



29 March 2019

ASX Compliance Pty Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

Email: ListingsCompliancePerth@asx.com.au

Dear Sirs

RESPONSE TO QUERY

Altura Mining Limited ("**Altura**" or the "**Company**") (AJM: ASX) refers to the letter from ASX dated 26 March 2019 ("**ASX Letter**") and responds as follows.

Except to the extent otherwise stated, defined terms have the same meaning as in the ASX Letter.

Background to responses

In July 2017 AJM announced to ASX that it had completed a US\$110m senior secured debt facility for the construction and commissioning of the Pilgangoora lithium project (**Project**).

The 30 June 2018 Full Year Statutory Accounts of AJM (released to ASX on 12 September 2018) included the following disclosure under Non-current Borrowings (Note 18):

"Under the terms of the facility, the Company is required to comply with the following financial covenants:

- *For periods ending on 30 September 2018, the Company shall ensure that the net debt to defined EBITDA ratio shall not exceed the ratio of 2:1.*
- *For quarterly reporting periods after 30 September 2018 the net debt to defined EBITDA ratio shall not exceed the ratio of 1.5:1"*

Given the nature of the above covenants, until AJM achieved and maintained commercial production, it would not be possible for the Company to be in a position to satisfy the EBITDA covenants.

During the period from September 2017 to March 2019 inclusive, the Company regularly provided updated disclosure to the ASX regarding the timing and status of commercial production (and in turn its ability to satisfy the above covenants) which included disclosure concerning the delay in achieving commercial production (from the initial estimate of Q1 2018 until eventually achieved in Q1 2019).

Under the terms of the Facility, AJM is required to make regular disclosure to the lenders under the Facility (**Noteholders**). This includes monthly reports to the Noteholders (**Monthly Report**) and a quarterly compliance certificate (**Quarterly Compliance Certificate**). The Monthly Reports contain information such that the Noteholders were informed with respect to commercial production allowing

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them to review the likely performance of the Company relative to the above financial covenants. The Quarterly Compliance Certificate for the September and December quarters (provided in November 2018 and January 2019 respectively) addressed the issue of the above covenants and the underlying commercial production.

In light of the requirements of the Covenant and the disclosures to the Noteholders in the Monthly Reports and the Quarterly Compliance Certificates, AJM was in regular dialogue with the Noteholders with respect to commercial production and, in turn, the status of the associated covenants.

Although the Noteholders were fully aware of the status of the Project, at no stage was AJM in receipt of any correspondence or communication from the Noteholders regarding the requirements of the financial covenant nor did the Noteholders require the Company to take any steps or actions (or change proposed steps or actions) consequential upon the covenants not being satisfied. At all times, the Noteholders remained supportive of the Company and its approach to the development of the Project regardless of the Covenant Breach.

Consistent with this:

- in September 2018, the Noteholders advanced the further amount of US\$15 million to the Company in full knowledge of the status of the Project and the requirements of the financial covenant; and
- as part of the placement of securities undertaken by the Company in February 2019, the Company requested (and was provided on 4 February 2019) a written waiver from the Noteholders regarding the requirements of the financial covenant (**Formal Waiver**). This was a formalisation of the position previously expressed to the Company by the Noteholders. The Company had not sought this waiver before this time as it believed (correctly) that it retained the support of the Noteholders and that they did not intend to take any action regarding the Covenant Breach. The terms of the Formal Waiver did not require the Company to take any action with respect to the Covenant Breach.

In terms of the 31 December 2018 Reviewed Financial Statements, notwithstanding:

- the position of the Noteholders with respect to the financial covenant and the views of AJM in this regard;
- the absence of any correspondence, demand or requirement from the Noteholders regarding the Covenant Breach; and
- the Formal Waiver dated 4 February 2019,

in accordance with AASB 101 (specifically paragraphs 69 and 74), given that the Noteholders had not waived in writing the requirements of the financial covenant on or before 31 December 2018, the Company was required to reclassify the amount owing to the Noteholders as “current” rather than “non-current”.

The Company understands that had the Formal Waiver been obtained on or before 31 December 2018, the liability to the Noteholders would have remained as “non-current”. Such waiver was not obtained before 31 December 2018 for the reasons explained above, namely that the Company did not consider it necessary in light of ongoing discussions with and the position of the Noteholders.

