31 January 2012

# QUARTERLY ACTIVITIES REPORT
# December 2011

## Highlights

### Coal

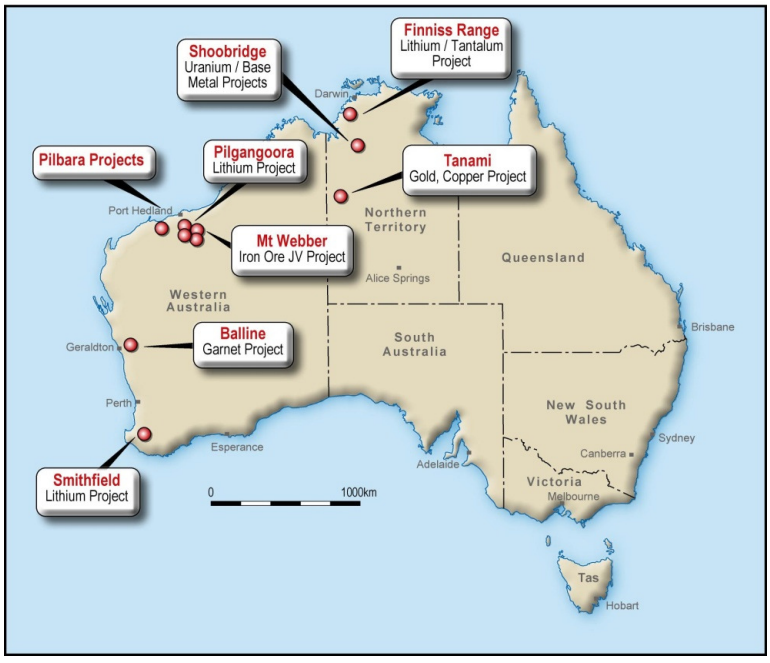
- Mining approvals now received at Tabalong Coal Project targeting production in 2012.
- Process commenced to obtain the Forestry Land Use Permit, which is the key remaining approval required for mining to commence.

### Iron Ore

- Further infill drilling carried out during the quarter.
- Mt Webber mining development planned for 2013 (subject to approvals).

### Lithium

- JORC compliant Mineral Resource estimate increase of **2.75 million tonnes** of mineralised spodumene pegmatites at **1.06% $Li_2O$** from S1 Target Area.
- Total Pilgangoora Mineral Resource estimate of **13.29 million tonnes** of mineralised spodumene pegmatites at **1.21% $Li_2O$.**
- Contained lithium oxide ($Li_2O$) to date of 161,000 tonnes.




**Altura Mining Limited – Australian Project Locations**

# COAL

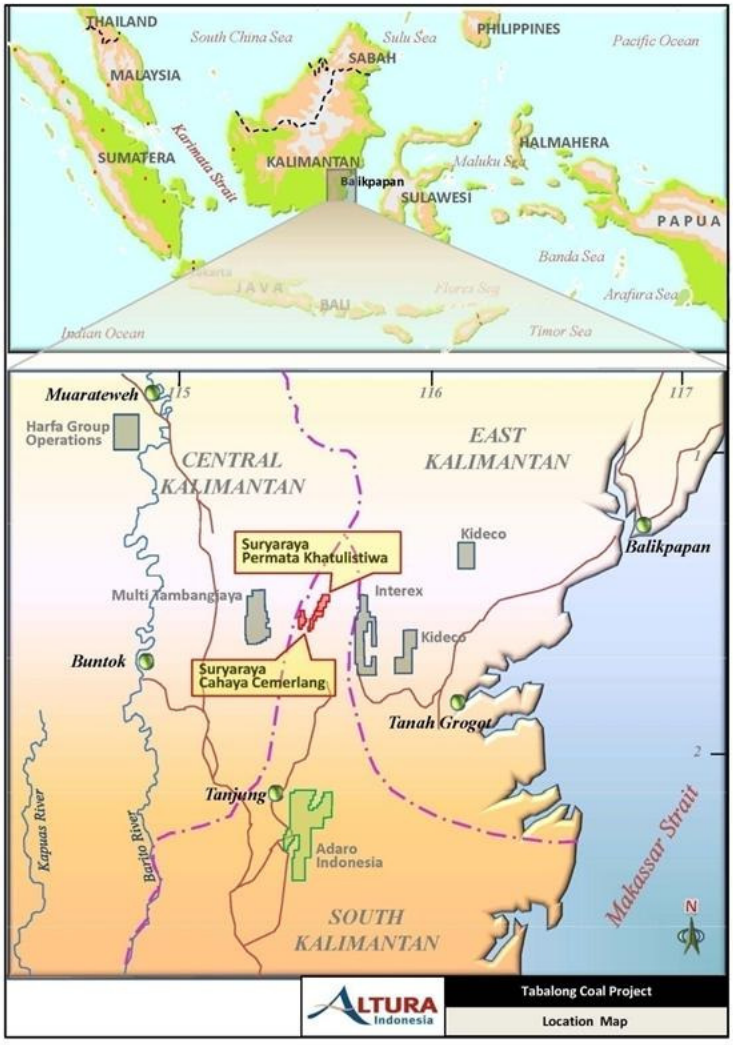
## TABALONG (South Kalimantan – Indonesia) Thermal Coal (100% AJM)

