



ASX ANNOUNCEMENT | 17 October 2019

## QUARTERLY ACTIVITIES REPORT September 2019

### Highlights

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#### Production and Sales

- *Record quarterly production of 45,484 wet metric tonnes (wmt) of lithium concentrate, up 7.3% from the prior June quarter, exceeding guidance and moving steadily towards nameplate production of 220,000 wmt per year.*
- *Record monthly production of 16,562 wmt in September, equivalent to 92% of nameplate.*
- *Average quarterly operating cash cost reduced to US\$365/wmt produced (FOB basis), down from US\$392/wmt in June and generating significant cash margins on sales prices, which remained approximately \$600/dmt for benchmark 6% Li<sub>2</sub>O concentrate*
- *Product demand from established offtake partners remains firm, reflecting the excellent quality of Altura product. A total of 25,601 dry metric tonnes (dmt) of concentrate sold via three shipments during the quarter, with a further shipment of 11,587 dmt sailing on 2 October 2019.*
- *Binding offtake agreements signed for 35,000 tpa of Li<sub>2</sub>O with Shandong Ruifu and 50,000 tpa with Guangdong Weihua Corporation, both established Chinese lithium materials producers. Annual offtake agreements now total 220,000 dmt, equivalent to Altura nameplate production.*

#### Health Safety and Environment

- *Zero lost time injuries during the quarter, maintaining the operation's excellent track record and focus on safety*

#### Exploration and Development

- *Updated resource and reserve estimate completed*

#### Corporate

- *\$22.4 million raised through placement to new cornerstone investor Ningbo Shanshan Co, one of the world's largest integrated suppliers of lithium ion battery materials.*
- *Altura completed an Earn-in Agreement with Sayona Mining Limited over its Western Australian lithium portfolio in Pilgangoora district*
- *Cornerstone Investment Framework Agreement signed with Zinciferous Ltd in July, providing a potential opportunity for Altura to participate in the downstream processing of lithium in a newly constructed conversion facility in China.*

Altura Mining Limited ABN 39 093 391 774

## Lithium

### ALTURA LITHIUM OPERATIONS – Pilgangoora (Western Australia – 100% AJM)

#### Production Overview

Altura achieved record production from its Pilgangoora lithium mine during the September quarter, moving steadily towards nameplate production rates, driving down unit costs and delivering healthy cash margins on sales.

The Company recorded total production of 45,484 wmt for the quarter, which was up 7.3% from 42,202 wmt in the June quarter, driven by increased ore production, higher grade and improved plant throughputs.

Unit costs for the quarter reduced to US\$365/wmt produced, compared with US\$392/wmt (FOB basis) in the June quarter, which was the first full quarter of commercial production for the operation.

Table 1 – Mining and Process Quantities

	Units	Sept Qtr 2018	Dec Qtr 2018	Mar Qtr 2019	Jun Qtr 2019	Sept Qtr 2019	Change (%)
Ore mined	wmt	323,539	350,099	404,087	439,559	476,093	8.3
Waste mined	wmt	1,512,840	1,491,011	1,426,256	1,546,719	1,484,978	-4.0
Total material mined	bcm	625,881	625,008	622,929	675,726	670,842	-0.7
Ore mined grade Li <sub>2</sub> O	%	1.21	1.19	1.16	1.10	1.18	7.3
Ore processed	wmt	98,135	256,931	251,200	337,786	376,530	11.5
Lithium concentrate produced	wmt	7,379	25,794 <sup>^</sup>	29,627	42,402	45,484	7.3

<sup>^</sup> Includes low-grade material produced during commissioning, this material would require re-processing and /or blending in order to be included in saleable product

#### Mining

Total material movements in the September quarter remained close to record levels and included a strong increase in ore mined and a reduction in waste mining as operations focused on ore development. Ore production increased by 8.3% to a record 476kt as mine design and operations were optimised. Mine production benefited from the introduction of a night shift for one week in three from August to provide consistent supply of fresh ore to the mill. A second excavator also was brought into operations to enable multiple dig faces to be opened to increase material movement efficiency and secure continued access to higher grade ore.

