

ALTIUS MINING LIMITED

(ASX: AYM)

31 July 2014

Quarterly Activities Report – June 2014

1 EXPLORATION ACTIVITY

1.1 EXPLORATION ACTIVITY QUEENSLAND

1.1.1 OVERVIEW

Altius Mining Limited (**Altius** or the **Company**) continued with its development of a regional exploration and mining strategy in the Forsayth area, with the aim of developing future JORC compliant resources at its Forsayth Gold Project (EPM 14498 and MLs 3417 and 3418).

As per Altius' announcement on 11 March 2014 (Geological Survey for Forsayth) the Shandong Team has now spent five months on site at Altius' Forsayth Project and has made excellent headway into the contracted geological survey. Work so far completed by the Shandong Team includes, but is not limited to, a comprehensive review of previous work, surveys and literature, extensive geological mapping, rock chip sampling and terrain surveying.

As a result of the Shandong Team's survey, a number of excellent drill targets have been identified and drilling is now well under way. An announcement with the first drill results is now imminent.

1.2 EXPLORATION ACTIVITIES NEW SOUTH WALES

1.2.1 SOFALA – EL 7423

The Spring Gully prospect at Sofala is a high-sulphidation epithermal deposit, hosted in fine grained sandstones and siltstones which underlie a thrust sheet of andesitic volcanic rocks. The contact between the two rock types dips west at around 30 degrees and the gold grades can be seen to increase closer to the thrust contact, and towards the west where the mineralisation remains open.

Mineralisation in this area was the focus of an intensive exploration program during the 90's by Renison Gold Corporation, including a large soil geochemistry and drill program that ultimately focused in on the Spring Gully area where wide intercepts of low-grade mineralisation were encountered (Fig 1).

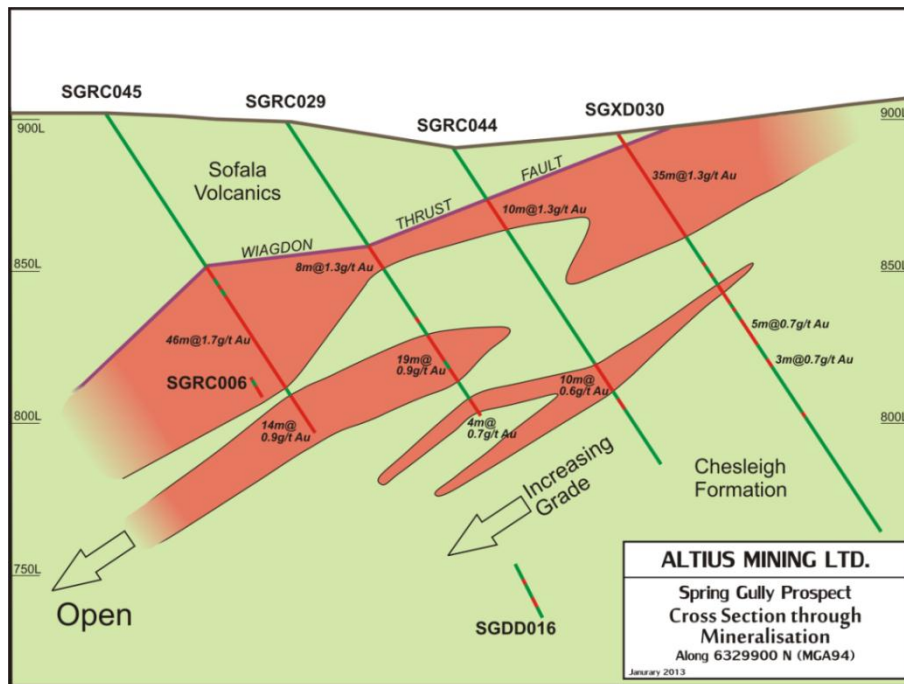


Figure 2: Cross section, with RGC drillholes, through the Spring Gully mineralisation (6329900 North) Note: Altius has no knowledge of the quality of the data used to produce this cross section.

Located immediately to the west of the Spring Gully deposit is a large magnetic anomaly known as the Wattle Flat Magnetic Zone WFMZ (Fig 3) which has been interpreted as a volcanic centre, which is thought to have a strong association with the gold mineralisation in the area, either directly, by supplying the mineralising fluids, indirectly by supplying the heat to circulate mineralising fluids or a combination of the two.

