Pure Alumina Limited

(Formerly known as Hill End Gold Limited)

ABN 74 072 692 365

Annual Report - 30 June 2019

Contents

Directors	Ernest Thomas Eadie Martin McFarlane David Leavy Robert Boston
Company secretary	Melanie Leydin
Registered office	Level 4, 96-100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4, 96-100 Albert Road South Melbourne VIC 3205
Share register	Boardroom Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	Moyes Yong + Co Suite 1301 Level 13, 115 Pitt Street Sydney NSW 2000
Stock exchange listing	Pure Alumina Limited shares are listed on the Australian Securities Exchange (ASX code: PUA)
Website	www.purealumina.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pure Alumina Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors
The following persons were directors of Pure Alumina Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ernest Thomas Eadie
Martin McFarlane
David Leavy
Robert Boston
Graham Reveleigh (resigned 23 October 2018)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- management and preparatory work relating to its proposed high purity alumina project based on its Victorian kaolin deposit; and
- management, planning and due diligence activities relating to its acquisition of Polar Sapphire Limited.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

Overview

The past year saw exciting developments for Pure Alumina Limited. Whilst pursuing ways to reduce the capital and operating costs of Pure Alumina's Yendon high purity alumina (HPA) project, we commenced discussions with Polar Sapphire Limited, a Canadian private company who had developed their own proprietary process to produce HPA with a significantly lower capital cost. Due diligence revealed that Polar offered numerous other benefits including:
- A semi commercial HPA pilot plant that could produce circa 150tpa of 99.999% (5N) HPA;
- A flexible modular design that could simultaneously produce various HPA grades suitable for the rapidly growing synthetic sapphire and battery separator markets;
- A low capital cost of US$12m per 1000tpa of HPA capacity and rapid timeline of 12 months to construct the first 1000tpa HPA plant.
- An advanced HPA marketing program that had already qualified Polar's HPA with multiple synthetic sapphire producers;
- Forecast operating costs for premium 5N HPA that were equal to or better than most competitor 4N costs.

Yendon High Purity Alumina Project (PUA 100%)

The HPA Project tenements, Exploration Licences 5457, 5461, 006447 and 006428, are located at Pittong and Yendon near Ballarat, Victoria, where kaolin mining and processing has occurred for decades. The Yendon kaolin Resource is located on EL5457 and EL5461. Application for a retention license over the Yendon kaolin deposit has been made to the Victorian Mines Department.

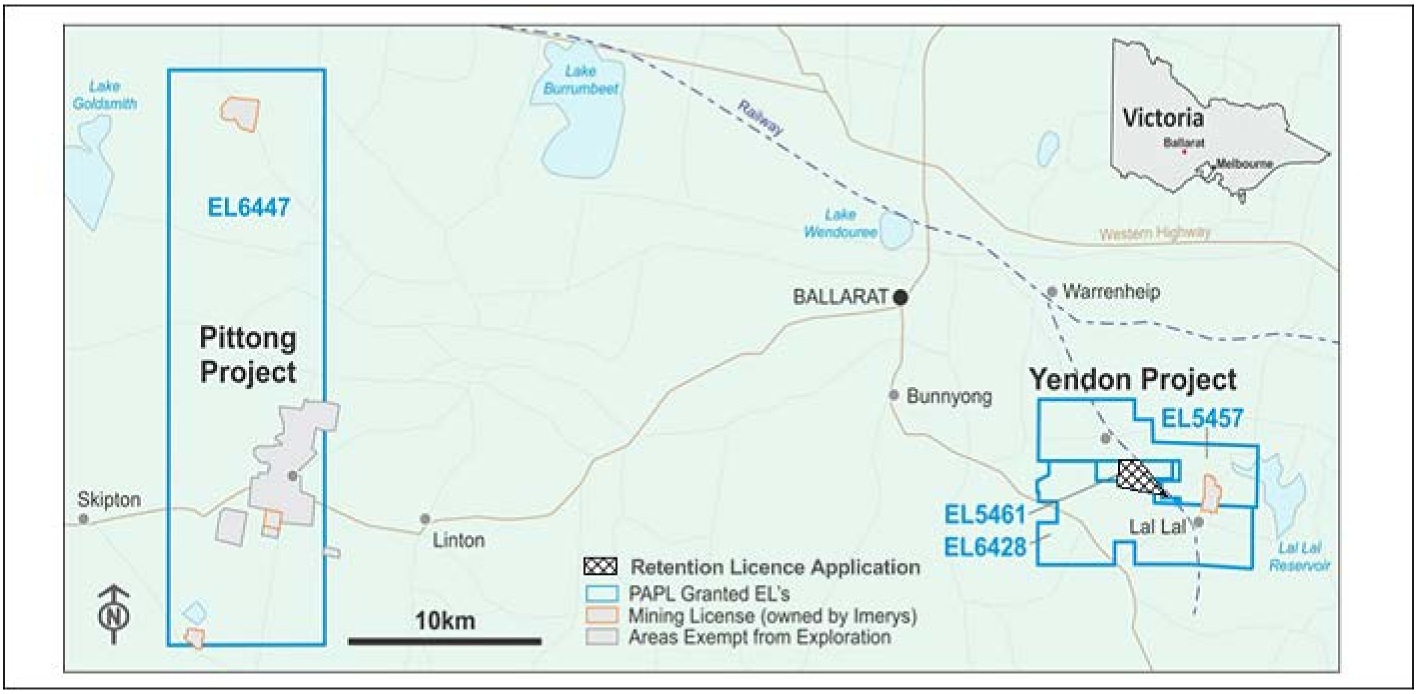

Figure 1: HPA Project location near Ballarat, Victoria

Following the successful completion of the pre-feasibility study (PFS) of the Yendon high purity alumina (HPA) project, Pure Alumina commenced work on the definitive feasibility study (DFS). In addition to the usual requirements of a DFS, Pure Alumina prioritised work on reducing the capital and operating costs outlined in the PFS.

The PFS identified a number of areas where capital and operating costs might be reduced. The most significant being the acid regeneration plant, which is the most expensive capital item for the HPA project comprising approximately 40% of the total cost. It also contributes a material operating expense.

The PFS utilised the most conservative assumptions for the acid plant design as the test work to optimise the acid plant was out of scope. Pure Alumina worked with acid plant suppliers and specialists to evaluate alternative acid plant technologies and develop a test work program to optimise the acid plant operating parameters. Preliminary findings indicated that material capital and operating savings are potentially available.

As part of the DFS, Pure Alumina considered options for substituting the planned pilot plant with a larger commercial scale demonstration plant. Under the scenario being assessed, the demonstration scale plant would produce a commercial volume of HPA of up to 1000 tonnes a year. This option could deliver several key benefits for both the DFS including HPA process optimisation and proof of scalability, capex of a demonstration plant should be considerably lower than outlined in the 8,000 tpa Yendon HPA project PFS, HPA production would be fast-tracked, potentially years ahead of the 2022 commissioning schedule outlined in the Yendon PFS and the demonstration plant would enable marketing and HPA sales.

Pure Alumina commenced a preliminary economic assessment to determine the capital and operating costs to ensure the commercial demonstration plant was financially feasible.

The Yendon HPA project DFS and pilot plant project was placed on hold when the Polar Sapphire transaction was entered into as it became evident that Polar's technology offered both a faster and lower cost way to commence HPA production. The Yendon HPA project does however have considerable potential to become a lower cost feed material for the Polar process, assuming the Polar transaction is completed. However, test work needs to be undertaken to integrate the 2 processes and confirm this potential.

Polar Sapphire Acquisition

Following discussions, on 3 December 2018, Pure Alumina signed a non-binding term sheet to negotiate terms for the acquisition of Toronto-based high purity alumina producer Polar Sapphire. This was followed by the announcement on 23 March 2019 that Pure Alumina had signed a binding agreement, subject to the conditions outlined below, to acquire Polar Sapphire Limited from private equity interests for C$25.75m, subject to Pure Alumina's share price at time of capital raising, as follows:

- C$13.75m in Pure Alumina shares; and
- C$12m in cash.