The grade of ore mined increased by 7.3% to 1.18% Li<sub>2</sub>O as mining operations accessed higher grade segments of the pegmatite ore bodies.

#### Processing

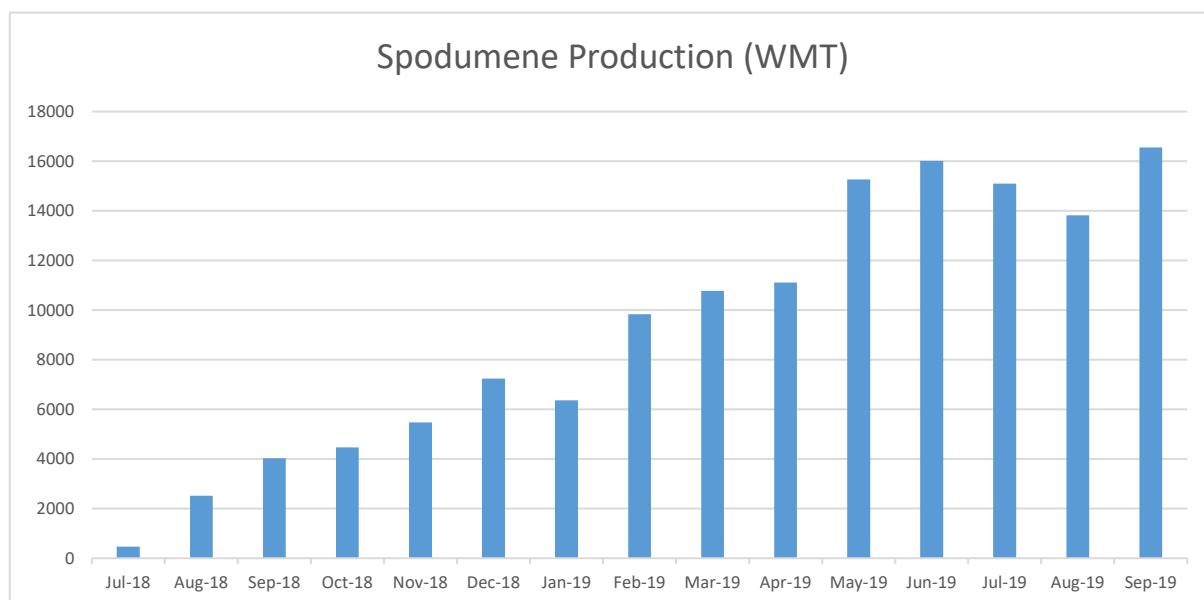
Processing performance improved significantly during the September quarter, with ore processed increasing 11.5% to a record 376,530 tonnes. Head grade averaged 1.13% Li<sub>2</sub>O during the quarter and reached 1.17% in the month of September.

The increase in quarterly plant throughput was due to improved asset utilisation and process reliability despite a three-day planned maintenance shut down in the first week of July, a staged maintenance of individual plant modules during August and a 35-hour total plant shutdown in September.

Plant utilisation increased to 90% during the quarter, compared to 84% in the previous three months, with the processing feed rate rising to 191 dmt/hr, only slightly below nameplate capacity of 193 dmt/hr. Feed rates moved above 200 dmt/hr in September.

The coarse product circuit performed in line with expectations over the quarter, producing 24,639 wmt. The fines circuit was affected by unplanned maintenance in August, with total fines production of 20,845 wmt. New measures were implemented to stabilise fines circuit operations and increase recoveries, resulting in a significant increase in fines production in the month of September. Comminution consultants have been engaged to assist with optimisation of the grinding circuit and site evaluation of alternative flotation reagents is ongoing, both designed to improve lithia recovery and product quality.