During the quarter Operation Production approval was obtained for both mining permits (IUPs) that comprise the Tabalong Coal project. The receipt of these approvals now paves the way for Altura to seek Forestry Land Use Permits (Pinjam Pakai) required for mine commencement, which is the key remaining permit required to allow coal mining to proceed.

The Tabalong Coal Project is planned to commence in 2012 (subject to receipt of the Pinjam Pakai) at an initial production rate of 400,000tpa (tonnes per annum) of premium grade thermal coal with the plan to ramp up to 750,000tpa. Current plans are for a surface mine with the product delivered to an off-take point to the west on the Barito River.

Altura has previously announced its intention to locate suitable potential partners for the development of Tabalong. The aim of any potential partnership is to expand and enhance the holdings in the Tabalong region and providing access to further coal resources through a joint venture with a well established Indonesian partner. The Company is hoping that a successful conclusion to this process can be achieved in the near future.

**Figure 1 – Tabalong Coal Project Location**



Further exploration is planned for previously unexplored areas of the Tabalong tenements. Current activities are limited to field mapping and observations until the Forestry Permits have been received. During the quarter several new coal outcrops were located in the eastern portion of the tenements. The Altura Indonesia exploration team has prepared a detailed geological plan that will be tested by drilling in 2012. The location of these new coal seams has the potential to provide additional Coal Resources to the project.

Tabalong has a JORC compliant Coal Resource estimate of 13.4 million tonnes comprising a Measured Resource of 4.0 million tonnes, an Indicated Resource of 5.8 million tonnes and a further 3.6 million tonnes of Inferred Resource. The deposit contains a low ash (4.8%), low sulphur (0.98%; measured resource), high energy (6,349kcal/kg; as received basis) sub-bituminous coal. Table 1 below details the breakdown of the Coal Resource estimate and relevant categories.

**Table 1 – Tabalong Resource Estimates**

| RESOURCE | TONNES | TM | IM | Ash | VM | FC | TS | CV_ar | CV_adb | CV_daf | RD |
|---|---|---|---|---|---|---|---|---|---|---|---|
| MEASURED | 3,989,000 | 16.4 | 7.7 | 4.0 | 40.7 | 47.4 | 0.98 | 6432 | 7097 | 8018 | 1.29 |
| INDICATED | 5,796,000 | 16.6 | 8.2 | 5.4 | 40.2 | 46.3 | 1.34 | 6292 | 6924 | 7979 | 1.31 |
| | **9,785,000** | **16.5** | **8.0** | **4.8** | **40.4** | **46.7** | **1.19** | **6349** | **6994** | **7995** | **1.30** |
| INFERRED | 3,600,000 | - | - | - | - | - | - | - | - | - | - |
| TOTAL | **13,385,000** | - | - | - | - | - | - | - | - | - | - |

*Note: TM = Total Moisture %, IM = Inherent Moisture %, VM = Volatile Matter %, FC = Fixed Carbon %, TS = Total Sulphur %, CV = Calorific Value in kilocalories per kilogram, RD = Relative Density.*
*ar = as received basis, adb = air dried basis, daf = dry ash free basis*
*weighted averages not provided for Inferred Resource category due to data limitations.*

***About the Tabalong Coal Project***

*The Tabalong Coal Project consists of two (2) Mining Licences (IUPs) in the province of South Kalimantan on the island of Borneo (see Figure 1). Currently both IUPs are granted for Operation Production and Altura is seeking the necessary Forestry Land Use approvals to allow mining to proceed.*

