

# BUILDING AN INTERNATIONAL MINING BUSINESS

NOOSA MINING AND EXPLORATION CONFERENCE  
JULY 2013

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ASX: AJM



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# PRESENTATION **SUMMARY**

- **Altura – Corporate overview**
- **Building an International Mining Business**
- **The Present Market**
- **Projects**
  - Coal – Delta
  - Coal – Tabalong
  - Iron Ore – Mt Webber JV
  - Lithium – Pilgangoora
- **Exploration services**
  - Asiadrill, Velseis, Altura Drilling
- **Outlook for 2013 and beyond**



# ALTURA MINING OVERVIEW



<b>Capital Structure</b> (17 July 2013)	
Shares on Issue (AJM)	454,272,181
Market Capital	A\$64 million
Share price – 52 week range (A\$)	0.08 – 0.21
<b>Top Shareholders</b>	<b>%</b>
Hartco Nominees	18.2%
MT Smith	9.2%
AC Buckler	9.0%
Navibell Services Limited	7.7%
Farjoy Pty Ltd	6.4%

# BUILDING AN INTERNATIONAL MINING BUSINESS

## A mining company with a difference

Focused on simple operations with **strong cash flows**

Management and board with a proven history of success in coal

## Main focus is coal

1/3 interest in Delta operating coal mine (East Kalimantan, Indonesia)

Tabalong high value coal targets (South Kalimantan, Indonesia)

Philippines tenements – strong domestic demand

## Other projects

Iron ore – Mt Webber (North Pilbara, Western Australia)

Lithium – Pilgangoora (North Pilbara, Western Australia)

# THE PRESENT MARKET



- **Market negativity based on commodity price and demand**
  - Both coal and iron ore largely affected
  - Speculation on growth in high volume destinations (China, India etc.)
  - China's growth "slowed" to 7.5% GDP in Q2 2013 – almost 12% GDP in 2010
  - Base load demand should remain, however sentiment is predominantly negative
- **The winners, losers and believers**
  - Producers with lower cost structure and rapid payback of capital
  - Producers entering the market with returns based on peak commodity prices
  - Demand and price cyclic in nature – Altura believes the situation will normalise
- **Other considerations**
  - Unusual circumstance of commodity prices falling but an appreciating A\$ - will it now soften to balance investment returns
  - Will supply and demand follow predictions
  - Have we set the bar too high in regards to \$/tonne returns?

# DELTA COAL



# DELTA COAL



- ❖ Altura acquired a 1/3 interest in 2013 and has assumed technical management of the operations
- ❖ Operating coal mine located in East Kalimantan, Indonesia – commenced production in 2004
- ❖ Currently producing 1.45Mtpa of highly marketable thermal coal
- ❖ Plans in place to increase to 2.0Mtpa rate in 2014 without the need for additional capital
- ❖ Simple open pit mining operation, coal crushing on site and short haul (5km) to company owned barge loading facility
- ❖ 1,260 hectare tenement – no forestry permits req'd
- ❖ Successful CSR program in place – community relationship strong





# DELTA COAL



- ❖ JORC Coal Resources estimate of 61.4 million tonnes<sup>#</sup>
- ❖ JORC Coal Reserves estimate of 12.5 million tonnes<sup>#</sup> with upside potential
- ❖ 59 identified coal seams – 0.5m to 25m thick
- ❖ Average Life of Mine (LOM) operating cash cost of US\$36.92/tonne FOB barge
- ❖ Coal price circa US\$56 FOB Vessel or US\$50 FOB barge (5,600 kcal – ADB)
- ❖ Delta owns and operates all coal supply chain processes from mine to barge

*# Refer to Appendix for Reserve and Resource Tables  
# See Altura's ASX release of 5 June 2013  
# No material changes have occurred since this release*