Figure 1 – Altura Spodumene Concentrate Production



### ROM and Product Stocks

Current ROM and crushed ore stocks as at the end of September totalled 540,513 wmt of which 300,140 wmt is at a grade greater than 1.20% Li<sub>2</sub>O, providing sufficient stock to blend and feed the process plant.

Concentrate product stocks as at the end of the September quarter totalled 30,387 wmt distributed between site product stockpiles and the Wedgefield storage facility. The product stock of 30,387 wmt is inclusive of a cargo of 12,500 wmt that commenced loading in the late September which equates to effective stored stock of 17,887 wmt.

During the quarter contractor Qube Bulk hauled 44,407 wmt to the storage facility from the mine site, representing a 12% increase on the June quarter.

## **Marketing and Shipping**

In the three months to September 2019, Altura shipped three cargoes totalling 25,601 dry metric tonnes. A further shipment totalling 11,587 dmt commenced loading during September and sailed from Port Hedland on 2 October 2019. All of the cargoes are of premium quality and highly regarded by shippers, offtake partners, product converters and end chemical users. The shipments continue to be in line with product and previously shipped specifications, and exhibit attractive properties for converters, particularly the low mica levels of 0.5%.

The average realised price for the September quarter was US\$599 dmt (CIF to mainland China basis SC6) which remains in line with US\$600 dmt realised in the prior June quarter 2019.

## **Health, Safety and Environment (HSE)**

The Company's safety record has continued to be positive with zero Lost Time Injuries recorded for the quarter and the year. Since the beginning of construction, the operation has recorded just one Lost Time Injury in March 2018, reflecting the Company's strong focus on ensuring safe operating practices.

## Exploration and development

### Updated Resource and Reserves

Altura undertook the annual review of the Minerals Resource and Ore Reserve Estimates during the September quarter and was finalised for release on 9 October 2019. The revised Mineral Resource Estimate totalled 45.7 million tonnes at 1.06% Li<sub>2</sub>O and 483,000 tonnes of contained Li<sub>2</sub>O, including 7.4 million tonnes in the Measured category (see Table 2 below). The Revised Ore Reserve Estimate of 37.6 million tonnes at 1.08% Li<sub>2</sub>O and 407,000 tonnes of contained Li<sub>2</sub>O, including 7.2 million tonnes in the Proved category (see Table 3 below).

The revised estimates reflected ore depletion during the past 12 months of mining, a reduction in cut-off grade and improved mining methods which reduced dilution and eliminated marginal ore at resource boundaries.

**Table 2 – Mineral Resource Estimate (0.30% Li<sub>2</sub>O Cut-off Grade)**

JORC Category	Cut-off Li <sub>2</sub> O%	Tonnes (Mt)	Li <sub>2</sub> O%	Fe <sub>2</sub> O <sub>3</sub> %	Li <sub>2</sub> O Tonnes
Measured	0.30	7.4	1.23	1.38	91,000
Indicated	0.30	34.2	1.03	1.29	353,000
<b>Measured &amp; Indicated</b>	<b>0.30</b>	<b>41.6</b>	<b>1.07</b>	<b>1.31</b>	<b>444,000</b>
Inferred	0.30	4.1	0.95	1.41	39,000
<b>Total</b>	<b>0.30</b>	<b>45.7</b>	<b>1.06</b>	<b>1.32</b>	<b>483,000</b>

**Table 3 – Ore Reserve Estimate (0.30% Li<sub>2</sub>O Cut-off Grade)**

JORC Category	Cut-off Li <sub>2</sub> O%	Tonnes (Mt)	Li <sub>2</sub> O%	Fe <sub>2</sub> O <sub>3</sub> %	Li <sub>2</sub> O Tonnes
Proved	0.30%	7.2	1.22	1.40	87,000
Probable	0.30%	30.5	1.05	1.29	320,000
<b>Total</b>	<b>0.30%</b>	<b>37.6</b>	<b>1.08</b>	<b>1.31</b>	<b>407,000</b>

### Geological Mapping

Detailed geological mapping and sampling was carried out on the Altura Lithium Mine site and the adjoining M45/1260 and E45/2287 tenements. Similar work was also carried out along the Hazelby-Cleopatra copper-gold mineralised corridor within the E45/2363 tenement. The results of the mapping and sampling work are yet to be finalised.