Conditions Precedent (CPs) to the agreement include:

- Satisfactory completion of due diligence
- Regulatory and shareholder approvals
- Capital raising of a minimum of A$30m through debt and/or equity
- Progress towards Pure Alumina's planned sale of its gold assets
- Other standard CPs for a transaction of this nature

The A$30m in capital being raised will fund the acquisition, construction and commissioning of the first 1,000tpa of production capacity, R&D into the integration of Pure Alumina's existing kaolin-based HPA process into Polar's technology, product marketing and general corporate working capital.

Acquiring Polar would enable Pure Alumina to fast track its plans to commence commercial production of premium 99.999% 5N high purity alumina (HPA) within 12 months of completion of the acquisition. Assuming completion of the acquisition, Pure Alumina aims to rapidly expand HPA production to 5,000tpa within three years to capture exceptional forecast growth in HPA demand for use in LED lighting and coatings on lithium battery separators for electric vehicles and other uses.

Polar is currently producing HPA at its pilot plant in Toronto, generating cashflow from sales of its HPA.

Polar's patented HPA process currently produces 99.999% (5N) HPA. The 5N HPA market generates attractive premiums over 4N and lesser purity HPA segments. The demand for 5N HPA is growing rapidly due to requirements to produce higher output LED lights and other high precision optical products. It is a relatively exclusive market as only a few companies globally have achieved commercial production meeting the specifications for 5N HPA.

Polar has already passed stringent qualification processes for its HPA with multiple synthetic sapphire producers receiving positive feedback that Polar HPA produces synthetic sapphire with fewer flaws in the crystal lattice and more transparent sapphire. This enables sapphire producers to generate higher yields of payable sapphire per kg of HPA and target premium white LED lighting segments. Sales orders from sapphire producers now exceed the capacity of Polar's pilot plant and therefore it is seeking to expand production.

Polar's production process has low capital. The estimated cost of constructing a 1,000 tpa HPA plant is US$12 million. The cost of constructing the first 1,000 tpa of HPA production is approximately 3 per cent of Pure Alumina's 8,000 tpa Yendon HPA project and one quarter of the overall cost to build a plant with equivalent HPA output.

HPA Price (USD/t)	$20,000.00	$25,000.00	$30,000.00	$35,000.00	$40,000.00
Operating Costs (USD/t)**	$6,750.00	$6,750.00	$6,750.00	$6,750.00	$6,750.00
Margin per 1,000t (US$m)	$13.25	$18.25	$23.25	$28.25	$33.25

**Forecast operating costs at steady state production

Since signing the binding agreement, Pure Alumina has focussed its efforts on satisfying the CPs for the transaction.

Due diligence for the transaction is essentially complete. Pure Alumina has completed its due diligence of Polar and identified no material legal, financial, commercial or technical issues. Polar has similarly undertaken due diligence of Pure Alumina and has not informed the Company of any substantive issues.

The $30m capital raise is currently the major focus. After agreeing mandates with Patersons and Fraser McKenzie Merchant Capital, a global roadshow to brief investors in Europe, North America and Australia was undertaken. There was strong interest and positive feedback. Follow up meetings, site visits by investors to Polar's HPA pilot plant and investor due diligence is underway. Current efforts are focused on converting investor interest to commitment to the capital raise.

Pure Alumina is preparing a notice of meeting and independent expert report on the transaction to enable shareholders to consider and vote on the transaction once the capital raise and other conditions precedent are satisfied. The notice of meeting will be sent to shareholders once finalised and approved by the ASX.

Pure Alumina and Polar agreed to extend their acquisition agreement to 30 September 2019 to allow sufficient time to complete the transaction. However, PUA no longer has exclusivity for the acquisition of Polar (see ASX Release of 24 July 2019).

High Purity Alumina Markets

Market commentators such as Roskill and CRU are projecting HPA market growth rates of between 10% and 18% CAGR over the coming decade. This is predicated on the already strong growth from LED lighting manufacturers as LED lights are replacing incandescent and halogen lighting globally. HPA is converted to synthetic sapphire which is then coated with gallium nitride to form the LED substrate. However, HPA demand is expected to escalate further when electric vehicle sales begin replacing internal combustion cars over the next 5 years. The lithium ion batteries in electric vehicles are larger and have higher energy density than batteries used in portable electronics and thus generate more heat which needs to be managed to prevent battery fires. Coating the separator in the lithium battery with HPA allows the battery to operate safely at higher temperatures and provides other performance benefits.

During the past year, on marketing trips, Pure Alumina met with Chinese battery separator manufacturers observing the expansion in separator capacity of 5-10 times current capacity that they have in construction or planned. Importantly most future separator production is going to be HPA coated compared to relatively low levels today.

As a result of forecast growth, HPA demand is estimated to grow from 35,000tpa in 2018 to between 85,000 (Roskill) and 230,000 (CRU) tpa by 2028.

HPA is largely produced in China with Japan, South Korea, the USA and Europe making up most of the balance. China generally produces lower quality HPA with high quality HPA produced outside China. With the opaqueness of Chinese markets and HPA production generally part of large conglomerates outside China it is difficult to gauge the expansion plans of existing producers, however the large forecast growth for HPA does create opportunities for new producers to enter the market.

HPA is not currently traded on an open exchange. Sales are generally concluded bilaterally. HPA prices are determined by grade, end use, quantity, particle size and shape and location. Overall Roskill estimates HPA prices have remained steady over the past year within the following ranges:

3N US$ <10 kg
4N US$ 10-30 kg
5N US$ 30-50 kg

Pure Alumina Gold Project

Following a strategic review, Pure Alumina appointed PCF Capital to undertake a sale process for its gold assets. To date, more than 40 companies have viewed the data and this has resulted in a range of offers for the gold assets. Multiple offers were considered acceptable however were subject to finance. Despite record gold prices, raising money in the exploration and development segment of the gold market proved very difficult and several offers were unable to be advanced to a conclusion for this reason.

The historically high gold prices have seen interest in the Hill End gold assets continue with new parties reviewing the project and further offers received. At the time of writing, discussions are underway with a preferred bidder to secure a binding agreement.

Financial performance

The loss for the consolidated entity after providing for income tax for the year ended 30 June 2019 was $6,426,182 (30 June 2018: $9,317,552).

A significant amount of this loss was attributable to an impairment loss of $4,279,171 (30 June 2018: $7,449,285) recognised in relation to the consolidated entity's gold assets being held for sale. The impairment was made following an assessment by the Board of the gold assets' fair value.

Administration expenses for the current year was $1,572,590, compared to $1,166,702 for the corresponding year. The increase in expenses reflects additional professional fees in relation to:
- Planned merger with Polar Sapphire Limited as announced in December 2018;
- Sale of the gold assets; and
- Capital raising activity through a Share Purchase Plan and Top Up placement during the May and June 2019 period.

Financial position

The net assets of the consolidated entity reduced by $3,216,439 to $9,807,309 at 30 June 2019 (30 June 2018: $13,023,748) primarily as a consequence of the loss after income tax for the period. The reduction in non-current gold assets classified as held for sale reflects the $4,279,171 impairment of those assets following the assessment of their fair value.

The reduction in trade and other payables and the increase in issued capital are mainly due to the settlement of a liability, due to the vendors of the Yendon HPA project, by an issue of the Company's shares.

Furthermore the increase in issued capital is driven by completion of the Share Purchase Plan and Top Up placement during the year.

Significant changes in the state of affairs
On 3 July 2018, Mr Tom Eadie was appointed as a Non-Executive Director and replaced Mr Graham Reveleigh as Chairman of the Board of the Company.

On 23 October 2018 Mr Graham Reveleigh resigned as a director of the Company.

On 23 October 2018 the Company issued 9,300,000 fully paid ordinary shares, in accordance with approval given by the Company's shareholders at the Annual General Meeting held that day. 6,000,000 of these shares were issued at a price of $0.07 (7 cents) per share to a company controlled by Mr Tom Eadie as settlement of a liability due to him which arose under the terms of the Asset Sale Agreement in relation to the July 2017 acquisition by the Company of Pure Alumina Pty Ltd (since renamed Yendon HPA Pty Ltd), of which Mr Eadie was one of the vendors. 3,300,000 of these shares were issued at a price of $0.06 (6 cents) per share to Directors and consultants of the Company as remuneration.

