
Report for September Quarter 2019

31 October 2019

ASX Code: PUA, PUAOC

Pure Alumina redirects strategy to focus on gold

Key Points

- Due to challenging market conditions, Pure Alumina was unable to complete the \$30m capital raise to fund the Polar acquisition and to build a 1,000tpa HPA plant.
- The Polar transaction was therefore terminated on 30 September 2019.
- Pure Alumina undertook a review of its strategy and terminated the sale process for the Hill End gold project.
- The strategy review concluded that:
 - Pure Alumina put the Yendon HPA project on hold until market conditions allow it to be progressed; and
 - Pure Alumina focus efforts on gold given high gold prices and ownership of the attractive Hill End gold project. Pure Alumina should seek to add new gold projects to its portfolio.
- Pure Alumina's managing director, Martin McFarlane, will stand down on 24 December 2019. A search is underway for a suitable replacement to lead the Company's gold exploration strategy. The Board would like to thank Martin for his contribution over the past two years.



Corporate

During the September quarter Pure Alumina focussed efforts on satisfying the conditions necessary to acquire Polar Sapphire Limited (Polar) from private equity interests for C\$25.75m in Pure Alumina shares and cash as outlined in the ASX announcement of 21 March 2019.

Attempting to finalise the \$30m capital raise was the major activity during the quarter. A global roadshow to brief investors in Europe, North America and Australia generated strong interest and positive feedback. However, it proved difficult to secure firm commitments from investment funds for the \$30m required before the acquisition agreement expired on 30 September 2019. The major reasons given were concerns over battery materials driven by the downturn in lithium stocks, significant uncertainties surrounding US / China trade relations and Brexit.

Following the expiry of the Polar acquisition, Pure Alumina undertook to review its future direction. The outcome of this review was recently announced with the following changes:

High Purity Alumina

While Pure Alumina remains convinced of the strong forecast demand for high purity alumina from the adoption of LED lighting globally and coating on lithium battery separators for vehicles and energy storage, the challenge of raising the significant capital required to finance a commercial high purity alumina operation has proved difficult in the current environment.

For this reason, the Company has elected to place the development of the Yendon high purity alumina project on hold until market conditions improve or would consider alternative options for the future of the Yendon assets.

Gold

Pure Alumina undertook a review of other major commodity markets and in order of preference preferred the following commodities:

- Gold
- Copper
- Nickel

The attraction of the gold market is close to record high gold prices in Australian dollars and the lack of an apparent supply response indicating that robust gold prices may be sustained in the medium to long term outlook.

Combining the outlook for gold with the fact that Pure Alumina owns the highly prospective Hill End gold project, it is logical that Pure Alumina has concluded that Gold is the Company's preferred commodity going forward. Copper projects would also be considered should a suitable opportunity present.



Hill End is the site of one of Australia's earliest gold rushes with more than 2 million ounces of gold estimated to have been mined historically. It is located in gold rich Lachlan Fold Belt of central NSW. The gold is hosted in quartz veins and saddle reefs.

Prior exploration by the company has delineated 3 zones of gold mineralisation at Hargraves, Red Hill and Hill End including a substantial amount of drilling and related work that would be required to estimate a resource and consider development options. Previous studies indicated high recoveries of gold were possible using low cost gravity techniques. A small gravity mining plant exists at Hill End. Exploration potential remains open along strike and at depth in all areas of mineralisation.

Future Activities

In order to progress the strategy, Pure Alumina has initiated the following activities:

- Utilising predominantly existing information, generate a gold resource estimate at Hargraves that complies with current JORC reporting requirements;
- Following the completion of the Hargraves gold resource estimate, an update of historic economic studies will be contemplated;
- The exploration potential of Hargraves and other prospective areas of the Hill End project will be reviewed with the aim of expanding the gold deposits;
- Other gold opportunities are being examined to add to the portfolio.

The change in strategy for Pure Alumina brings with it the need to inject copper and gold exploration skills into the company. As a result Pure Alumina's managing director will stand down from the role on 24 December 2019. A search for replacement to take the company forward has commenced.



Yendon High Purity Alumina Project

The HPA Project tenements, Exploration Licences 5457, 5461, 006447 and 006428, are located at Pittong and Yendon near Ballarat, Victoria, where kaolin mining and processing has occurred for decades. The Yendon kaolin resource is located on EL5457 and EL5461. Application for a retention licence over the Yendon kaolin deposit has been made to the Victorian Mines Department.

