



ASX ANNOUNCEMENT | 31 July 2017

QUARTERLY ACTIVITIES REPORT June 2017

Lithium

- *Altura is now fully funded into production following completion of its US\$110 million debt facility – subsequent to the June 2017 quarter end*
- *Project commissioning on track for Q1 2018*
- *Construction activities at Altura's Pilgangoora mine site continued during the quarter*
- *Major contracts awarded for process plant construction, logistics and power generation*
- *Binding offtake agreements (BOA) confirm strong demand for Altura's spodumene*
 - *The two BOA's cover an aggregate minimum total of 200,000 tonnes of 6% grade spodumene concentrate per annum which represents over 90% of current planned annual production*
 - *BOA's have a minimum price of US\$550 dmt (FOB) and a maximum price of US\$950 dmt (FOB) for the first 3 years*
- *Company to undertake a scoping study into a Stage 2 expansion of the Project during Q3 2017*



Southward looking view into the pit at Pilgangoora

Altura Mining Limited ABN 39 093 391 774

LITHIUM

ALTURA LITHIUM – Pilgangoora (Western Australia - 100% AJM)

Project Funding

Subsequent to the end of the June 2017 quarter Altura completed a project funding package for construction and commissioning of the Pilgangoora Lithium Project in the Pilbara region of Western Australia (see ASX release on 28 July 2017). Completion of the funding package was the final prerequisite required to enable the Company to finish construction of the mine and move into production in 1H 2018.

The key details of the facility are listed below:

- Senior secured loan notes issue to raise a total of US\$110 million
- Leading US and Swiss based investment management groups to provide the loan note facility package
- Funding to be provided in two (2) tranches with Tranche 1 (approximately US\$33 million) settlement scheduled on or before 4 August 2017 and Tranche 2 (US\$77 million) scheduled to settle on or before 27 September 2017

Offtake Agreements

Shortly after the end of the quarter, Altura announced that it had signed two (2) binding offtake agreements (BOA) for a minimum total of 200,000 tonnes of 6% grade spodumene concentrate per year representing more than 90% of current planned annual production (see ASX release on 10 July 2017).

These BOA's comprised:

- A new agreement signed with leading Chinese battery producer Shaanxi J&R Optimum Energy Co., Ltd ("J&R Optimum Energy")
- A revised agreement with prominent Chinese based lithium and battery materials processor Lionergy Limited ("Lionergy") so that the terms of both BOA's are aligned

The key terms of the BOA's are:

- Minimum of 100,000 dry metric tonnes (dmt) per annum of 6% grade spodumene concentrate (pro-rated) with first product sales to commence before 30 June 2018
- Term of BOA of 5 years minimum
- Conditional on Altura obtaining financing for the development of the project on or before 31 August 2017 (or such later date as may be notified by Altura to J&R Optimum Energy)
- Minimum price of US\$550 dmt (FOB) and a maximum price of US\$950 dmt (FOB) for the first three (3) years of the BOA (based on Li₂O content per dmt on 6% Li₂O)
- Annual pricing to be agreed via consideration of current market pricing information, including but not limited to indices for spodumene (if available); prices published or announced by other companies and movement in lithium carbonate prices, subject to the floor and ceiling price for first three (3) years

The completion of the BOA's is a significant milestone for Altura and its offtake partners and provides support for the advanced development of the Pilgangoora Lithium Project.

Stage 2 Scoping Study

At the request of Altura's offtake partners, the Company has approved the commencement of an initial Stage 2 expansion study of the Pilgangoora Lithium Project. The scoping study will assist the Company in determining the optimal mine output with the aim of increasing production to 450,000 tonnes annually to align with its Chinese partners' growth plans.

Major Contracts Awarded for Process Plant Construction, Logistics and Power Generation

On 9 May 2017 Altura announced that it had awarded a three (3) contracts for process plant construction, logistics and power.

Process Plant Construction

Australian based Civmec Limited (Civmec) has been awarded the contract to provide all concrete and civil works associated with the construction of the Pilgangoora process plant.

The first crews, along with the concrete batch plant, mobilised to site in May 2017 and construction is expected to be completed by October 2017. Civmec will have fifty (50) employees on the ground at the peak of construction, and will be installing approximately 6,000m³ of concrete.



Progression of the concrete works for the process plant, looking west

Logistics

Qube has been awarded the contract to provide transport logistics services for a five-year period.

The scope of the work under the contract includes:

- Loading product at Pilgangoora Mine Stockyard
- Product Transport in side tipping road trains to Port Hedland
- Construction and operation of a product storage shed in Port Hedland
- Transport to port and ship loading using the patented Rotabox™ system

Qube has begun planning of the storage shed in Port Hedland ready to receive product from the mine in early 2018.

The Qube fleet of trucks will also commence mobilisation in early 2018 in preparation for transporting product from the mine to the storage shed on a 24 hour per day basis. Once a stockpile equivalent to a shipload is established in the storage shed, Qube will then load the Lithium concentrate into half height containers and transport them to the port for shiploading using the Rotabox™.