On 30 October 2018 the Company changed its name from Hill End Gold Limited to Pure Alumina Limited. The name change reflected the Company’s strategic focus on the Yendon HPA project in Victoria and its discontinuation of gold exploration and mining activities.

On 13 November 2018 the Company issued 14,000,000 fully paid ordinary shares at a price of $0.07 (7 cents), in accordance with approval given by the Company's shareholders at the Annual General Meeting held on 23 October 2018. These shares were issued at a price of $0.07 (7 cents) per share to vendors of Pure Alumina Pty Ltd (since renamed Yendon HPA Pty Ltd), as settlement of a liability due to them, arising under the terms of the Asset Sale Agreement in relation to the July 2017 acquisition by the Company of Pure Alumina Pty Ltd.

On 21 March 2019 the Company announced that it had signed a binding agreement to acquire Polar Sapphire Limited ("Polar"). The Company plans to purchase 100% of the outstanding equity in Polar with a combination of cash and Pure Alumina shares.

On 30 May 2019 the Company completed a Share Purchase Plan where it raised $1,346,398 through issuing 38,913,244 ordinary shares.

The Company subsequently raised another $406,780 through a Top Up placement, where it issued a further 11,756,647 ordinary shares.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 24 July 2019 the Company announced that the end date of the agreement to acquire Polar Sapphire Limited would be extended to 30 September 2019, to provide additional time to facilitate completion of all conditions precedent, and to remove exclusivity on both sides.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
As noted elsewhere in this directors' report, the consolidated entity intends to undertake a capital raising to fund the following activities planned to take place during the next financial year:

- the acquisition of Polar Sapphire Limited (Polar Sapphire);
- construction and commissioning of a plant at Polar Sapphire with a production capacity of 1,000 tons per annum of High Purity Alumina (HPA);
- research and development into the integration of Pure Alumina’s existing kaolin-based HPA process into Polar Sapphire’s technology;
- undertake sales of HPA product from Polar Sapphire's existing pilot plant;
- undertake marketing activities to secure offtake agreements for HPA production from Polar Sapphire's expanded plant;
- complete sale of gold assets.

Environmental regulation
The Group’s New South Wales mineral tenements are issued by the Department of Primary Industry - Minerals (DPI) and the Group operates under environmental licences and conditions issued by the DPI and the Environmental Protection Authority. The conditions of these tenements and licences require the preparation of environmental reports, monitoring and ongoing rehabilitation for exploration and mining activities. The Group has statutory obligations to protect the environment in which it is exploring and operating.

Before commencing ground intrusive work or work involving the removal or damage of native vegetation within an Exploration Licence in Victoria, each licence is subject to a rehabilitation bond to the satisfaction of the Minister. The licensee must also notify the Earth Resources Regulation (ERR) Regional Manager and the Crown land Manager, if Crown land is involved, of the nature of the proposed works, and obtain approvals for the proposed works to commence. All reasonable care must be taken to avoid, minimize and/or offset the removal and disturbance of native vegetation and faunal habitats. Special conditions, assessments and exclusions may also apply to Box-Ironbark regions to identify areas or sites to be avoided.

While environmental reports are not generally required where only low impact exploration activities are being undertaken (as within the Victorian Exploration Licences) the licensee must operate under the Code of Practice For Mineral Exploration (Mineral Resources (Sustainable Development) Act 1990) and be aware of, and manage, multiple potential issues that may arise.

During the reporting period the Group met its obligations pursuant to environmental legislation. Directors are not aware of any regulations or requirements that were not being complied with.

Information on directors

Name:	Ernest Thomas Eadie
Title:	Chairman
Experience and expertise:	Non-Executive Chairman appointed 3 July 2018. Geologist and mining executive with over 20 years' experience in the resources industry with many significant mineral discoveries to his name. Former Executive Chairman of Copper Strike, founding Chairman of Syrah Resources and previously Executive General Manager – Exploration and Technology at Pasminco. Past board member of the Australasian Institute of Mining and Metallurgy and the Australian Mineral Industry Research Association.
Other current directorships:	Strandline Resources Limited Alderan Resources Limited
Former directorships (last 3 years):	New Century Resources Limited (resigned March 2019)
Interests in shares:	8,993,217 fully paid ordinary shares
Interests in options:	200,000 unlisted options

Name:	Martin McFarlane
Title:	Managing Director
Qualifications:	B.Eng., B.Bus
Experience and expertise:	Mr McFarlane has more than 25 years resources experience with major resource companies including Minerals and Metals Group, OZ Minerals Limited, Zinifex Limited, Pasminco Limited and Conzinc Rio Tinto of Australia including successfully holding senior roles for the past 13 years either as CEO / President of the company or being responsible for major business units reporting directly to the CEO.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,683,526 fully paid ordinary shares
Interests in options:	None

Name:	David Leavy
Title:	Finance Director
Qualifications:	B.Ec., M. App. Fin
Experience and expertise:	Mr Leavy has over 25 years of experience in the banking and mining industries covering a wide range of commodities. He has significant experience in debt and equity markets, physical and derivative commodity markets, specifically in gold, bauxite, iron ore, base metals, oil and LNG. Recent roles have included CFO of several mining companies undergoing project development, requiring implementation of appropriate business processes, government negotiations, team establishment, logistics etc. in Australia, Ghana, Guinea and Sierra Leone. Prior to this Mr Leavy held a number of roles at Westpac through financial markets (FX and commodity derivatives), project finance, relationship management, credit analysis and capital solutions. A significant focus for these roles was on the Mining and Oil & Gas sectors.
Other current directorships:	None
Former directorships (last 3 years):	Mount Magnet South Ltd (resigned 20 October 2016)
Interests in shares:	1,798,526 fully paid ordinary shares
Interests in options:	None

Name:	Robert Boston
Title:	Non-executive Director
Qualifications:	B.Comm, B.LLB, Grad Dip App.Fin, Dip Man
Experience and expertise:	Mr Boston is has more than 15 years in the mining industry. An experienced resources executive, having held positions in legal, business development, strategy, marketing and commercial roles with in BHP Billiton Limited, Rio Tinto Limited and Poseidon Nickel Limited and continues to advise a number of junior resources companies. Mr Boston has multi commodity expertise in exploration, early stage resource development, M&A, joint ventures and marketing. Prior to this Mr Boston worked for national law firms Freehills and Mallesons Stephen Jaques in their Corporate, Projects and Finance areas and is admitted to the Supreme Court of Western Australia and High Court of Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	833,526 fully paid ordinary shares
Interests in options:	None

Name:	Graham Charles Reveleigh
Title:	Non-executive Director (resigned 23 October 2018)
Qualifications:	M.Sc., MAusIMM, CPMan, MCIMM
Experience and expertise:	Mr Reveleigh has wide experience in the mining industry, covering exploration, development, construction and mine operations including Mine Manager at Noble's Nob, where he ran the operations for seven years. He has worked as a consultant on numerous projects both in Australia and overseas such as at Hill End in New South Wales, Red Dome in Queensland and as Project Manager at the Moline Gold Mine in the Northern Territory, at Gold Ridge in the Solomon Islands and as part of the Kennecott team at Lihir and in other assignments in the Philippines, New Caledonia, Siberia and most States in Australia. He was the Site Manager for Nugget Resources Inc at Hill End NSW since the commencement of the project, and for four years was Managing Director of the Company.
Other current directorships:	N/A - no longer a director at the date of this report
Former directorships (last 3 years):	N/A - no longer a director at the date of this report
Interests in shares:	1,338,523 fully paid ordinary shares (as at date of resignation)
Interests in options:	None (as at date of resignation)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Melanie Leydin, CA
Ms Leydin has 25 years' experience in the accounting profession including 13 years in the Corporate Secretarial profession and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, Ms Leydin has been the principal of Leydin Freyer. The practice provides outsourced company secretarial and accounting services to public and private companies specialising in ASX listed entities.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Audit Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Ernest Thomas Eadie	11	13	-	-	-	-
Martin McFarlane	11	13	-	-	-	-
David Leavy	13	13	-	-	-	-
Robert Boston	13	13	1	1	1	1
Graham Reveleigh	2	2	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $250,000). Fees for non-executive directors are not linked to the performance of the Group.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Consolidated entity performance and link to remuneration
Remuneration is not directly linked to the performance of the consolidated entity.