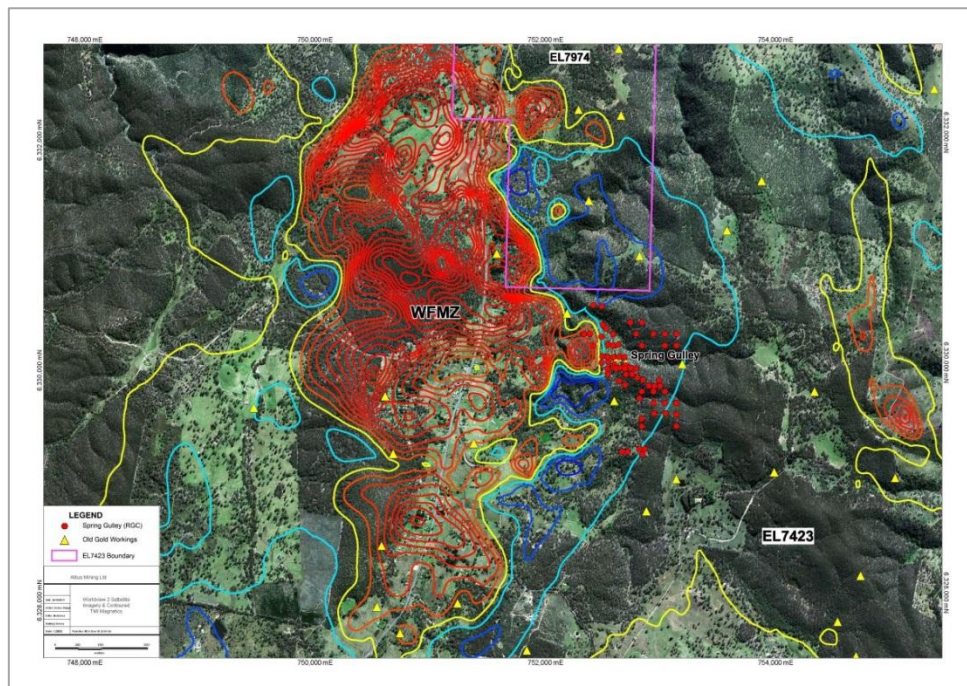


Figure 3: Magnetic contours over a satellite image of the Wattle Flat area.

In 2011, Altius commissioned an airborne geophysical survey to gain a more detailed understanding of the spatial relationship between the WFMZ and the mineralisation and found that a satellite magnetic high occurs directly adjacent to the Spring Gully mineralisation and surrounding the magnetic high is a rim of anomalous potassium which is highly suggestive of alteration commonly associated with epithermal/porphyry deposits (Figure 4).

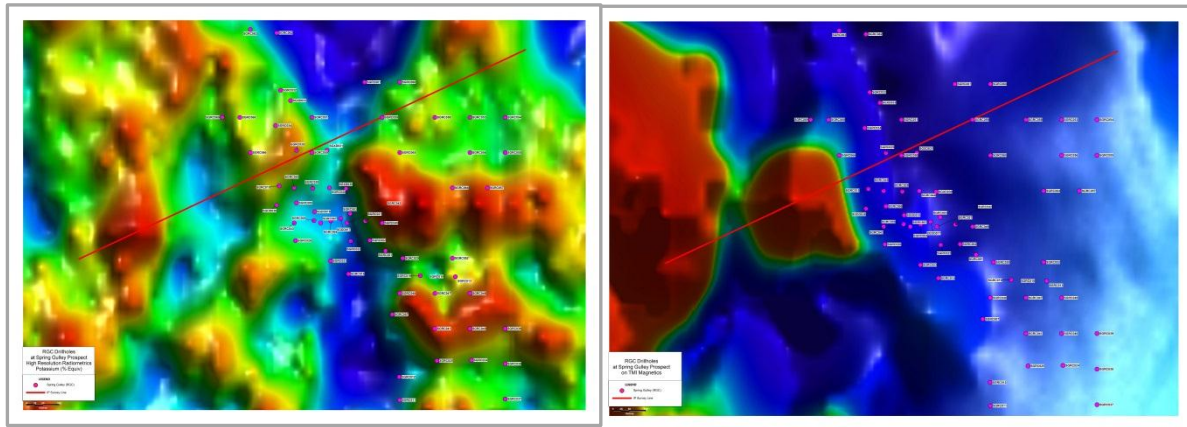


Figure 4: RGC drill hole locations in relation to potassium (left) and magnetism (right) the diagonal red line is the location of the IP survey conducted during the quarter.