***About Thermal Coal***

*Thermal coal forms the backbone of worldwide energy supplies with Indonesia now the world's largest exporter of thermal coal products. Recent innovations in coal beneficiation and clean coal technology point toward a strong future for coal to remain a reliable energy generation commodity.*

# IRON ORE

## MT WEBBER (Pilbara – Western Australia) 30% Altura Mining Limited, 70% Atlas Iron Limited

During the quarter a total of 180 RC (reverse circulation) holes were completed at Mt Webber for 9,027 metres. The majority of this drilling was focussed on infill drilling of the Fender and Gibson deposits to bring the drill spacing in to 40 metres by 20 metres. Some parts of the Fender deposit where drilling access can be difficult were drilled out to a 20 metre by 20 metre drill spacing to improve confidence. A small amount of drilling was conducted on the Ibanez deposit to provide data on a 20 metre by 20 metre drill spacing to allow improved variography in key parts of the deposit.

A drilling program was conducted on the MW8 prospect, located 9km to the west-southwest of the main Mt Webber deposits. MW8 had previously been identified as having mineralisation potential but had not been drill tested. Due to the shape of the prospect, an initial drill spacing of 80 metres by 20 metres was completed before additional drill lines were added to reduce the drill spacing to 40 metres by 20 metres. Visual indications based on geology logging have identified some apparent mineralisation however assay results are yet to be received.

Due to the seasonal break, drilling is not expected to resume at Mt Webber until midway through Q1 2012. A small amount of Ibanez infill on a 20 metre by 20 metre spacing is planned and approval is currently being sought for a small program to test the north-eastern limb of the Ibanez deposit. A revised mineralisation interpretation and Mineral Resource estimate is expected to be completed late in Q1 2012.

The current Mt Webber JV Ore Reserve estimate of 25.23 million tonnes of DSO material represents 32% of Atlas Iron's current North Pilbara reserves (see Table 2). It is envisaged that Mt Webber will be a key contributor to Atlas' production target of 12 million tonnes during the 2013 financial year.

**Table 2 – Mt Webber JV Ore Reserves**

| Mt Webber JV DSO Ore Reserves Table (Probable) – August 2011 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Location | Ore Type | Reserve Classification | Kt | Fe (%) | $SiO_2$ (%) | $Al_2O_3$ (%) | P (%) | S (%) | LOI (%) | CaFe (%) |
| Ibanez | Bedded Ore | Probable | 19,013 | 57.6 | 5.9 | 2.0 | 0.08 | 0.02 | 8.9 | 63.3 |
| Gibson | Bedded Ore | Probable | 6,220 | 57.0 | 7.3 | 2.1 | 0.09 | 0.03 | 8.3 | 62.1 |
| **TOTAL** | | | **25,233** | **57.5** | **6.2** | **2.0** | **0.08** | **0.02** | **8.8** | **63.0** |

***Notes:***

(1). Ore Reserves defined at a 50-54% Fe cut-off grade.

(2). Reserves are subject to Joint Venture interests in the ratio AJM 30% : AGO 70% for the Mt Webber JV

During 2011 joint venture partner Atlas Iron has been conducting engineering studies to further detail its plans to expand its Northern Pilbara Projects' production to 12Mtpa (million tonnes per annum) during the course of the 2013 financial year. The outcome of these feasibility studies is expected to be released by Atlas in March 2012.