# Delta Coal – Pit 37 Looking North

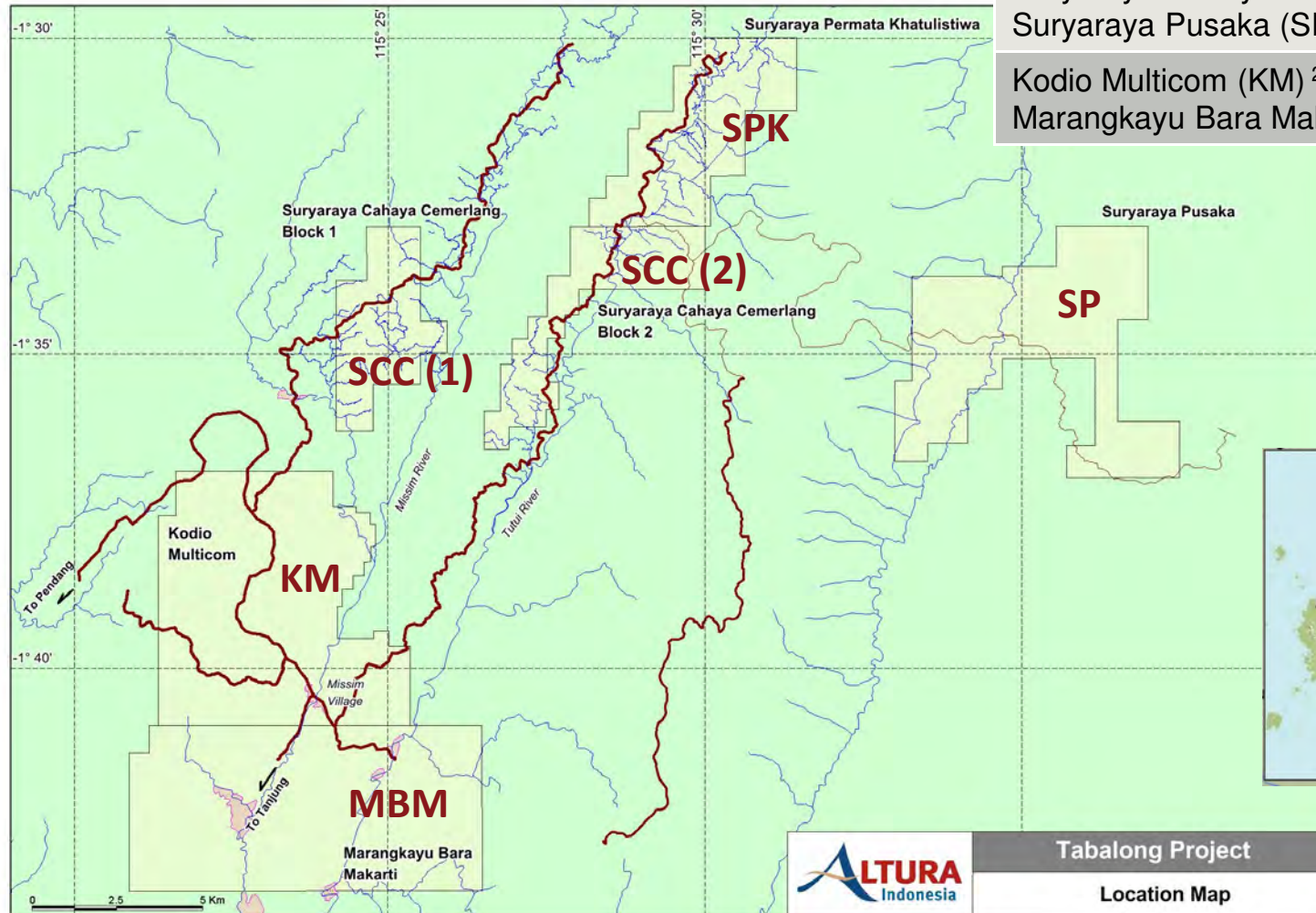


# TABALONG COAL

## Tabalong – IUP Holding

Suryaraya Permata Khatulistiwa (SPK)<sup>1</sup>  
 Suryaraya Cahaya Cemerlang (SCC)<sup>1</sup>  
 Suryaraya Pusaka (SP)<sup>1</sup>