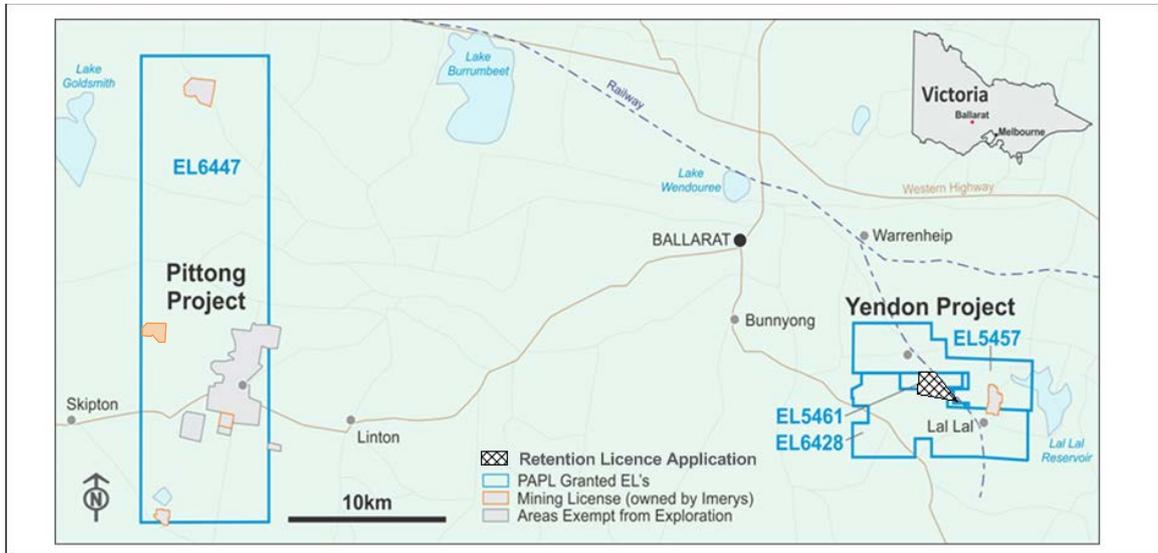


Figure 1: Yendon HPA project location near Ballarat, Victoria

Following the successful completion of the pre-feasibility study (PFS) of the Yendon high purity alumina (HPA) project that delivered robust technical and financial outcomes (ASX 14 June 2018), Pure Alumina commenced work on the definitive feasibility study (DFS). However as outlined above, the new strategy for Pure Alumina will see the Yendon HPA project put on hold until market conditions improve.

Following a review to assess the Pittong area to the west of Ballarat (EL6447) it was decided to surrender this tenement. This action does not impact the Yendon HPA project which is located on tenements to the east of Ballarat – see above map.