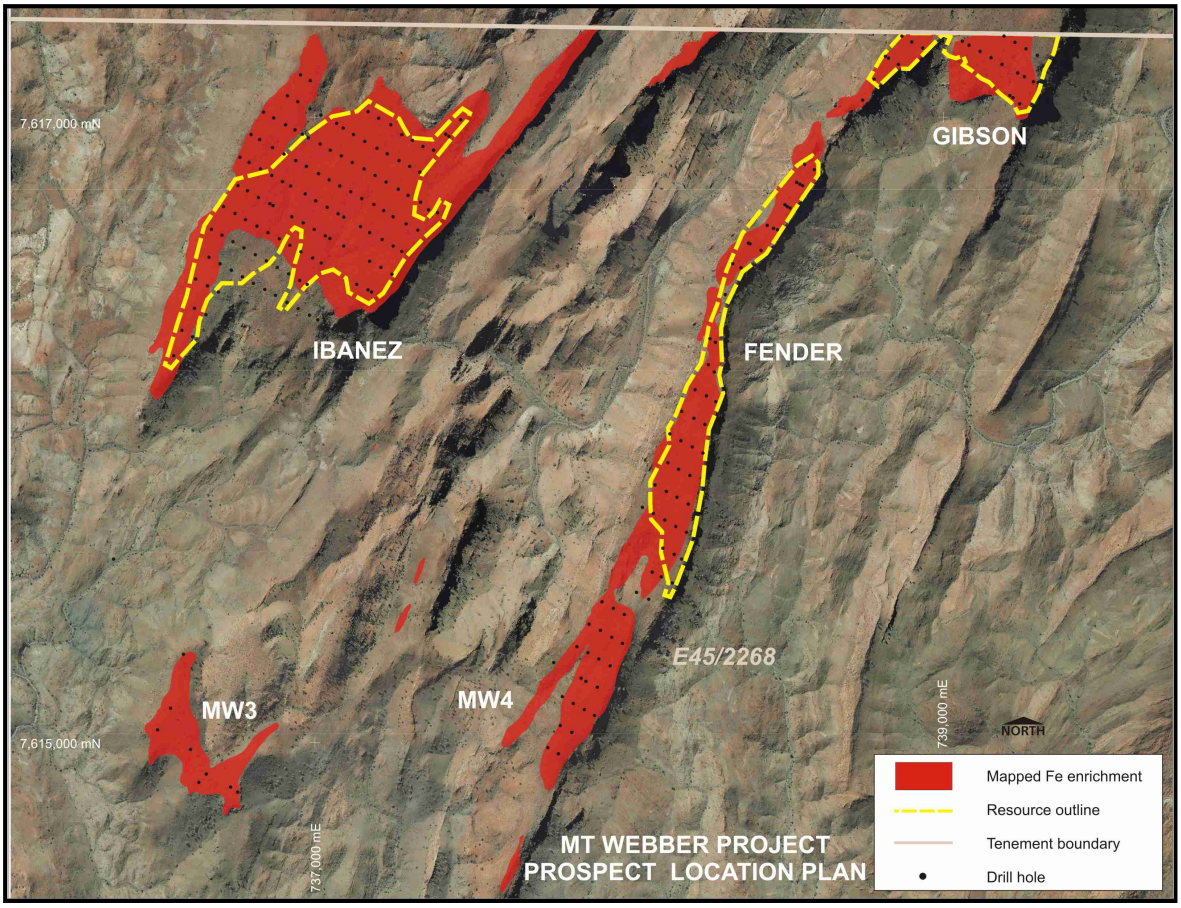
Atlas currently envisages Mt Webber will become a processing hub initially supporting just the Mt Webber mine and may incorporate the McPhee Creek DSO project at a later date. Whilst still subject to further engineering studies, Atlas envisages crushing capacity in the range of 4-7Mtpa pending the inclusion of ore from a 3Mtpa start-up McPhee Creek DSO project.

In order for the Mt Webber project to proceed to a decision to mine, both Altura and Atlas need to settle the terms of the Joint Operations Agreement (JOA) agreement covering the mining and commercial aspects of the development. The Company hopes the JOA terms will be agreed as soon as possible given the revised commencement date of 2013 calendar.

***About Mt Webber***

*The Mt Webber Iron Ore Project is located 150 kilometres south-southeast of Port Hedland in the world's premier iron ore province, the Pilbara (see Figure 3). Altura has a 30% interest in the Mt Webber Iron Ore DSO project (and five other Pilbara tenements that form part of the joint venture agreement) in the Pilbara. Atlas Iron is Altura's joint venture partner for this project. Under the terms of the agreement, Altura remains the owner of the Mt Webber and other tenements, totalling 333 square kilometres.*

**Figure 2 – Reserve, Resource and Prospect Location, Mt Webber DSO Project**



# LITHIUM

## PILGANGOORA (Western Australia) Lithium, Tantalum (100% AJM)

The key highlight during the December quarter for the Pilgangoora Lithium project was the announcement of a JORC compliant Mineral Resource estimate increase of 2.75 million tonnes of mineralised spodumene pegmatites at 1.06% $Li_2O$ from the S1 Target Area.