In summary, given:

- the Company fully disclosed to the Noteholders the progress towards commercial production;
- the nature and content of discussions between the Company and the Noteholders regarding commercial production and the Covenant Breach;
- the ongoing support of the Noteholders with respect to the Company and its progress to achieving commercial production (including the extending of further funds);
- that at no stage did the Noteholders communicate with the Company regarding the Covenant Breach nor require the Company to take any action (or change any proposed action) as a consequence of the Covenant Breach; and
- that the Formal Waiver was provided by the Noteholders when requested,

the Company did not and does not consider the Covenant Breach of itself to warrant disclosure under Listing Rule 3.1.

Responses to ASX queries

In the context of the above, AJM responds to the ASX queries as set out below.

1. When did AJM first become aware of each of:

a) the Covenant Breach as at 30 September 2018;

The financial covenant relates to the ratio of net debt to the defined EBITDA as at the end of September 2018. As such, there is not a specific date prior to that when the Company became aware that it would not satisfy this requirement. The Company became aware during the period between 1 July 2018 and 30 September 2018 that production would not be sufficient to satisfy this covenant as at 30 September 2018. As noted above the Noteholders were aware of the status of the Project and the financial covenant through the Monthly Reports and the Quarterly Compliance Certificate. As also noted above, during this period, the Noteholders did not, as a result of the Covenant Breach require the Company to take any specific actions.

b) the Covenant Breach as at 31 December 2018; and

The financial covenant relates to the ratio of net debt to the defined EBITDA as at the end of December 2018. As such, there is not a specific date prior to that when the Company became aware that it would not satisfy this requirement. The Company became aware during the period between 1 October 2018 and 31 December 2018 that production would not be sufficient to satisfy this covenant as at 31 December 2018. As noted above the Noteholders were aware of the status of the Project and the financial covenant through the Monthly Reports and the Quarterly Compliance Certificate. As also noted above, during this period, the Noteholders did not, as a result of the Covenant Breach, require the Company to take any specific actions.

c) that it had received a waiver of the Covenant Breach.

Throughout the above period, AJM was in regular contact with the Noteholders regarding achieving commercial production. During this period it had no reason to believe that the Noteholders were not supportive of the Company. Consistent with this no correspondence from the Noteholders was received regarding the Covenant Breach.

AJM received the Formal Waiver from the Noteholders on 4 February 2019 after requesting the provision of the waiver at that time. As noted above, such formal written waiver was consistent with the earlier ongoing discussions with the Noteholders and accordingly was both expected from and provided by the Noteholders.

2. Does AJM consider any of the following events to be material information that a reasonable person would expect to have a material effect on the price or value of its securities? In answering this question, please provide answers for each event.

a) the Covenant Breach as at 30 September 2018;

No.

b) the Covenant Breach as at 31 December 2018; and

No.

c) that it had received a waiver of the Covenant Breach.

No.

3. If the answer to Question 2, or any part thereof, is “no” please provide the basis for that view.

AJM does not consider the above events to be material for the reasons set out above, namely at all material times up to the provision of the Formal Waiver, the Noteholders were aware of the status of the Project and the financial covenant, remained supportive of the Company and did not require any action on the Covenant Breach.

The Company was in regular dialogue and discussions with the Noteholders (who had the benefit of the Monthly Reports and the Quarterly Compliance Certificates).

The Noteholders also provided the Formal Waiver when requested by the Company.

If the Noteholders had either raised the Covenant Breach with the Company (being fully aware of it) or required the Company to take any action as a consequence of the Covenant Breach, the Company would have considered its disclosure obligations in that regard. Neither of these events occurred.

4. If AJM first became aware of the following events before the date of the release of the Half Year Report, did AJM make an announcement prior to that date which disclosed any of the events? If so, please provide details. If not, please explain why information regarding any of the events was not released to the market at an earlier time, commenting specifically on when you believe AJM was obliged to release the information under Listing Rule 3.1 and 3.1A, and what steps AJM took to ensure that the information was released promptly and without delay.

a) the Covenant Breach as at 30 September 2018;

For the reasons as set out above, the Company does not consider this information to be material. At all relevant times the Noteholders were aware of the status of the Project and the financial covenant and did not require the Company to take any action regarding the Covenant Breach.

b) the Covenant Breach as at 31 December 2018; and

For the reasons as set out above, the Company does not consider this information to be material. At all relevant times the Noteholders remained were aware of the status of the Project and the financial covenant and did not require the Company to take any action regarding the Covenant Breach.

c) that it had received a waiver of the Covenant Breach.