Voting and comments made at the Company's 23 October 2018 Annual General Meeting ('AGM')
At the 23 October 2018 AGM, 94.55% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Pure Alumina Limited:
- Ernest Thomas Eadie
- Martin McFarlane
- David Leavy
- Robert Boston
- Graham Reveleigh (resigned 23 October 2018)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
E.T. Eadie	60,000	-	-	5,700	-	-	65,700
R. Boston	40,000	-	-	3,800	-	24,000	67,800
G.C. Reveleigh	13,333	-	-	1,267	-	24,000	38,600
Executive Directors:							
M. McFarlane	252,000	-	-	25,018	4,589	60,000	341,607
D. Leavy	204,000	-	-	19,380	3,715	60,000	287,095
	569,333	-	-	55,165	8,304	168,000	800,802

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Termination payment	
2018	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	$	Total $
Non-Executive Directors:								
G.C. Reveleigh	88,841	-	-	4,806	-	-	-	93,647
R. Boston	21,183	-	-	2,012	-	-	-	23,195
W. J. Condon	72,000	-	-	-	-	-	-	72,000
Executive Directors:								
P.F. Bruce	118,540	-	-	35,011	95,725	250,000	299,375	798,651
M. McFarlane	127,787	-	-	9,019	-	-	-	136,806
D. Leavy	145,681	-	-	7,552	-	-	-	153,233
Other Key Management Personnel:								
K.M. Lynn	61,546	-	-	-	-	-	-	61,546
	635,578	-	-	58,400	95,725	250,000	299,375	1,339,078

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
E.T. Eadie	100%	100%	-	-	-	-
R. Boston	65%	100%	35%	-	-	-
G.C. Reveleigh	38%	100%	62%	-	-	-
W.J. Condon	-	100%	-	-	-	-
Executive Directors:						
M. McFarlane	82%	100%	18%	-	-	-
D. Leavy	79%	100%	21%	-	-	-
P.F. Bruce	-	69%	-	31%	-	-
Other Key Management Personnel:						
K.M. Lynn	-	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Martin McFarlane
Title:	Managing Director
Agreement commenced:	1 January 2018
Term of agreement:	No fixed term
Details:	The base salary under the agreement was initially set at $204,000 increasing to $252,000 on the earlier of: - Announcement to the ASX of the completion of a Preliminary Feasibility Study on the Group's High Purity Alumina project, or - 1 April 2018 The Board reviewed the Managing Director's salary and revised the base salary $252,000 from 1 June 2018. Contributions to a complying superannuation fund will be made at the prevailing Superannuation Guarantee levy rate (currently 9.5%) up to the quarterly maximum salary cap. The Board will annually make a written offer to Mr McFarlane to apply for performance rights equivalent in value up to 4 times his base salary which will vest subject to achieving performance targets determine by the Board and subject to the terms and conditions contained in the Performance Rights Officer Document. The following termination provisions apply: - the Company or Mr McFarlane may terminate the agreement by giving three months' written notice; - if the Company determines the agreement without notice for any reason other than serious misconduct a severance payment of 9 months current base salary will be payable; - In the case of redundancy the National Employment Standards will apply.

Name:	David Leavy
Title:	Finance Director
Agreement commenced:	1 January 2018
Term of agreement:	No fixed term
Details:	The base salary under the agreement was initially set at $150,000 increasing to $204,000 on the earlier of: - Announcement to the ASX of the completion of a Preliminary Feasibility Study on the Group's High Purity Alumina project, or - 1 April 2018 The Board reviewed Mr Leavy's salary and revised the base salary to $204,000 from 1 July 2018. Contributions to a complying superannuation fund will be made at the prevailing Superannuation Guarantee levy rate (currently 9.5%) up to the quarterly maximum salary cap. The following termination provisions apply: - the Company or Mr Leavy may terminate the agreement by giving three months' written notice; - if the Company terminates the agreement without notice for any reason other than serious misconduct a severance payment of 9 months current base salary will be payable; - In the case of redundancy the National Employment Standards will apply.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Date	Shares	Issue price	$
G Reveleigh	23 October 2018	400,000	$0.060	24,000
M McFarlane	23 October 2018	1,000,000	$0.060	60,000
D Leavy	23 October 2018	1,000,000	$0.060	60,000
R Boston	23 October 2018	400,000	$0.060	24,000

Options
There were no options over ordinary shares issued to, granted to, or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Directors' report
30 June 2019

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Reveleigh*	938,523	400,000	-	-	1,338,523
M McFarlane	200,000	1,000,000	483,526	-	1,683,526
D Leavy	340,000	1,000,000	458,526	-	1,798,526
T Eadie**	2,704,200	-	6,289,017	-	8,993,217
R Boston	-	400,000	433,526	-	833,526
K M Lynn***	42,200	-	-	(42,200)	-
	4,224,923	2,800,000	7,664,595	(42,200)	14,647,318

* G Reveleigh's balance at the end of the year represents balance on his date of resignation
** T Eadie's balance at the start of the year represents balance on his date of appointment
*** K M Lynn ceased to be key management personnel during the year.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
T Eadie*	200,000	-	-	-	200,000
K M Lynn**	600,000	-	-	(600,000)	-
	800,000	-	-	(600,000)	200,000

* T Eadie's balance at the start of the year represents balance on his date of appointment
** K M Lynn ceased to be key management personnel during the year.

Other transactions with key management personnel and their related parties
Refer to note 26 for details of other transactions with key management personnel and their related parties.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Pure Alumina Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
Various	30 July 2020	$0.075	52,200,000
28 March 2017	30 July 2020	$0.075	2,600,000
21 December 2017	30 July 2020	$0.200	26,600,000
			81,400,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Pure Alumina Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Moyes Yong & Co
There are no officers of the Company who are former partners of Moyes Yong & Co.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Moyes Yong & Co continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Tom Eadie
Chairman

24 September 2019

Moyes Yong + Co Partnership
ABN 36 528 219 967
Suite 1301, Level 13
115 Pitt Street
Sydney NSW 2000
GPO Box 4393,
Sydney NSW 2001
T: (02) 8256 1100
F: (02) 8256 1111
info@moyesyong.com.au

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Pure Alumina Limited

In accordance with Section 307C of the Corporations Act 2001, as lead audit partner for the audit of Pure Alumina Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pure Alumina Limited and the entities it controlled during the period.

William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 24th day of September 2019

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Other revenue	5	187,746	43,395
Other expenses	6	(772,211)	(765,688)
Impairment of assets	10	(4,279,171)	(7,449,285)
Administration		(1,572,590)	(1,166,702)
Operating loss		(6,436,226)	(9,338,280)
Finance revenue		10,044	24,618
Finance costs		-	(3,890)
Loss before income tax expense		(6,426,182)	(9,317,552)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Pure Alumina Limited		(6,426,182)	(9,317,552)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Pure Alumina Limited		(6,426,182)	(9,317,552)
		Dollars	**Dollars**
Basic earnings per share	31	(3.85)	(7.41)
Diluted earnings per share	31	(3.85)	(7.41)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	8	1,359,551	1,604,922
Trade and other receivables	9	313,548	43,747
		1,673,099	1,648,669
Non-current assets classified as held for sale	10	5,606,750	9,606,750
Total current assets		7,279,849	11,255,419
Non-current assets			
Other financial assets	11	30,000	30,000
Property, plant and equipment	12	815	494,277
Exploration and evaluation	13	3,055,670	3,161,303
Total non-current assets		3,086,485	3,685,580
Total assets		10,366,334	14,940,999
Liabilities			
Current liabilities			
Trade and other payables	14	221,028	1,701,466
Employee benefits	15	43,664	20,077
		264,692	1,721,543
Liabilities directly associated with assets classified as held for sale	16	286,029	195,708
Total current liabilities		550,721	1,917,251
Non-current liabilities			
Employee benefits	17	8,304	-
Total non-current liabilities		8,304	-
Total liabilities		559,025	1,917,251
Net assets		9,807,309	13,023,748
Equity			
Issued capital	18	84,672,745	81,578,502
Reserves	19	200,848	85,348
Accumulated losses		(75,066,284)	(68,640,102)
Total equity		9,807,309	13,023,748

