDIT



Liam Murphy
Partner

Brisbane, 8 March 2016