*Consultant Geologist mapping a fault structure in the mining area*

## Desktop Review Work

Altura announced on 8 August 2019 that it had signed an Earn-in Agreement with lithium project developer Sayona Mining over its Pilbara lithium tenements. A desktop review of Sayona's exploration tenements has commenced, to gain an understanding of the local geology and potential mineralisation within each tenement. Altura is planning a site visit to the Sayona tenements during the next quarter.

## Corporate

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### Financial Commentary

Receipts from spodumene sales during the September 2019 quarter were \$18.5 million and excludes proceeds from two shipments that completed loading in late September/early October (totalling 19,500 wmt) that were received in early October 2019.

During the September 2019 quarter, half-yearly interest totalling \$15.9 million was paid to the Company's debt providers, with the next half yearly interest payment being due in February 2020. Altura notes that its existing debt facility is due for repayment in August 2020 and is working with its advisors Azure Capital to complete its facility refinancing.

Operating cash costs reduced to US\$365 wmt (FOB), compared with US\$392 wmt in the preceding three months to June. The lower unit production cost was a function of higher production, as strong cost controls saw underlying aggregate costs remaining stable. Operating cash costs include mining, processing, transport, port and site based general and administration costs, but excludes royalty.

### December Quarter Outlook

The September quarter has confirmed the operational ability to deliver results in line with guidance in both production output and operational cost. The December 2019 quarter production is expected to be in the range of 53,000 – 57,000 wmt as operational improvement initiatives are continued to be rolled out.

December quarter product sales are expected to be in the range of 50,000 – 55,000 dmt on the basis of vessels arriving and loading on schedule.

Operating cash costs are expected to remain in line with the previous H2 2019 guidance of US\$350 to US\$380 wmt.

### Subscription and Cooperation Agreement with Ningbo Shanshan

Altura announced on 23 July 2019 that it had signed a Subscription and Cooperation Agreement with Shanshan Forever International Co., Limited, a wholly owned subsidiary and related body corporate of Ningbo Shanshan Co., Ltd.

The agreement included a placement of 200 million fully paid ordinary shares at a price of 11.2 cents per share, which raised A\$22.4 million. Following the issuing of the shares on 7 August 2019, Ningbo Shanshan became Altura's single-largest shareholder with an equity interest of 19.4%.

Under the terms of the Subscription and Cooperation Agreement, Ningbo Shanshan is entitled to appoint a director to the Altura board, provided that their relevant interest in Altura shares does not fall below 12.5 per cent for more than 30 consecutive days. Mr Xiaoyu Dai was subsequently appointed as a director on 10 September 2019. Mr Dai is the General Manager of Shanshan Forever Lithium and has 21 years' experience in the chemicals industry, spanning various commodities, specialties and operations in China, Africa, Germany, Singapore, Japan and Korea.

### Changes to Binding Offtake Agreements

The Company continued to diversify its customer base during the quarter with the signing of two new Binding Offtake Agreements (BOAs) with China based groups for the supply of 6% Li<sub>2</sub>O grade spodumene concentrate.

These comprised new BOAs with Shandong Ruifu Lithium Industry Co., Ltd for 35,000 tpa and Guangdong Weihua Corporation for 50,000 tpa.

The new agreements coincided with the termination of the remaining 50,000 tpa under the BOA with Shaanxi J&R and the reduction of the tonnage from 100,000 tpa to 65,000 tpa under the Lionergy Limited BOA.