For the reasons as set out above, the Company does not consider this information to be material. The Formal Waiver (once requested and provided) did not require the Company to take any action with respect to the Project.

5. What was the value of the Facility at the time of each of:

a) the Covenant Breach as at 30 September 2018; and

A\$169,257,000

b) the Covenant Breach as at 31 December 2018.

A\$176,075,000

6. How much of the funds raised under the Placement and the Raisings are proposed to be used to repay the amount owing under the Facility?

None.

As disclosed in the supplementary prospectus dated 12 March 2019, the Company applied A\$13,899,440 from the Placement and Raisings towards interest costs under the Facility.

7. Please confirm that AJM is complying with the Listing Rules, and in particular, Listing Rule 3.1.

Yes.

8. Please confirm that AJM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AJM with delegated authority from the board to respond to ASX on disclosure matters.

Yes.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D Cox', with a stylized flourish at the end.

Damon Cox
Company Secretary



26 March 2019

Mr Damon Cox
Company Secretary
Altura Mining Limited
Level 2, 23 Barrack Street
PERTH WA 6000

By email

Dear Mr Cox

Altura Mining Limited ('AJM'): Aware Query

ASX refers to the following:

- A. AJM's half year financial report for the six months ended 31 December 2018 ('Half Year Report') released on the ASX Market Announcements Platform ('MAP') on 13 March 2019, and in particular Note 4 to the Financial Statements contained on page 18 of the Half Year Report, which discloses amongst other things, the following information ('Covenant Breach') about a Loan Note Facility held by AJM ('Facility').

"Under the terms of the facility, the Company is required to comply with the following financial covenants:

- *For the periods ending on 30 September 2018, the Company shall ensure that the net debt to defined EBITDA ratio shall not exceed the ratio of 2:1.*
- *For quarterly reporting periods after the 30 September 2018 the net debt to defined EBITDA ratio shall not exceed the ratio of 1:5:1.*

The Group breached the financial covenant for 30 September 2018 and 31 December 2018 as the mine was not yet in commercial production. As at 31 December 2018 the Group did not hold an unconditional right to defer settlement of the loan, and the loan was therefore required to be reclassified as current on this basis. Subsequent to the year end, the Group received a full written waiver of the breach from the lenders."

- B. AJM's cleansing notice dated 14 February 2019 and released on MAP on the same date in respect of a placement ('Placement') of fully paid ordinary shares in the issued capital of AJM ('Shares').
- C. AJM's prospectus dated 15 February 2019 and released on MAP on the same date in respect of offers of Shares and options by AJM ('Raisings').
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks AJM to respond separately to each of the following questions and requests for information.

1. When did AJM first become aware of each of:
 - a) the Covenant Breach as at 30 September 2018;
 - b) the Covenant Breach as at 31 December 2018; and
 - c) that it had received a waiver of the Covenant Breach.
2. Does AJM consider any of the following events to be material information that a reasonable person would expect to have a material effect on the price or value of its securities? In answering this question, please provide answers for each event.
 - a) The Covenant Breach as at 30 September 2018.
 - b) The Covenant Breach as at 31 December 2018.
 - c) That it had received a waiver of the Covenant Breach.
3. If the answer to Question 2, or any part thereof, is “no”, please provide the basis for that view.
4. If AJM first became aware of the following events before the date of the release of the Half Year Report, did AJM make an announcement prior to that date which disclosed any of the events? If so, please provide details. If not, please explain why information regarding any of the events was not released to the market at an earlier time, commenting specifically on when you believe AJM was obliged to release the information under Listing

Rules 3.1 and 3.1A, and what steps AJM took to ensure that the information was released promptly and without delay.

- a) The Covenant Breach as at 30 September 2018.
 - b) The Covenant Breach as at 31 December 2018.
 - c) That it had received a waiver of the Covenant Breach.
5. What was the value of the Facility at the time of each of:
- a) the Covenant Breach as at 30 September 2018; and
 - b) the Covenant Breach as at 31 December 2018.
6. How much of the funds raised under the Placement and the Raisings are proposed to be used to repay the amount owing under the Facility?
7. Please confirm that AJM is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that AJM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AJM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by no later than 5.00 PM AWST Friday, 29 March 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AJM's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AJM to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AJM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that AJM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in AJM's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Ben Secrett

Principal Adviser, Listings Compliance (Perth)