Qube is an experienced mine to port operator with a demonstrated capability of handling Lithium concentrates in Western Australia.

Power Generation

Altura has awarded the contract to provide an 11MW diesel fuelled power station on a Build Own Operate (BOO) basis to Kalgoorlie Power Systems (KPS), a wholly owned subsidiary of Pacific Energy Limited.

The power station will become operational in December 2017 and will be owned and operated by KPS for a five-year contract period. The power station will comprise of dual fuel diesel / gas generators so that opportunities for cleaner and more cost-efficient gas can be utilised in the future should a suitable source become available.

Commencement of Construction of Mine Infrastructure

Following the receipt of the final DMP approvals in February 2017, site works at the Pilgangoora mine site commenced on Monday 13 March 2017.

Since then the following mine infrastructure works have been undertaken:

- Development of the pit, including movement of 140,000 LCM of waste material used for mine infrastructure
- Bulk earthworks for the process plant and power plant pad
- Commencement of the Tailings Storage Facility (TSF)
- Construction of mine haul and access roads
- Construction of NRW workshop
- Establishment of low grade ore stockpile
- Opening up of clay borrow pits for TSF
- Water bore head works and piping



NRW drill rigs preparing for a blast in the pit



Tailings Storage Facility under construction

Process Plant Design Update

Under the guidance of Altura's experienced Processing Manager and Process Engineer, the contracted design engineers DRA have been making significant progress with the detail design of the Process Plant. The overall design is 90% complete, with the Civil Package fully designed.

DRA has developed a 3D model of the process plant that is being used by Altura Engineers to optimise constructability methodologies and operational readiness preparation.

Other design milestones achieved in the quarter include:

- Final Piping and Instrument Diagrams issued
- First draft of Interlocking completed, with final review and update of control philosophy, starting and stopping sequence imminent
- Tenders for assistance with execution of Operational and Maintenance readiness evaluated, decision imminent

Procurement Update

The Altura Contracts and Procurement team has continued to place contracts for the process plant equipment such that it will arrive in Australia to be free issued to the construction contractor building the process plant (soon to be awarded).

Of the forty (40) packages that comprise all of the machinery and equipment necessary to build the process plant, contracts have been signed for thirty-six (36) of the packages, with the remaining four (4) minor packages all in advanced stages of negotiation. Packages have been let in order of priority relating to the lead times of each piece of equipment to ensure that the development schedule set by the project team can be achieved.

The first components of the process plant, including flotation cells and cyclones, arrived on site in June and have been placed in the laydown yard adjacent to the process plant ready for installation.



Flotation cells being unloaded on site

COAL

COAL ASSETS DIVESTMENT

The Company has also previously stated its intention to divest its interests in both the Delta and Tabalong coal assets, and now that the funding of the Pilgangoora Lithium Project has been completed, it will be able to pursue a number of options for sale of the coal assets.

About Coal

Coal is a plentiful natural source of energy. Thermal coal provides a reliable fuel for electricity generation with Indonesia now the world's largest exporter of thermal coal products. Higher value PCI (pulverised coal) and coking coal are used in the production of steel.

SCHEDULE OF MINING TENEMENTS

The following mining tenements were held by the Company at the end of the quarter:

Location	Tenement	Interest
Pilbara, Western Australia	E 45/2277	100%
	E 45/2287	100%
	E 45/2363	100%
	E 45/3488	100%
	E 45/4894	100%
	P 45/2758	100%
	M 45/1230	100%
	M 45/1231	100%
	L 45/400	100%
	L 45/401	100%
	L 45/404	100%
	L 45/409	100%
	L 45/416	100%
	Tanami, Northern Territory	ELA 26626
ELA 26627		10%
EL 26628		10%
EL 29828		10%
Delta, East Kalimantan	PT Delta Ultima Coal	33⅓%
Tabalong, South Kalimantan	PT Suryaraya Permata Khatulistiwa	70%
	PT Suryaraya Cahaya Cemerlang	70%
	PT Suryaraya Pusaka	70%
	PT Kodio Multicom	56%
	PT Marangkayu Bara Makarti	56%
Catanduanes, Philippines	COC 182 (Area 3) – Catanduanes	100%
Albay region, Philippines	COC 200 (Area 4) – Rapu-Rapu	100%
Bislig region, Philippines	COC 202 (Area 17) – Surigao del Sur	100%

There were no changes to the portfolio of mining tenements during the quarter.

About Altura Mining Limited (ASX: AJM)

Altura is building a leading position in the independent supply of lithium raw materials, with a world class lithium project at Pilgangoora ready to set the platform and be the first new hard rock lithium product supplier in 2018. Altura has an experienced in house team focussed on delivering the Pilgangoora project into production. The project is the most advanced stage, near term producing lithium project; coupled with solid offtake partners and a market providing substantial growth opportunities to ensure positive shareholder returns.

For further information, please visit www.alturamining.com or phone:

James Brown, Managing Director on + 61 (0)427 988 898

Paul Mantell, Executive Director on +61 (0)418 727 460