Hill End Gold Project

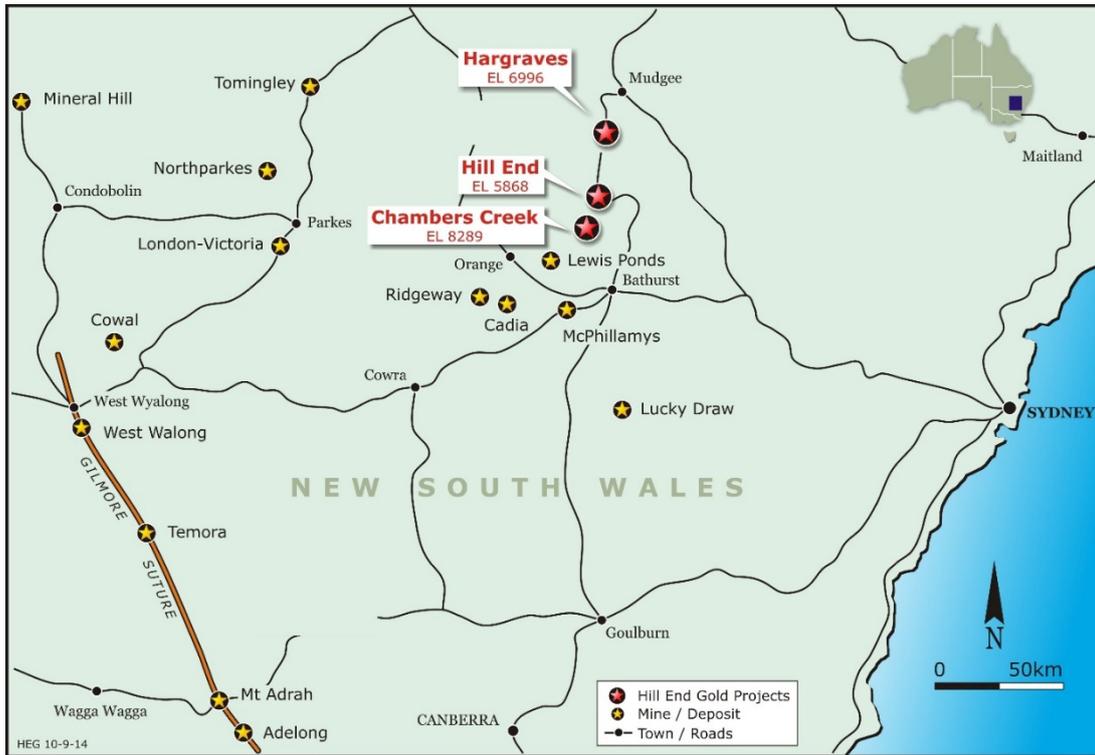


Figure 2: Hill End gold project location near Bathurst, NSW

Pure Alumina terminated the sale process for its gold assets so that the future of this project could be considered in the strategic review. Please see the Corporate section above for the outcome of the strategic review.

Current Tenement Schedule

The table below contains details of tenements held by PUA and its controlled entities at the end of the quarter.

Project	Tenement	Grant / Application Date	Expiry Date	Area
Hill End (NSW)	Exploration Licence No 5868 (1992) ¹	18/06/2001	renewal pending	16 units
Hill End (NSW)	Gold Lease No 5846 (1906) ¹	15/02/1968	7/12/2019	2.044 hectares
Hill End (NSW)	Mining Lease No 1116 (1973) ¹	28/03/1984	16/10/2024	15.71 hectares
Hill End (NSW)	Mining Lease No 1541 (1992) ¹	17/10/2003	16/10/2024	279.20 hectares
Hill End (NSW)	Mining Lease No 315 (1973) ¹	8/12/1976	7/12/2019	6.671 hectares
Hill End (NSW)	Mining Lease No 316 (1973) ¹	8/12/1976	7/12/2019	8.846 hectares
Hill End (NSW)	Mining Lease No 317 (1973) ¹	8/12/1976	7/12/2019	7.00 hectares
Hill End (NSW)	Mining Lease No 49 (1973) ¹	30/07/1975	7/12/2019	1.618 hectares
Hill End (NSW)	Mining Lease No 50 (1973) ¹	30/07/1975	7/12/2019	3.02 hectares



Hill End (NSW)	Mining Lease No 913 (1973) ¹	20/01/1981	19/01/2023	22.00 hectares
Hill End (NSW)	Mining Lease No 914 (1973) ¹	20/01/1981	19/01/2023	21.69 hectares
Hill End (NSW)	Mining Lease No 915 (1973) ¹	4/02/1981	3/02/2023	13.27 hectares
Hargraves (NSW)	Exploration Licence No 6996 (1992) ¹	21/12/2007	21/12/2019	24 units
Chambers Creek (NSW)	Exploration Licence No 8289 (1992) ¹	24/3/2014	20/08/2020	3 Units
Yendon (Vic)	Exploration Licence No 5457	10/09/2013	renewal pending	41 Graticules ²
Yendon (Vic)	Exploration Licence No 5461	10/09/2016	9/09/2020	4 Graticules ²
Yendon (Vic)	Exploration Licence No 6428	22/12/2017	21/12/2020	49 Graticules ²
Yendon (Vic)	Exploration Licence No 6447	22/12/2017	21/12/2020	221 Graticules ²
Yendon (Vic)	Retention Licence app No RL6734	27/07/2018	grant pending	225.2 hectares

Notes:

- 1 – Tenement is part of Hill End Gold project assets currently subject to sale process
- 2 - A graticule is essentially 1 sq. km or part thereof

Martin McFarlane
Managing Director

Media - For further information, please contact:

Paul Armstrong - Read Corporate +61 8 9388 1474



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, 01/05/13, 01/09/16

Name of entity

PURE ALUMINA LIMITED

ABN

74 072 692 365

Quarter ended ("current quarter")

September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(150)	(150)
(e) administration and corporate costs	(248)	(248)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
Other income	-	-
Polar Sapphire transaction costs (non-recurrent costs)	(123)	(123)
Gold asset sale transaction costs (non-recurrent costs)	-	-
1.9 Net cash from / (used in) operating activities	(521)	(521)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets	(7)	(7)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	290	290
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Payments related to tenements and associated items		
2.6 Net cash from / (used in) investing activities	283	283

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1360	1360
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(521)	(521)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	283	283
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,122	1,122

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,122	1,360
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,122	1,360

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
149

Directors' fees and salaries.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter*	\$A'000
9.1 Exploration and evaluation	54
9.2 Development	
9.3 Production	
9.4 Staff costs	377
9.5 Administration and corporate costs	101
9.6 Other (provide details if material):	
9.7 Total estimated cash outflows	532

* Please note that the above estimated cash outflows for the next quarter do not include expected cash inflows which may arise.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 31 October 2019

Print name:Martin McFarlane.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.