The above statement of financial position should be read in conjunction with the accompanying notes

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2017	76,530,051	212,121	(59,322,550)	17,419,622
Loss after income tax expense for the year	-	-	(9,317,552)	(9,317,552)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(9,317,552)	(9,317,552)
Change in revaluation reserve	-	(29,322)	-	(29,322)
Change in options valuation	100,111	(100,111)	-	-
Transactions with owners in their capacity as owners:				
Shares Issued during the year	4,948,340	-	-	4,948,340
Options issued during the year	-	2,660	-	2,660
Balance at 30 June 2018	81,578,502	85,348	(68,640,102)	13,023,748

Consolidated	**Issued capital $**	**Reserves $**	**Retained profits $**	**Total equity $**
Balance at 1 July 2018	81,578,502	85,348	(68,640,102)	13,023,748
Loss after income tax expense for the year	-	-	(6,426,182)	(6,426,182)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(6,426,182)	(6,426,182)
Transactions with owners in their capacity as owners:				
Options issued during the year	-	115,500	-	115,500
Share issued during the year	3,094,243	-	-	3,094,243
Balance at 30 June 2019	84,672,745	200,848	(75,066,284)	9,807,309

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,156,247)	(1,779,412)
Interest received		10,044	24,618
Other revenue		8,195	5,955
R&D tax incentive		488,159	-
Net cash used in operating activities	30	(1,649,849)	(1,748,839)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(978)	(3,194)
Payments for exploration and evaluation	13	(206,285)	(1,263,459)
Payments for exploration bonds		-	(198,000)
Payments for mining properties		-	(15,058)
Proceeds from disposal of investments		-	60,898
Net cash used in investing activities		(207,263)	(1,418,813)
Cash flows from financing activities			
Proceeds from issue of shares	18	1,753,178	4,141,000
Share issue transaction costs		(141,437)	-
Net cash from financing activities		1,611,741	4,141,000
Net increase/(decrease) in cash and cash equivalents		(245,371)	973,348
Cash and cash equivalents at the beginning of the financial year		1,604,922	631,574
Cash and cash equivalents at the end of the financial year	8	1,359,551	1,604,922

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Pure Alumina Limited as a consolidated entity consisting of Pure Alumina Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Pure Alumina Limited's functional and presentation currency.

Pure Alumina Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 96 - 100 Albert Road
South Melbourne, VIC, 3205
AUSTRALIA

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

When adopting AASB 9, the consolidated entity has applied transitional relief and elected not to restate prior periods. There were no differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment that required recognition in opening accumulated losses as at 1 July 2018.

Note 2. Significant accounting policies (continued)

Our revised accounting policy is as follows:

Financial assets are measured at amortised cost if held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income if held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the consolidated entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15, which supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations, from 1 July 2018. Revenue from contracts with customers is recognised to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This is based on a contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an impairment expense rather than adjusted against revenue. Contracts with customers are presented in the statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract are, subject to certain criteria, capitalised as an asset and amortised over the contract period. In applying AASB 15, the consolidated entity has elected to use the modified retrospective method, and did not restate the comparatives.

On applying this standard, there were no material adjustments required or impact on the financial statements, as there is currently no revenue from customer contracts.

Going concern
The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments.

The cash balance as at 30 June 2019 was $1,359,551 (30 June 2018: $1,604,922).

The consolidated entity made a loss after tax of $6,426,182 during the year ended 30 June 2019 (30 June 2018: loss of $9,317,552) and the net cash used in operating activities was $1,649,849 (30 June 2018: $1,748,839 net outflow).

Notwithstanding these results, the directors believe that the company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the assumption that the company is a going concern for the following reasons:
- as at the date of this report the consolidated entity is undertaking a sales process of its gold assets. The sale of these assets will provide additional cash to the consolidated entity;
- in association with the planned acquisition of Polar Sapphire Limited towards the end of 2019, the Company is aiming to raise $30m through a capital raising, to fund the acquisition, ongoing developments and working capital requirements;
- the ability of the consolidated entity to scale back parts of its operations and reduce costs if required;
- the Board is of the opinion that the consolidated entity has, or shall have access to, sufficient funds to meet the planned corporate activities and working capital requirements; and
- as the Company is an ASX-listed entity, the consolidated entity has the ability to raise additional funds if required.

In the event that the Group is unable to achieve the actions noted above, the Group may not be able to continue as a going concern, it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

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

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pure Alumina Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Pure Alumina Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets
Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of non-financial assets
Goodwill and other 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 non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases', AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. Subject to recognition exemptions, a lease liability and 'right-of-use' asset will be recognised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The recognition exemptions relate to short-term leases with an original lease term of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either lease liability and 'right-of-use' asset are recognised or lease payments are expensed to profit or loss as incurred. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019, however management does not expect any material impact on the financial statements as the consolidated entity is not party to any material lease arrangements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment
The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations used to assess recoverable amounts incorporate a number of key estimates.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Estimates of reserve quantities
The estimated quantities of proved and probable reserves reported by the Group are integral to the calculation of amortisation expenses and to assessments of possible impairment of assets. Estimated reserve quantities are based on interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of the operations.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, being mineral exploration and evaluation operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews expenditure reports on exploration projects. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information is reported to the CODM on a monthly basis.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Other revenue

	Consolidated	
	2019 $	2018 $
Research and development tax incentive	176,241	-
Surplus on sale of shares	-	37,441
Profit on sales of assets	3,310	-
Other	8,195	5,954
Other revenue	187,746	43,395

Note 6. Other expenses

	Consolidated	
	2019 $	2018 $
Depreciation	41,877	126,174
Hill End site expenses	317,883	111,675
Pure Alumina project expenses	412,451	228,464
Contract termination expenses	-	299,375
	772,211	765,688

Note 7. Income tax expense

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(6,426,182)	(9,317,552)
Tax at the statutory tax rate of 27.5%	(1,767,200)	(2,562,327)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	273	-
Share-based payments	54,450	-
R&D tax incentive received	(48,466)	-
Deduction for equity raising costs recorded in equity	(38,921)	(36,331)
	(1,799,864)	(2,598,658)
Current year tax losses not recognised	639,694	2,598,658
Current year temporary differences not recognised	1,160,170	-
Income tax expense	-	-

	Consolidated 2019 $	Consolidated 2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	64,590,161	63,385,675
Potential tax benefit @ 27.5%	17,762,294	17,431,061

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Non deductible amounts as temporary differences	104,217	64,659
Capital raising costs	119,868	103,174
Accelerated deductions for book compared to tax	1,686,513	594,467
Total deferred tax assets not recognised	1,910,598	762,300

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	$	$
Cash at bank	1,359,551	1,604,922

Accounting policy for cash and cash equivalents
For the purposes of the statement of cash flows, cash and cash equivalents included cash on hand and at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months and net of bank overdrafts.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2019	2018
	$	$
Other receivables	313,548	41,765
Prepayments	-	1,982
	313,548	43,747

Other receivables include $290,000 owing in relation to proceeds from the sale of a property during May 2019. This amount was fully received in July 2019.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Impairment
Allowances for impairment are recognised using an 'expected credit loss' ('ECL') model. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

Note 10. Current assets - non-current assets classified as held for sale

	Consolidated	
	2019	2018
	$	$
Exploration property - gold assets	4,821,628	9,000,000
Performance guarantee bonds	606,750	606,750
Exploration property - plant & equipment	63,764	-
Exploration property - real property	114,608	-
	5,606,750	9,606,750

During the year ended 30 June 2019 the Company undertook a formal sale process for the Company's gold tenements at Hill End, New South Wales and Hargraves, New South Wales ("gold assets").