### Revised Resource Estimate

Altura now has a total Pilgangoora Mineral Resource estimate of 13.29 million tonnes of mineralised spodumene pegmatites at 1.21% $Li_2O$. This represents a 26% increase on the previous estimate with the increase confined to the S1 target area (refer to Table 3 below). The Company had previously reported an initial JORC resource estimate of 10.54 million tonnes at an average grade of 1.25% $Li_2O$ (see ASX release on 8 August 2011).

**Table 3 – Pilgangoora Revised Lithium Resource Estimate**

| Pilgangoora $Li_2O$ Resource – November 2011 | | | | |
|---|---|---|---|---|
| **Zone** | **Resource** | **Tonnes** | **$Li_2O$ %** | **$Li_2O$ tonnes** |
| **C1 Area** | Indicated | 2,960,000 | 1.24 | 36,525 |
| | Inferred | 760,000 | 1.40 | 10,655 |
| **E1 Area** | Indicated | 2,130,000 | 1.33 | 28,473 |
| | Inferred | 1,260,000 | 1.29 | 16,223 |
| **N1 Area** | Indicated | 1,830,000 | 1.15 | 21,139 |
| | Inferred | 1,600,000 | 1.17 | 18,767 |
| **S1 Area** | Indicated | - | - | - |
| | Inferred | 2,750,000 | 1.06 | 29,149 |
| **Subtotal** | Indicated | 6,920,000 | 1.24 | 86,138 |
| | Inferred | 6,370,000 | 1.17 | 74,214 |
| **Total** | **All Resources** | **13,290,000** | **1.21** | **160,352** |

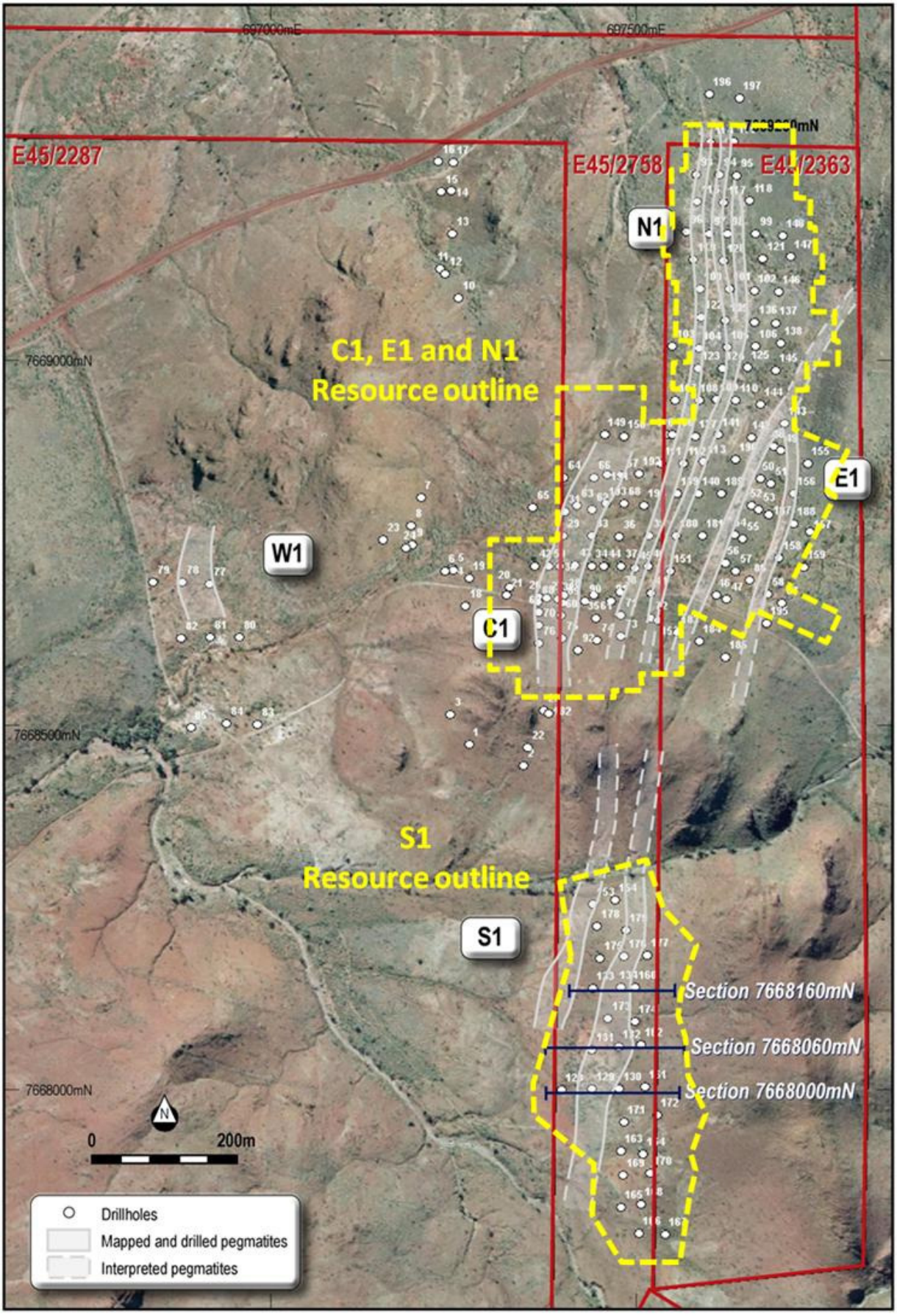
*# based on 0.3% $Li_2O$ cut-off and depth limit of 100 metres*