During the previous reporting period Altius conducted an induced polarization (IP) survey over this area to gain a better understanding of what is occurring at depth. There were two main objectives whilst designing the IP line and they were 1) cover an area of known mineralisation to see how effective IP is as an exploration tool in the area, and 2) investigate the relationships between the magnetism, potassium and mineralisation.

The IP survey was a huge success, in that it clearly shows an area of high chargeability which is coincident with the known mineralization. Furthermore it has provided two high priority targets for drilling. The first target is in the centre of the section where a resistive high is coincident with the western edge of the known mineralization. The combination of these features is highly suggestive of a quartz rich feeder zone common to epithermal deposits with the potential for much higher grades than the mineralization that has been drilled to date.

The second target is a chargeability high at the left side of the section (Fig 5). The geology exposed in this area gives no indication of what would cause such a high chargeability rendering this an unknown but interesting target.

Altius is currently negotiating with land holders in the area to gain access for drilling and we are confident we will be drilling these targets within the near future.

Renewal of EL 7423 is currently under review by the NSW Department of Trade and Investment.

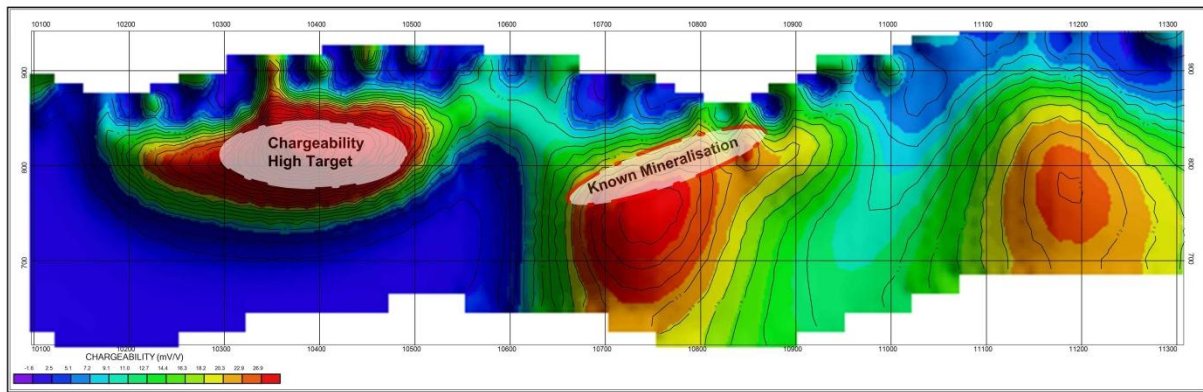


Figure 5: IP Chargeability cross-section showing the location of the known mineralisation

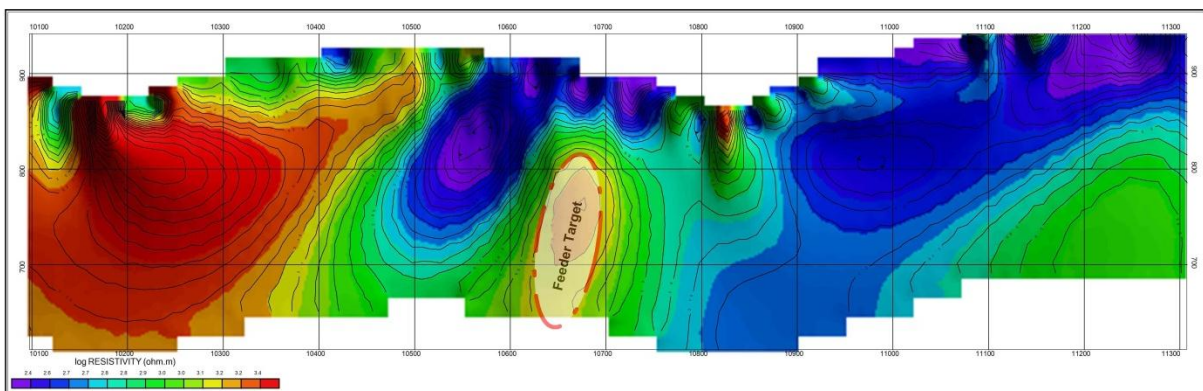


Figure 6: IP resistivity showing interpreted feeder zone to the known mineralisation.