Note 10. Current assets - non-current assets classified as held for sale (continued)

The Company reviewed the carrying value of the gold assets and reassessed their fair value less costs to sell as $5,000,000. Accordingly, an impairment loss of $4,279,171 has been recognised in relation to these assets during the year ended 30 June 2019.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 11. Non-current assets - other financial assets

	Consolidated	
	2019 $	2018 $
EL006428	10,000	10,000
EL5457	10,000	10,000
EL5461	10,000	10,000
	30,000	30,000

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2019 $	2018 $
Real Property - at cost	114,608	388,798
Less: Reallocation to available-for-sale assets	(114,608)	-
	-	388,798
Plant and equipment - at cost	2,129,352	2,543,402
Less: Accumulated depreciation	(2,065,590)	(2,444,173)
Less: Reallocation to available-for-sale assets	(62,947)	-
	815	99,229
Motor vehicles - at cost	46,783	69,146
Less: Accumulated depreciation	(45,966)	(62,896)
Less: Reallocation to available-for-sale assets	(817)	-
	-	6,250
	815	494,277

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Real Property $	Plant & equipment $	Motor vehicles $	Total $
Balance at 1 July 2017	388,798	217,521	10,938	617,257
Additions	-	3,194	-	3,194
Depreciation expense	-	(121,486)	(4,688)	(126,174)
Balance at 30 June 2018	388,798	99,229	6,250	494,277
Additions	-	978	-	978
Disposals	(274,190)	-	-	(274,190)
Transfers in/(out)	(114,608)	(62,947)	(817)	(178,372)
Depreciation expense	-	(36,445)	(5,433)	(41,878)
Balance at 30 June 2019	-	815	-	815

Accounting policy for property, plant and equipment
Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Plant and equipment	4 - 5 years
Office furniture and equipment	3 - 4 years
Motor vehicles	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash- generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

Note 13. Non-current assets - exploration and evaluation

	Consolidated 2019 $	Consolidated 2018 $
Exploration and evaluation - Gold assets - at cost	39,920,143	39,819,344
Less: Impairment	(35,098,515)	(30,819,344)
Less: Reallocation to available-for-sale assets	(4,821,628)	(9,000,000)
	-	-
Exploration and evaluation - Yendon Alumina project - at cost	3,055,670	3,161,303
	3,055,670	3,161,303

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation $
Balance at 1 July 2017	13,864,544
Additions	3,223,459
Impairment of assets	(7,426,700)
Transfers in/(out)	(6,500,000)
Balance at 30 June 2018	3,161,303
Additions	206,285
R&D tax incentive offset	(311,918)
Balance at 30 June 2019	3,055,670

Accounting policy for exploration and evaluation assets
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year 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.

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology and discounted by the Group's cost of capital to the present value.

Note 13. Non-current assets - exploration and evaluation (continued)

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Exploration and evaluation assets are tested for impairment each year. When the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the carrying amount is written down to its likely recoverable amount.

The recoverability of the carrying amount is dependent on successful development and commercialisation or alternatively sale of the respective areas of interest.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2019	**2018**
	$	**$**
Trade payables	221,028	301,466
Other payables	-	1,400,000
	221,028	1,701,466

Refer to note 20 for further information on financial instruments.

Under the terms of the Asset Sale Agreement in relation to the acquisition of the HPA project including the Victorian tenements and all of the ordinary shares in Pure Alumina Pty Ltd (since renamed Yendon PUA Pty Ltd), a success fee of $1,400,000 was payable to the vendors of the project as at 30 June 2018. This liability, contained in Other payables at 30 June 2018, was settled during the year ended 30 June 2019 by the issue of 20,000,000 shares in the Company.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Current liabilities - employee benefits

	Consolidated	
	2019	**2018**
	$	**$**
Annual leave	43,664	20,077

Accounting policy for employee benefits

Short-term employee benefits
Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.
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.

Note 16. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated 2019 $	Consolidated 2018 $
Provision for site rehabilitation	286,029	195,708

Refer to note 10 for accounting policy on liabilities directly associated with assets classified as held for sale.

Note 17. Non-current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Long service leave	8,304	-

Accounting policy for other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 18. Equity - issued capital

	Consolidated 2019 Shares	Consolidated 2018 Shares	Consolidated 2019 $	Consolidated 2018 $
Ordinary shares - fully paid	221,760,824	147,790,933	84,672,745	81,578,502

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	87,890,933		76,530,051
Share based payment	28 August 2017	8,000,000	$0.060	480,000
Placement	28 August 2017	7,262,968	$0.060	435,778
Placement	13 October 2017	2,737,032	$0.060	164,222
Placement	17 November 2017	15,000,000	$0.100	1,500,000
Placement	21 December 2017	23,800,000	$0.100	2,380,000
Share based payment	21 December 2017	2,500,000	$0.100	250,000
Exercise of options	26 April 2018	600,000	$0.070	45,000
Transfer from reserves		-	$0.000	100,111
Cost of share issues		-	$0.000	(306,660)
Balance	30 June 2018	147,790,933		81,578,502
Shares issue to HPA vendor	23 October 2018	6,000,000	$0.070	420,000
Share issue to directors and consultants	23 October 2018	3,300,000	$0.060	198,000
Shares issue to HPA vendors	13 November 2018	14,000,000	$0.070	980,000
Share purchase plan	30 May 2019	38,913,244	$0.034	1,346,398
Top up placement	12 June 2019	11,756,647	$0.034	406,780
Cost of share issues		-	$0.000	(256,935)
Balance	30 June 2019	221,760,824		84,672,745

Note 18. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2018 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 19. Equity - reserves

	Consolidated	
	2019	**2018**
	$	**$**
Options reserve	200,848	85,348

Note 19. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Options reserve $	Available for sale reserve $	Total $
Balance at 1 July 2017	182,799	29,322	212,121
Issue of broker options	2,660	-	2,660
Transfer to/(from) reserve	(100,111)	(29,322)	(129,433)
Balance at 30 June 2018	85,348	-	85,348
Issue of broker options	115,500	-	115,500
Balance at 30 June 2019	200,848	-	200,848

Note 20. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

The consolidated entity's financial instruments as at year end are as follows:

	Consolidated	
	2019 **$**	**2018** **$**
Financial assets		
Cash at bank	1,359,551	1,604,922
Trade and other receivables	313,548	41,765
Total financial assets	1,673,099	1,646,687
Financial liabilities		
Trade and other payables	(221,028)	(301,466)

Market risk

The consolidated entity is not exposed to any significant market risk.

Note 20. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	153,023	-	-	-	153,023
Other payables	-	68,005	-	-	-	68,005
Total non-derivatives		221,028	-	-	-	221,028

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	214,160	-	-	-	214,160
Other payables	-	87,306	-	-	-	87,306
Total non-derivatives		301,466	-	-	-	301,466

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 20. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 21. Fair value measurement

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. 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.

Note 22. Key management personnel disclosures

Directors
The following persons were directors of Pure Alumina Limited during the financial year:

Ernest Thomas Eadie
Martin McFarlane
David Leavy
Robert Boston
Graham Reveleigh (resigned 23 October 2018)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2019	**2018**
	$	**$**
Short-term employee benefits	569,333	635,578
Post-employment benefits	55,165	58,400
Long-term benefits	8,304	95,725
Termination benefits	-	299,375
Share-based payments	168,000	250,000
	800,802	1,339,078

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Moyes Yong & Co, the auditor of the Company:

	Consolidated	
	2019	**2018**
	$	**$**
Audit services - Moyes Yong & Co		
Audit or review of the financial statements	32,000	28,000

Note 24. Contingent liabilities

Hargraves Tenement

During the 2007-08 year the Company acquired an interest in the Hargraves tenement. The acquisition cost included $300,000 plus the issue of 2,000,000 ordinary fully paid shares and 2,000,000 listed options which expired on 12 September 2008. These amounts were recorded during the year ending 30 June 2008. The Company will issue the vendors an additional 2,000,000 ordinary shares in the event that the Company estimates 70,000 ozs of recoverable gold in Mineral Reserves on the tenements and a further 2,000,000 ordinary shares in the event that 70,000 ozs are produced from the tenement.

First Tiffany

On 1 April 2014 the Company announced that it had received a summons filed by Tiffany in the Supreme Court of New South Wales claiming an order that the Company pay Tiffany 15% of the value of minerals extracted by HEG from certain mining tenements encompassed by a portion of EL 5868 in the Hill End locality of New South Wales (plus interest and costs).