### Drilling Program

The drilling program to date has identified five (5) mineralised pegmatite zones, namely C1, E1, N1, S1 and W1. All of the zones have been shown to be highly prospective, apart from W1 which is weakly mineralised (see Figure 3).

During the quarter Altura continued to use its own Maxdrill 2000 drill rig and in-house crew to undertake the work. A total of 22 RC drill holes were completed for a total of 2,067 metres along with 1 diamond core hole for 104 metres. Two more diamond core holes are currently planned and upon completion, further RC drilling will resume in the S1 and C1 target areas.

**Figure 3 – Pegmatite Target Areas and Drill Hole Locations**



The focus for ongoing drilling will be the completion of the diamond core program for Quality Assurance and Quality Control purposes followed by a further extensive RC program aimed at increasing the existing Mineral Resources. Currently over 60 new drill locations have been approved with a focus on locating the source of the mineralisation. These programs are expected to continue until at least Q2 2012.

## Exploration Target

Altura continues to maintain its exploration target of 18 to 25 million tonnes @ 1.3 to 1.6% $Li_2O$. Table 4 sets out the respective ranges of tonnes and grades for the Pilgangoora exploration targets for Areas C1, E1, N1 and S1.

**Table 4 – Pilgangoora Lithium Exploration Targets**

| Lithium Target Area | Tonnes (Mt) | Li Grade % $Li_2O$ |
|---|---|---|
| **Area C1** | 5 – 7 | 1.3 – 1.5 |
| **Area E1** | 4 – 5 | 1.3 – 1.5 |
| **Area N1** | 4 – 5 | 1.3 – 1.5 |
| **Area S1** | 5 – 8 | 1.4 – 1.6 |
| **TOTAL** | **18 – 25** | **1.3 – 1.6** |

*Note: The potential quantities and grades are conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is not certain that further exploration will result in the determination of a Mineral Resource.*

## *About Lithium*

*Lithium (Li) is recovered from the mineral spodumene and lithium-rich brines. It is used in a range of products such as ceramics, glass, batteries and pharmaceuticals. Lithium use has expanded significantly in recent years due to increasing use in rechargeable batteries in portable electronic devices and in batteries and electric motors for hybrid and electric cars.*

## BASE AND PRECIOUS METALS

**SHOOBRIDGE (Mt Shoobridge – Northern Territory) Lead, Copper, Zinc, Silver, Gold (AJM 100%)**

The drilling of one diamond drill hole was undertaken in October 2011 at the Long Island Uranium prospect. The objective of this drilling was to test the uranium anomaly located over a marsh area about 2.5km west of Hayes Creek and adjacent to the regional Hayes Creek Fault.

The hole was collared immediately to the east of the contoured uranium high where the objective was to complete a 60 degree angled hole below the anomaly. It was anticipated that the hole would intersect the Proterozoic sediments of the South Alligator Group – regionally known to host uranium mineralisation.

As expected the drilling intersected approximately 38m of wet sandy alluvium and transported sediments, granitic clays before coring into very coarse grained porphyritic granite. With the exception of fracturing and some zones of weathering the granite persisted to the EOH at 114m. The hole was stopped as there was little likelihood that the uranium anomaly was being generated from below the surface expression. The spectrometer readings throughout the length of the hole were background values only.

The data for this Long Island uranium prospect area will be reassessed given the results of the drilling.