Altura has offtake commitments for its entire nameplate production capacity which are summarised below:

Offtake Partner	Tonnage	BOA Term / Expiry
Lionergy Limited	65,000 dmt	September 2023
GFL International Co., Limited	70,000 dmt	December 2021
Shandong Ruifu Lithium Industry Co., Ltd	35,000 dmt	June 2024
Guangdong Weihua Corporation	50,000 dmt	December 2024
<b>Total</b>	<b>220,000 dmt</b>	

All the BOAs have a floor price of US\$550 per tonne of 6% spodumene, with a ceiling price of US\$950 per tonne.

### Sayona Tenements Agreement

Altura announced on 8 August 2019 that it had signed an Earn-in Agreement with lithium project developer Sayona Mining over its Pilbara lithium tenements. Under the Agreement, Altura will spend \$1.5 million on exploration across the project portfolio over a three-year period to earn a 51% interest, with Sayona retaining the remaining project interest. Sayona will retain the right to contribute to project evaluation and development in the future to participate in the upside potential.

The tenement package subject to the Agreement consists of some 1,806 km<sup>2</sup> and significantly expands Altura's existing Pilbara tenement holding. The proximity of the tenements to Altura's existing mining and processing infrastructure will significantly enhance the development potential of any discoveries.

### Zinciferous Agreement

Altura signed a Cornerstone Investment Framework Agreement with Zinciferous Limited in July. The agreement, which is non-binding, provides a potential opportunity for Altura to participate in the downstream processing of lithium in a newly constructed lithium conversion facility in China.

Zinciferous is an unlisted Australian public company which holds an option to acquire up to an 80% interest in the newly constructed Tianyuan Lithium Carbonate Plant together with certain spodumene concentrate supply and lithium chemical offtake rights. The potential cornerstone investment could lead to downstream processing exposure and further lithium concentrate offtakes. The cornerstone investment is expected to be up to A\$3 million and remains subject to various approvals. For further information, please see the ASX announcement of 24 July 2019.



## 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 45/2287	100%
	E 45/2363	100%
	E 45/3488	100%
	E 45/4894	100%
	E 45/5136	100%
	E 45/5137	100%
	E 45/5280	100%
	E 45/5347	100%
	E 45/5348	100%
	E 45/5416	100%
	E 45/5480	100%
	M 45/1230	100%
	M 45/1231	100%
	M 45/1260	100%
	L 45/400	100%
	L 45/401	100%
	L 45/404	100%
	L 45/409	100%
	L 45/416	100%
	L 45/448	100%
L 45/484	100%	
L 45/485	100%	
L 45/492	100%	
L 45/496	100%	
L 45/517	100%	
L 45/524	100%	
Tanami, Northern Territory	EL 26626	10%
	ELA 26627	10%
	EL 26628	10%
	EL 29828	10%
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 tenements acquired during the quarter.

The following mining tenements were relinquished during the quarter:

Location	Tenement	Interest
Pilbara, Western Australia	L 45/518	100%

## Competent Persons Statements

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

The information in this report that relates to the Ore Reserve for the Pilgangoora lithium deposit is based on information compiled by Mr Quinton de Klerk. Mr de Klerk is a Fellow of the Australasian Institute for Mining and Metallurgy. Mr de Klerk is a Director and Principal Consultant of Cube Consulting Propriety Limited and has sufficient experience that is relevant to the activity of ore reserve estimation to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr de Klerk consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement on 9 October 2019.

### About Altura Mining Limited (ASX: AJM)

*Altura is a key player in the global lithium market and is leveraging increasing demand for raw materials for manufacturing lithium ion batteries for electric vehicles and static storage uses. Altura owns and operates the world-class Altura Lithium Project at Pilgangoora in WA's Pilbara region, which has a production capacity of 220,000tpa of high-quality spodumene concentrate. The Company has completed a Definitive Feasibility Study on a potential Stage 2 expansion, with a Final Investment Decision to be taken depending on market conditions, securing funding for the expansion and entering into long-term offtake agreements with customers.*

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