



ASX ANNOUNCEMENT | 31 January 2020

QUARTERLY ACTIVITIES REPORT December 2019

Highlights

Production and Sales

- Record monthly production of 17,951 wet metric tonnes (wmt) in October 2019.
- Record quarterly production of 47,181 wmt of lithium concentrate.
- Record quarterly sales and shipping of 41,680 dry metric tonnes (dmt) of lithium concentrate.
- Average quarterly operating cash cost reduced to US\$354/wmt (FOB basis), from US\$365/wmt in the September 2019 quarter, reinforcing Altura's position as one of the lowest cost lithium concentrate operations globally.

Lithium

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

Production Overview

Altura (the Company) achieved record production from its Pilgangoora lithium mine during the December quarter after a record month of production in October. The Company's production capacity, product quality and focus on cost-reduction has allowed it to continue to drive down unit costs and deliver positive cash margins on sales.

The Company recorded total production of 47,181 wmt for the quarter, which was 1,697 wmt higher than the 45,484 wmt produced in the September quarter, driven by increased feed-grade (in-line with the mine plan) and improved plant recovery.

Unit costs for the quarter reduced to US\$354/wmt produced, compared with US\$365/wmt (FOB basis) in the September quarter, which is at the lower end of the H2 2019 guidance of US\$350 to US\$380 wmt. The Company has now booked three consecutive quarters of commercial production for the operation with a downward trending unit cost placing it as one of the lowest cost lithium concentrate producers globally.

Altura Mining Limited ABN 39 093 391 774

Table 1 – Mining and Process Quantities

| | Units | Mar Qtr 2019 | June Qtr 2019 | Sept Qtr 2019 | Dec Qtr 2019 | Change (%) |
|-----------------------------------|-------|-----------------|------------------|------------------|-----------------|---------------|
| Ore mined | wmt | 404,087 | 439,559 | 476,093 | 429,890 | -10% |
| Waste mined | wmt | 1,426,256 | 1,546,719 | 1,484,978 | 1,493,295 | 1% |
| Total material mined | bcm | 622,929 | 675,726 | 670,842 | 686,501 | 2% |
| Ore mined grade Li ₂ O | % | 1.16 | 1.10 | 1.18 | 1.27 | 8% |
| Ore processed | wmt | 251,200 | 337,786 | 376,530 | 345,553 | -8% |
| Lithium concentrate produced | wmt | 29,627 | 42,402 | 45,484 | 47,181 | 4% |

Mining

Total material movement for the December quarter was at a record high with a 2% increase in movement on the previous quarter. Mine production continued to benefit from the introduction of night shift for one week in three to provide a consistent supply of fresh ore to the mill. A second excavator was also utilised to enable multiple dig faces to be opened to increase material movement efficiency and secure continued access to targeted sections of the mine pit.

The grade of ore mined increased by 7.6% to 1.27% Li₂O as mining operations accessed higher grade segments of the pegmatite ore bodies.

Processing

Ore processed during the December quarter was 8.0% lower than the September quarter due to increased (scheduled) plant maintenance requirements. Head grade averaged 1.21% Li₂O during the quarter. Lithia recovery was significantly improved at 63%, up from 58% in the September quarter.

Plant utilisation for the quarter was 83% with an extended plant downtime required to complete planned maintenance on the HPGR, wet secondary screen and secondary DMS plant, which had been brought forward from its original schedule of February 2020.

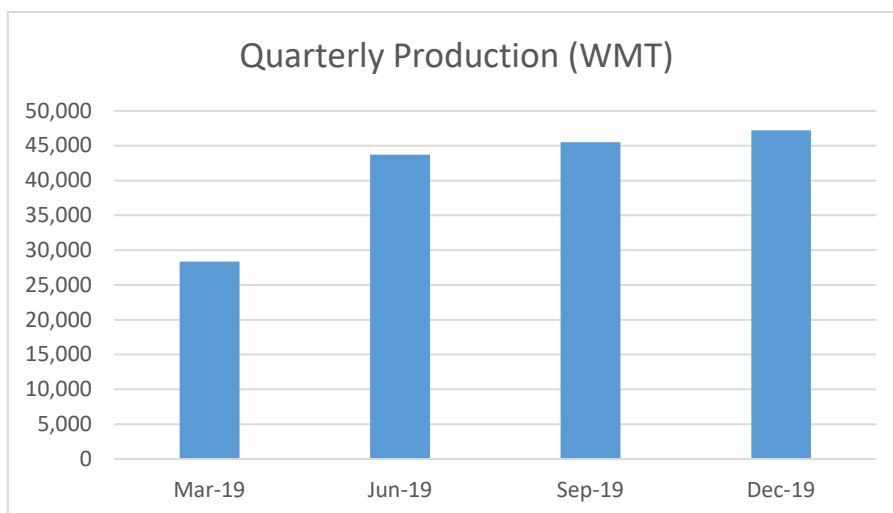
The shutdown enabled the replacement of components on the process plant's grinding circuits following an assessment by the operations team. The plant shutdown was successfully completed with the new components performing as planned.

The feed rate averaged 187 dmt/h, which was marginally lower than the nameplate 193 dmt/h. The feed rate was restricted for several weeks prior to replacement of the HPGR rollers and thereafter to maximise operational efficiencies. Feed rates above 200 dmt/h remain achievable.

The coarse product circuit performed in line with expectations throughout the quarter, producing a record 25,405 wmt. Further improvement was achieved in the operational stability of the fines circuit, producing a record 21,776 wmt.