## MINING SERVICES

**INDONESIA (PT Asiadrill Bara Utama) (100% AJM)**

The mining service group of Asiadrill Bara Utama (Asiadrill) and Velseis Indonesia (Velseis – 50% Altura) continued to provide exploration support services during the quarter. The drilling operations were confined to Indonesia with a primary focus in coal exploration and development.

Drill rig deployment increased during the quarter due the winning of new contracts. Asiadrill operated up to sixteen (16) individual drill units consisting of track and skid mounted and man portable units during the quarter.

***About PT Asiadrill Bara Utama***

*Asiadrill operates a varied fleet of truck and track mounted drills; supplemented by a fleet of heli-lift and man-portable units for environmentally sensitive areas. The current fleet totals sixteen (16) larger units and fifteen (15) man-portable drills*

## INDONESIA (PT Velseis Indonesia) (50% AJM)

Velseis Indonesia (Velseis – 50% Altura) operated up to eleven (11) wireline units during the quarter. The demand for units remains high and expected to continue at the current level in 2012.

***About PT Velseis Indonesia***

*Velseis Indonesia is joint venture company between Altura and Velseis Pty Ltd (Brisbane based wireline and seismic service provider). Velseis operates a fleet of eleven (11) portable and vehicle mounted wireline logging units in Indonesia. The Velseis Indonesian workforce totals 24 permanent staff.*

## AUSTRALIA (Altura Drilling Pty Ltd) (100% AJM)

The Company's Maxdrill 2000 multipurpose drill rig continues to be utilised at the Pilgangoora Lithium Prospect in Western Australia's Pilbara region, and will continue in this role during March quarter 2012.

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

*"Altura Mining is aggressively building independently sustainable businesses that deliver profitability, liquidity and growth in coal, iron ore and non-ferrous mining and exploration"* **– The Altura Vision**

*Altura is a multi-faceted company with significant coal, iron ore and lithium projects in Indonesia and Australia, a diverse minerals exploration portfolio, and a profitable mining services arm that provides drilling, geophysical and project development services.*

*With experienced leadership and a strong and supportive shareholder base, the success of Altura is further underpinned by a solid suite of exploration and development projects. The Company's main focus is in coal and its key project, Tabalong Coal in Indonesia is in the final stages of approvals to allow mining to commence.*

***Key Projects and Prospects:***

- ***Coal:*** *Tabalong Coal Project - South Kalimantan, Indonesia – final approvals in process*
- ***Iron Ore:*** *Mt Webber DSO Joint Venture (30% Altura).*
- ***Lithium:*** *Pilgangoora Project WA, Finniss Range Prospect NT – initial resource estimate completed.*
- ***Garnet:*** *Balline Mineral Sands Project WA, mining approvals process.*
- ***Uranium:*** *Mt Shoobridge NT, exploration stage with key uranium targets in Hayes Creek region.*
- ***Base/Precious Metals:*** *Mt Shoobridge NT, lead, copper, zinc, gold and silver prospect at exploration stage.*

*For additional information about Altura, please visit the Company's website www.alturamining.com*

## ***COMPETENT PERSONS STATEMENTS***

*Mt Webber (WA) – Reserve Estimation*

*The information in this report that relates to Reserve estimations is based on information compiled by Mr Ken Brinsden, who is a member of the Australasian Institute of Mining and Metallurgy. Ken Brinsden is a full time employee of Atlas Iron Limited. Ken Brinsden has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ken Brinsden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Tabalong – South Kalimantan*

*The information in this report that relates to Exploration Results, Coal Resources or Coal Reserves is based on information compiled by Stephen Barber, who is a Member of the Australasian Institute of Mining and Metallurgy. Stephen Barber is a full-time employee of PT Altura Indonesia. Stephen Barber has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Coal Resources and Coal Reserves'. Stephen Barber consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Stephen Barber has over 10 years experience in exploration and mining of coal deposits.*

*Pilgangoora (WA)*

*The information in this report that relates to the Pilgangoora exploration results is based on information compiled by Mr Bryan Bourke, who is a member of the Australian Institute of Geoscientists and a full-time employee of Altura Mining Limited. Bryan Bourke has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Bryan Bourke consents to the inclusion of such information in this Report in the form and context in which it appears.*

For further information, please contact:

James Brown, Managing Director Ph: + 61 7 3814 6900

Paul Mantell, Executive Director Ph: + 61 7 3814 6900