The Company applied successfully to the court for Tiffany to provide security of costs. Tiffany failed to provide security and the Company successfully applied to the court to have the claim dismissed. The Company was awarded costs and Tiffany is barred from commencing fresh proceedings until it has paid the Company's costs as ordered. Costs are yet to be determined.

HPA Project

Under the terms of the Asset Sale Agreement in relation to the acquisition of the HPA project including the Victorian tenements and all of the ordinary shares in Pure Alumina Pty Ltd, there are several future contingent payments.

On completion of a Feasibility Study the Company is required to pay a success fee of $1.5 million settled by the issue of shares. If the Feasibility Study is not completed within 2 years of the completion date of the acquisition (i.e. 28 August 2019) the Company is required to pay the vendors $8,333 per month until the earlier of the completion of the Feasibility Study or 30 June 2022.

On completion of a legally binding offtake agreement over all of the product from the project for a period of at least 1.5 times the project payback period, the Company is required to pay a success fee of $0.5 million settled by the issue of shares.

Note 25. Commitments

	Consolidated	
	2019	**2018**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	29,946	31,470
One to five years	10,143	40,089
	40,089	71,559

Commitments relating to tenements
As a condition of its tenements the Group has minimum expenditure commitments. These minimum commitments totalled $584,250 as at 30 June 2019 (30 June 2018: $585,450). This balance fluctuates based on the expiration and renewal of tenements.

Note 26. Related party transactions

Parent entity
Pure Alumina Limited is the parent entity.

Note 26. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2019 $	2018 $
Payment/provision of the following payments was made for rental of office space and provision of professional services with related entities of the following directors:		
G C Reveleigh	18,700	70,809
M McFarlane	-	29,437
D Leavy	-	72,800
P F Bruce	-	22,000

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2019 $	2018 $
Current payables:		
Payables to Directors	-	1,865

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $	2018 $
Loss after income tax	(6,004,838)	(9,124,670)
Total comprehensive income	(6,004,838)	(9,124,670)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	10,417,888	14,043,293
Total assets	10,998,705	15,117,570
Total current liabilities	1,128,029	2,460,101
Total liabilities	1,136,333	2,460,101
Equity		
Issued capital	84,672,745	81,578,503
Options reserve	200,848	85,348
Accumulated losses	(75,011,221)	(69,006,382)
Total equity	9,862,372	12,657,469

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Yendon HPA Pty Ltd (formerly Pure Alumina Pty Ltd)	Australia	100.00%	100.00%
HEGL Investments Pty Ltd	Australia	100.00%	100.00%

Note 29. Events after the reporting period

On 24 July 2019 the Company announced that the end date of the agreement to acquire Polar Sapphire Limited would be extended to 30 September 2019, to provide additional time to facilitate completion of all conditions precedent, and to remove exclusivity on both sides.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 $	2018 $
Loss after income tax expense for the year	(6,426,182)	(9,317,552)
Adjustments for:		
Depreciation and amortisation	41,877	126,174
Impairment of non-current assets	4,178,373	7,449,285
Share-based payments	198,000	250,000
Gain on sale of shares	-	(37,441)
R&D tax incentive receipt capitalised on balance sheet but treated as operating cash inflow	311,918	-
Gain on sale of fixed assets	(3,310)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	18,220	(31,016)
Decrease in prepayments	1,982	-
Decrease in trade and other payables	(92,938)	(109,375)
Increase/(decrease) in employee benefits	31,891	(78,914)
Increase in other provisions	90,320	-
Net cash used in operating activities	(1,649,849)	(1,748,839)

Note 31. Earnings per share

	Consolidated	
	2019 $	2018 $
Loss after income tax attributable to the owners of Pure Alumina Limited	(6,426,182)	(9,317,552)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	166,829,098	125,752,293
Weighted average number of ordinary shares used in calculating diluted earnings per share	166,829,098	125,752,293
	Dollars	**Dollars**
Basic earnings per share	(3.85)	(7.41)
Diluted earnings per share	(3.85)	(7.41)

Note 31. Earnings per share (continued)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Pure Alumina Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 32. Share-based payments

Shares issued to employees and third parties in return for services
The Company may, from time to time, issue shares to employee and third parties as consideration for goods and/or services provided to the consolidated entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated.

During the year ended 30 June 2019 the Company issued shares to directors and consultants as remuneration, in accordance with shareholder approval given at the Company's Annual General Meeting held on 23 October 2018.

	Consolidated 2019 $	2018 $
Shares issued to directors as remuneration	168,000	-
Shares issued to consultants as remuneration	30,000	-
	198,000	-

During May 2019 the Company completed a Share Purchase Plan in which a total of 38,913,244 shares were issued. As part of the offer, the joint underwriters were paid a management fee, which included granting them 10,000,000 quoted options (PUAOC).

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/06/2019	30/07/2020	$0.075	-	10,000,000	-	-	10,000,000
			-	10,000,000	-	-	10,000,000

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
12/06/2019	30/07/2020	$0.037	$0.075	123.00%	-	1.13%	$0.012

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Note 32. Share-based payments (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Tom Eadie
Chairman

24 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Pure Alumina Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Pure Alumina Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its' financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicated that the Group incurred a net operating loss of $6,426,182 and had net cash used from operating and investment activities of $1,649,849 for the year ended 30 June 2019. As at 30 June 2019 the Group had a cash balance of $1,359,551. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of non-current assets classified as held for sale

Why Significant	How our audit addressed the key audit matter:
The Group announced last year that following the conduct of a strategic review the decision had been reached to dispose of the gold assets. An active program to locate a buyer was initiated and this resulted in the reclassification of an amount previously treated as capitalised deferred exploration & evaluation costs to non-current assets held for sale. As disclosed in Note 10, at 30 June 2019 the Group continued to own, as non-current assets held for sale, an exploration property plus performance bonds valued at \$5,600,000. In the absence of a firm purchase commitment, the carrying value of non-current assets held for sale will always be subjective. This creates the risk that the amount as stated in the financial report might be at significant variance with the amount, less cost to sell, ultimately realised on sale. One of the focal points of our audit was the Group's assessment of the value of the non-current assets classified as held for sale. Reason is they represent the most significant assets of the Group and their valuation may impact heavily on the users' understanding of its financial position. Therefore, our audit procedures were designed to address the risk that the valuation of non-current assets held for sale might not satisfy the criteria prescribed in the standards. Consequently, we considered it necessary to assess whether the value shown is at the lower of its' carrying amount and fair value less costs to sell.	Our audit procedures comprised of mainly but not limited to the following: • Review of the overall content of the report compiled by the consultants engaged to advise on the sale. This report included an indicative valuation which was used by management as a contributing factor in their assessment of the value of the non-current assets held for sale. • Confirmation that the resources identified in the report were consistent with those the Group had previously disclosed under deferred exploration & evaluation costs. • Review of assumptions made in the report regards price of gold. • Review of the basis on which the indicative valuation shown in the report had been compiled and references in the report to previous project divestments the consultants had been associated with. • Review of the criteria and assumptions applied by the Group's management in assessing the valuation which included: a) the gold price remains strong; b) offers received for the assets support the current valuation notwithstanding no sale has been completed, and c) negotiations are continuing with potential buyers with a realistic expectation of a sale in the near term.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the financial report.

The Directors of the Group 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 preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: www.auasb.gov.au/auditors_files/ar2.pdf . This description forms part of our audit report.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the remuneration report included on pages 11 to 16 of the Directors' Report for the year ended 30 June 2019. In our opinion, the remuneration report of Pure Alumina for the year ended 30 June 2019 complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Group 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.

William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 24th day of September 2019

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Shareholder information
30 June 2019

The shareholder information set out below was applicable as at 13 September 2019.

Corporate governance statement

Refer to the Company's Corporate Governance statement at: https://purealumina.com.au/view/about/corporate-governance.

