



ASX ANNOUNCEMENT | 14 January 2019

STAGE 1 OPERATIONS UPDATE

- *Altura has shipped four (4) cargoes totalling 24,000 dry metric tonnes to Chinese based converters with the last cargo departing Port Hedland on 27 December 2018*
- *Shipments have exceeded customer expectations with grade as high as 6.2% Li₂O and averaging 6.1% Li₂O, 1.04% Fe₂O₃ and 0.63% Mica*
- *Altura plans to dispatch at least one shipment per month, moving to two shipments when nameplate capacity is achieved*

Altura Mining Limited (ASX: AJM) ("Altura" or the "Company") is pleased to provide an update on the Stage 1 operations from the recently commissioned, flagship Altura Lithium Project located at Pilgangoora in Western Australia.

Stage 1 production from the Project has a target nameplate capacity of 220,000 tonnes per annum (tpa) of 6% grade lithium oxide (Li₂O) or, as generally referred to, SC6.0 specification material (see ASX announcement on 26 September 2016). After overcoming some initial challenges and subsequent delays in stable production throughput, caused by the complexity of the process plant, the processing capability has since delivered positive increases in performance during the last quarter and continues to improve.

The pleasing outcome for the Company has been the product quality with all cargoes dispatched either on or exceeding customer expectations, with four (4) cargoes dispatched to Chinese based customers during the December 2018 quarter. Altura plans to dispatch regular monthly shipments of at least one (1) cargo and moving to two (2) cargoes each other month once nameplate is reached.

Altura expects several months of steady growth in the production profile, which will culminate in reaching nameplate capacity of Stage 1.

Commenting on the early performance of operations of Stage 1 Altura Managing Director, James Brown, said: *"We continue to be buoyed by the quality of product we have shipped to our offtake partners thus far. Four shipments were made in the December quarter, and we plan to maintain both the quality and occurrence of delivery of this high-grade concentrate. Plans are in place to move to two shipments per month once nameplate capacity has been achieved."*

From an operational and commissioning standpoint, we continue to optimise our processes which have culminated in improving performances across the board. Initially, there were some challenges with the performance of the processing plant, but it is not uncommon for a new plant to experience operational delays.

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We are confident that the majority of these issues have been rectified and we look forward to the continued ramp-up of Stage 1 and further production of high-grade lithium concentrate.”

Challenges to date have largely been associated with consistent running time of the processing plant, and downtime required for modifications to plant components identified during the commissioning and ramp-up phase.

Steady improvement has been demonstrated since these modifications were completed. During November 2018 the process plant was able to deliver output of up to 70% of nameplate over several continuous 24-hour periods, demonstrating the capability of the plant at that stage of commissioning. The key challenge is to stabilise the plant and deliver consistent output tonnage in line with product specifications.

With a particular focus on reliability and flotation expertise, the Altura team has been supported by expert external consultants during the commissioning and ramp-up phase, utilising the significant knowledge from plant designers DRA Global and supplemented by other processing specialists from Minnovo and Primero Group.

The Altura team has formalised a continuing services contract with Primero Group focussed on improving the tonnage output from the coarse and fines circuits and scheduled maintenance of the process plant itself.

Crushing and Screening (C&S)

The C&S plant consists of 3 main components: a primary jaw crusher, secondary cone crusher and high pressure grinding rolls (HPGR). Each stage reduces the feed size prior to entry to the DMS (coarse plant) and Flotation (fines plant).

The C&S throughput has been interrupted by shutdowns to complete modifications to the primary crusher. These modifications were primarily confined to isolating vibration in the structure.

Post completion of the modifications, throughput has been steady, with December 2018 reaching approximately 93,000 tonnes or 72% of crusher capacity, which is well in line with our ramp-up expectations.

Dense Medium Separation (DMS) Plant

The DMS plant has been operating consistently and in line with ramp-up expectations. The overall recovery target for the process plant from the Definitive Feasibility Study (DFS) on Stage 1 was estimated at 80% which is equivalent to a mass/yield of 16%. During December 2018 the DMS plant was able to achieve a mass yield recovery of 13% or 81% of nameplate, with an overall recovery of 54% equating to 68% of design.

Product output has continued to grow during the last quarter, with positive increases each month. Total production completed during December was 7,500 tonnes or 83% of DMS plant capacity output of 9,000 tonnes per month.

Flotation Plant

The flotation plant has provided the commissioning team with the main operational challenge to bring on-line during the last quarter.

Initial wet commissioning occurred in November, with selected production runs being completed in December 2018. Considerable downtime in the plant was attributed to performance of the ball mill and tailings thickener which required several days of downtime during the month. Subsequent rectification on the units has delivered positive results.

Initial production delivered material consistently at a grade of 4% Li₂O which would require further re-treatment in order to include in product inventory available for sale. The commissioning team has been supported by process experts from DRA Global, Minnovo and Primero Group with the primary aim of stabilising the flotation medium in the plant and establishing a balance that reflects the process followed during the pilot scale testing.

Importantly, during December there was a continual improvement in both throughput and product grade from the flotation plant, which has now reached grades of up to 6% Li₂O and generally >5% Li₂O. The product has now been able to be integrated into inventory for sale with approximately 1,000 tonnes of marketable material produced in recent weeks.

The main focus of the Company regarding the flotation plant is solely directed at consistent throughput and production of material to the capacity of 9,000 tonnes per month. The Altura team expects this to be completed before the end of Q1 2019.

Shipping

As at the end of December 2018 Altura has shipped four (4) cargoes totalling 24,000 dry metric tonnes to Chinese based converters with the last cargo departing Port Hedland on 27 December 2018.

All cargoes have been in line or exceeded customer expectation with grades as high as 6.2% Li₂O and averaging 6.1% Li₂O, 1.04% Fe₂O₃ and 0.63% Mica to provide an excellent market product.

Cargoes are sold under standard shipping terms via an irrevocable letter of credit with Altura receiving funds upon presentation of vessel loading documents.



Vessel Hamburg Way departed with Altura cargo on 27 December 2018

Listing Rule 5.19 Confirmation

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 26 September 2016. Further, all material assumptions underpinning the production target continue to apply and have not materially changed.

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, which has a production capacity of 220,000tpa of quality spodumene concentrate. The Company has completed a Definitive Feasibility Study on a potential Stage 2 expansion to 440,000tpa, with a Final Investment Decision due following a review of the Stage 1 operations and ramp-up to nameplate production.

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