Modelling and evaluation of the grinding and flotation circuits has been completed and circuit upgrade options determined for improving grinding efficiency to increase lithia recovery. Front end engineering work will be completed in the March 2020 quarter to finalise the grinding circuit upgrade.

Figure 1 – Altura Lithium Concentrate Production



ROM and Product Stocks

ROM and crushed ore stocks as at the end of December totalled 531,129 wmt of which 306,106 wmt was at a grade greater than 1.20% Li₂O, providing sufficient stock to blend and feed the process plant.

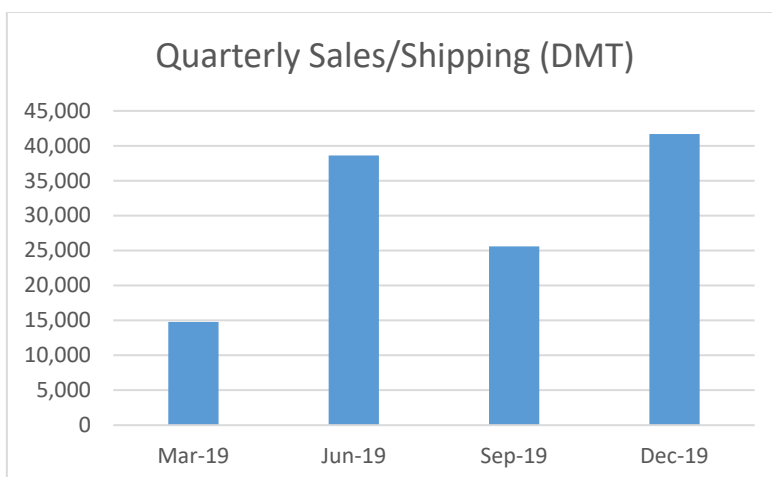
Concentrate product stocks as at the end of the December quarter totalled 30,008 wmt distributed between the mine and the Wedgefield storage facility. Subsequent to the end of the quarter a cargo of 24,500 wmt was dispatched which significantly reduced concentrate product stocks (refer to ASX announcement of 21 January 2020).

During the quarter logistics contractor Qube Bulk hauled 46,867 wmt to the storage facility from the mine site, representing a 5% increase on the September quarter.

Marketing and Shipping

During the quarter, the Company shipped four cargoes totalling 41,680 dry metric tonnes (44,644 wmt) which represents approximately 95% of the quarter’s production volume. All cargoes were sold to long term offtake partners. The Company continues to receive positive feedback on its product quality, with the material handling and quality factors making the product well-suited for conversion into high-grade lithium chemicals. All shipments were in line with off-take specification requirements.

Figure 2 – Altura Lithium Concentrate Sales and Shipping



Health, Safety and Environment (HSE)

There was one Lost Time Injury (LTI) recorded for the quarter (in November) and the year to date. There have only been two LTI's since the beginning of construction. The other LTI was recorded in March 2018. The Company maintains a strong focus on ensuring safe operating practices.

Exploration and development

Geological Mapping

A detailed geological map has been developed from the mapping work carried out last quarter. The map includes areas of Hazelby-Cleopatra prospects (E45/2363) and the mine site (M45/1230, M45/1231 and M45/1260).

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 been completed along with a site visit to several tenements accompanied by the Sayona Exploration Manager. Altura is now planning the next stage of on ground Exploration work for the Sayona tenements.

Corporate

Financial Commentary

Operating cash costs reduced to US\$354 wmt (FOB), compared with US\$365 wmt in the preceding three months to September. 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.

During the quarter an amount of US\$7.1 million was deducted from the sales receipts for the shipments to offtake partner Ganfeng. This completes the repayment of the US\$11.0 million prepayment originally received from Ganfeng in November 2018 (refer to ASX announcement of 9 November 2018).

March Quarter Outlook

The December quarter has confirmed the operational ability to deliver consistent operating results with exceptions quantified in order to predict and track variations to both production output and operational cost. The March 2020 quarter production is expected to be in the range of 45,000 – 50,000 wmt and will largely depend on the timing of further operational improvement initiatives.

March quarter product sales are expected to be in the range of 40,000 – 50,000 dmt on the basis of vessels arriving and loading on schedule.

Operating cash costs are expected to remain in line with the previous the December quarter result of US\$340 to US\$380 wmt.

Rights Issue

On 20 November 2019 Altura announced that it had completed a non-renounceable Entitlement Offer raising a total of \$9.155 million. The offer comprised 2 new shares for every 13 held at an offer price of 6 cents per share.

A total of 152,585,610 shares were subscribed for leaving a shortfall of 205,177,852 shares. Under the terms of the Entitlement Offer, the Directors may allocate the shortfall shares at their discretion within 3 months of the closing date of the Offer.

Debt Refinancing

On 2 December 2019 Altura announced that it had commenced discussions with potential investors with the aim of refinancing its existing debt. Since that time the Company has been working with financing groups in order to provide a positive solution. The Company will update the market when it is appropriate to do so.

Change in ASX Mining Entity Classification

Altura recently received approval from the ASX for a change to its mining entity classification under the Listing Rules. Altura is now a mining producing entity, having previously been a mining exploration entity.

As a result of the change, Altura will now be releasing its half yearly and annual accounts within 2 months of the balance date (previously 75 days and 3 months respectively). Altura is also no longer required to lodge an Appendix 5B (quarterly cash flow).

Authorised for release by the Board of Directors

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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