Current on-market buy-back

There is no current on-market buy-back.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Holders of listed 7.5 cent options expiring 30 July 2020	Holders of unlisted 7.5 cent options expiring 30 July 2020	Holders of unlisted 20 cent options expiring 30 July 2020	Holders of ordinary shares
1 to 1,000	1	-	-	1,200
1,001 to 5,000	-	-	-	617
5,001 to 10,000	3	-	-	291
10,001 to 100,000	39	2	41	752
100,001 and over	72	-	42	299
	115	2	83	3,159
Holding less than a marketable parcel	-	-	-	2,246

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Shareholder information
30 June 2019

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
KITARA INVESTMENTS PTY LTD (KUMOVA FAMILY A/C)	8,400,000	3.79
THEA MANAGEMENT PTY LTD (THEA FAMILY A/C)	8,304,200	3.74
MOUBRAY PTY LTD (ROBERT HALLAS SF A/C)	4,433,526	2.00
SISU INTERNATIONAL PTY LTD	3,987,032	1.80
KITARA INVESTMENTS PTY LTD (KUMOVA #1 FAMILY A/C)	3,500,000	1.58
MS KENG YOKE LEE	3,467,515	1.56
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,246,322	1.46
MR NEIL BURTON & MRS DEBORAH FAYE BURTON	3,000,000	1.35
WACKY RACERS PTY LTD (WACKY RACERS SUPER FUND A/C)	3,000,000	1.35
OCEAN MIST PTY LTD (WATERFORD SUPER FUND A/C)	3,000,000	1.35
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	2,941,143	1.33
DIAZILL PTY LIMITED (P B SUPERANNUATION FUND A/C)	2,645,323	1.19
CITICORP NOMINEES PTY LIMITED	2,631,411	1.19
B DAVID NOMINEES PTY LTD (NEVER SATISFIED S/F A/C)	2,600,000	1.17
MR ANDREW GRANTON BROWN	2,500,000	1.13
BASS FAMILY FOUNDATION PTY LTD (BASS FAMILY FOUNDATION A/C)	2,500,000	1.13
METECH SUPER PTY LTD (METECH NO 2 SUPER FUND A/C)	2,500,000	1.13
MR BRADLEY AITKEN & MRS LEANNE LOUISE AITKEN (B AITKEN SUPERFUND A/C)	2,390,000	1.08
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,370,238	1.07
MR LINCOLN WILLIAM REYNOLDS	2,300,000	1.04
	69,716,710	31.44

	Options over ordinary shares - exercise price 7.5 cents; expiring 30 July 2020	Options over ordinary shares - exercise price 7.5 cents; expiring 30 July 2020
	Number held	% of quoted options issued
MELSHARE NOMINEES PTY LTD	5,000,000	9.58
MISS EUN JOO LEE	4,800,000	9.20
SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED (THE SACCO FAMILY A/C)	3,016,666	5.78
ANT NICHOLSON PTY LTD (KOO NICHOLSON FAMILY A/C)	2,546,250	4.88
SISU INTERNATIONAL PTY LTD	2,187,032	4.19
LIGHTSTORM PTY LTD (HOTSPICE A/C)	1,600,000	3.07
MR STEVEN JAMES FARRELL	1,400,000	2.68
VELLA SUPER HOLDINGS PTY LTD (VELLA SUPER FUND A/C)	1,289,684	2.47
MR CHINH HUU NGUYEN	1,230,000	2.36
LLB BIO PTY LTD (LLB BIO FAMILY A/C)	1,172,937	2.25
KONKERA PTY LTD (KONKERA FAMILY A/C)	1,100,000	2.11
ALITIME NOMINEES PTY LTD (HONEYHAM FAMILY A/C)	1,020,000	1.95
VELCOM INVESTMENTS PTY LTD (VELCOM A/C)	1,016,981	1.95
RANKINE INFRASTRUCTURE PTY LTD	1,000,000	1.92
RIMOYNE PTY LTD	1,000,000	1.92
OCEAN MIST PTY LTD (WATERFORD SUPER FUND A/C)	1,000,000	1.92
CAPITAL INVESTMENT PARTNERS PTY LTD	1,000,000	1.92
QUARTZ MOUNTAIN MINING PTY LTD (THE BASS FAMILY A/C)	950,000	1.82
MR ANTHONY JOHN VETTER & MRS JEANNETTE VETTER	830,000	1.59
MR SAMUEL GERSHON JACOBS & MRS SARITA DEVI JACOBS & MISS MANEKHA BRIDGETTE JACOBS (THE PHOENIX SUPERFUND A/C)	800,000	1.53
	33,959,550	65.09

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued - exercise price $0.20, expiring 30 July 2020	26,600,000	83
Options over ordinary shares issued - exercise price $0.075, expiring 30 July 2020	2,600,000	2

Substantial holders
Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Tolga Kumova and associated entities	15,887,032	7.16

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Other issued securities of the Company do not carry voting rights.

Pure Alumina Limited
(Formerly known as Hill End Gold Limited)
Mining tenements
30 June 2019

Project	Tenement	Registered Holder	Grant / Application Date	Expiry Date	Status	Area	Surface Exception	Depth Restriction	Notes
Hill End	Exploration Licence No 5868 (1992)	Pure Alumina Limited	18/06/2001	18/06/2019	Granted	16 units	Nil	Nil	1, 2, 3, 4,5
Hill End	Gold Lease No 5846 (1906)	Pure Alumina Limited	15/02/1968	7/12/2019	Granted	2.044 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 1116 (1973)	Pure Alumina Limited	28/03/1984	16/10/2024	Granted	15.71 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 1541 (1992)	Pure Alumina Limited	17/10/2003	16/10/2024	Granted	279.20 hectares	Part (Various)	Nil	1
Hill End	Mining Lease No 315 (1973)	Pure Alumina Limited	8/12/1976	7/12/2019	Granted	6.671 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 316 (1973)	Pure Alumina Limited	8/12/1976	7/12/2019	Granted	8.846 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 317 (1973)	Pure Alumina Limited	8/12/1976	7/12/2019	Granted	7.00 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 49 (1973)	Pure Alumina Limited	30/07/1975	7/12/2019	Granted	1.618 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 50 (1973)	Pure Alumina Limited	30/07/1975	7/12/2019	Granted	3.02 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 913 (1973)	Pure Alumina Limited	20/01/1981	19/01/2023	Granted	22.00 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 914 (1973)	Pure Alumina Limited	20/01/1981	19/01/2023	Granted	21.69 hectares	Nil	Nil	2, 3, 4
Hill End	Mining Lease No 915 (1973)	Pure Alumina Limited	4/02/1981	3/02/2023	Granted	13.27 hectares	Nil	Nil	2, 3, 4
Hargraves	Exploration Licence No 6996 (1992)	Pure Alumina Limited	21/12/2007	21/12/2019	Granted	24 units	Nil	Nil	
Chambers Creek	Exploration Licence No 8289 (1992)	Pure Alumina Limited	24/3/2014	20/08/2020	Granted	3 Units	Nil	Nil	
Yendon	Exploration Licence No 5457	Yendon HPA Pty Ltd	10/09/2018	9/09/2023	Granted	41 Graticules	Nil	Nil	6
Yendon	Exploration Licence No 5461	Yendon HPA Pty Ltd	10/09/2016	9/09/2020	Granted	4 Graticules	Nil	Nil	6
Yendon	Exploration Licence No 6428	ET Eadie, T Kumova & PJ Sterling	22/12/2017	21/12/2020	Granted	49 Graticules	Nil	Nil	6, 7
Yendon	Exploration Licence No 6447	Yendon HPA Pty Ltd	22/12/2017	21/12/2020	Granted	221 Graticules	Nil	Nil	6
Yendon	Retention Licence app No RL6734	Yendon HPA Pty Ltd	27/07/2018		Application lodged and accepted	225.2 hectares			8

[1] Hill End Historic Site excluded. Mining Lease No 1541 (1992) applies below historic site.
[2] Agreement between Big Nugget Partnership and Silver Orchid Pty Ltd dated 25 June 1993.
[3] Transfer of beneficial interest from Nugget Resources Inc to Nugget Resources Australia Pty Ltd (now Pure Alumina Limited) dated 16 March 1999.
[4] Deed of Transfer from Nugget Resources Inc to Nugget Resources Australia Pty Ltd (now Pure Alumina Limited) dated 26 June 2001 to assign legal interest (see Footnote 2).
[5] Renewal application has been submitted. Renewal pending.
[6] A graticule is essentially 1 sq. km or part thereof.
[7] Registered holder being transferred to Yendon HPA Pty Ltd. Transfer pending.
[8] Grant pending.