1.2.2 KARANGI – EL 7332

Reconnaissance mapping and sampling was conducted at the Karangi tenement in order to gain a better understanding of the controls on the mineralisation in this area. Based on the information gained from this work we expect to conduct geophysical surveys during 2014 with the aim to generate high quality drill targets.

1.2.3 OTHER NSW TENEMENTS

EL7041 and EL7045 have been reduced in size to 64km² and 17.22 km² respectively. EL7036, EL7423, EL7155 and EL7159 are currently under the renewal process with the NSW Department of Trade and Investment. All other NSW tenements held by Altius are in good standing and meet statutory requirements.

2 TENEMENT HOLDINGS

Lease	Lease Name	Location	Beneficial Percentage Interest
EL7036	Gowulma-Gunners	NSW, Australia	100%
EL7041	Honeybugle	NSW, Australia	100%
EL7045	Wamboyne	NSW, Australia	100%
EL7155	Puggoon	NSW, Australia	100%
EL7159	Beehive	NSW, Australia	100%
EL7195	Bullamalito	NSW, Australia	100%
EL7332	Karangi	NSW, Australia	100%
EL7423	Sofala	NSW, Australia	100%
EPM14498	Forsayth	QLD, Australia	100%
ML3417	Ropewalk 1	QLD, Australia	100%
ML3418	Ropewalk 2	QLD, Australia	100%

During the quarter, the Company did not acquire or dispose of any tenements, and did not increase, decrease or acquire any new percentage interests in any farm-in or farm-out agreement.

2.1 EXPLORATION LICENCE APPLICATIONS

The company currently has no pending exploration licence applications.

3 CORPORATE INFORMATION

3.1 SECURITIES ON ISSUE AS AT 30 JUNE 2014

SECURITIES	NUMBER
Fully paid ordinary shares on issue	625,171,270

3.2 DIRECTORS

Mr Xiao Jing Wang	Chairman	2 May 2012 – present
Mr Edward McCormack	Non-Executive Director	14 May 2012 – present
Ms Jia Yu	Non-Executive Director	2 May 2012 – present
Mr Jianbing Zhang	Non-Executive Director	31 July 2013 - present
Mr John Zee	Executive Director Company Secretary	14 May 2012 – present 31 May 2012 – present

4 COMPETENT PERSON

The information in this report that relates to Exploration Results is based on information compiled by Mr Graeme Fraser, a Member of the Australian Institute Mining and Metallurgy. Mr Fraser is a full-time employee of Altius Mining Limited. Mr Fraser has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves”. Mr Fraser consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

ALTIUS MINING LIMITED

ABN

35 126 540 547

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(519)	(1371)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(330)	(1380)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	17	107
1.5	Interest and other costs of finance paid	(1)	(666)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(833)	(3310)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(78)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	(78)
1.13	Total operating and investing cash flows (carried forward)	(833)	(3388)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(833)	(3388)
1.14	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1064	1518
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share application money)	454	-
	Net financing cash flows	1518	1518
	Net increase (decrease) in cash held	685	(1870)
1.20	Cash at beginning of quarter/year to date	1072	3627
1.21	Exchange rate adjustments to item 1.20	-	-
		-	-
1.22	Cash at end of quarter	1757	1757

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	203
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees and reimbursements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7	24
5.2 Deposits at call	1750	1048
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1757	1072

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	NIL			
6.2 Interests in mining tenements and petroleum tenements acquired or increased	NIL			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	625,171,270	625,171,270	Fully Paid	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	84,339,700 shares issued on 18 June 2014 22,206,200 shares issued on 25 June 2014	84,339,700 22,206,200	84,339,700 fully paid shares were issued at \$0.01 per share 22,206,200 fully paid shares were issued at \$0.01 per share	Fully paid
7.5	*Convertible debt securities (description)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	-	-	Exercise price	Expiry date
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)	N/A			

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	N/A	
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Director and Company Secretary
31 July 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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