Kodio Multicom (KM)<sup>2</sup>  
 Marangkayu Bara Makarti (MBM)<sup>2</sup>



**LTURA** Indonesia  
 Tabalong Project  
 Location Map

1 Ownership 70% Altura and 30% PT UJI to form the Tabalong JV  
 2 Ownership 80% Tabalong JV and 20% Local partner



# TABALONG COAL



❖ **Five (5) IUPs covering 17,000 hectares located in South Kalimantan, Indonesia**

❖ **Exploration to date has proven**

- High calorie thermal coal (6,300 Kcal – as received)
- Low ash and sulphur – seams up to 18m thick
- Outcropping and shallow coal seams that require no beneficiation
- Significant potential for PCI and coking coal products

❖ **Location and access to market**

- Access to third party infrastructure and year round shipping via Barito River
- Low capex of US\$12 million to develop



# TABALONG COAL



- ❖ **Tabalong Coal Project JV Established**
  - 70% Altura and 30% local partner
- ❖ **Operation Production approval received for SPK, SCC and SP**
  - Forestry Land Use Permit application in progress
- ❖ **Government Feasibility Study and Environmental Impact Statement (AMDAL) scheduled for Q4 2013 (KM and MBM)**
- ❖ **Evaluation underway with JORC Coal Resource estimate upgrade in Q4 2013 – combined project**
- ❖ **6 months lead time to production after receipt of approvals**



# MT WEBBER IRON ORE JV



# MT WEBBER IRON ORE JV



- ❖ Joint Venture 30% Altura, 70% Atlas Iron (AGO) (Pilbara, Western Australia) with AGO to operate
- ❖ Decision made to construct the mine on 5th July 2013
- ❖ Robust partnership formed - Atlas has good track record of project delivery
- ❖ Commencing at 3Mtpa per annum in Q2 2014
- ❖ At 3Mtpa AJM share 900,000 tonnes per annum
- ❖ Low risk entry into iron ore market for AJM
- ❖ Capital Cost – AJM Share A\$5 million
- ❖ 10 years + mine life – long term positive returns

# MT WEBBER IRON ORE JV



- ❖ Finance package in place to cover Altura's Capital Expenditure commitments – Atlas provided
- ❖ Life of mine cash operating costs ~\$56 FOB WMT plus State royalties
- ❖ Additional infrastructure usage and marketing fees to Atlas Iron – mutual fairness basis
- ❖ Landmark Pilbara agreement with Atlas providing infrastructure access for Altura's ore – leading the way
- ❖ Agreements in place to allow mining, transporting and sale of Altura's share of product ore



# ALTURA LITHIUM

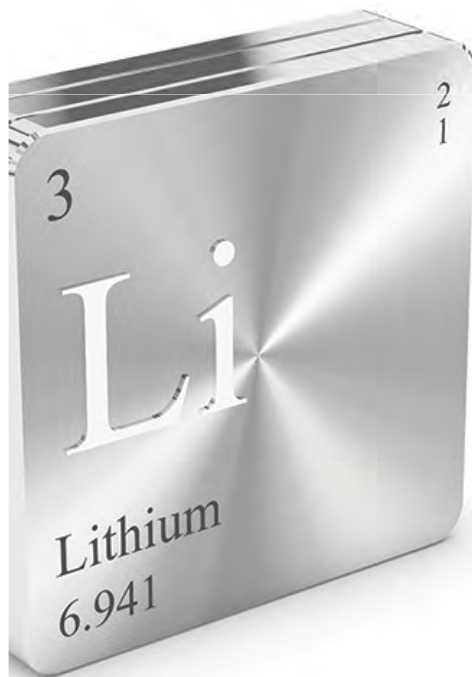


## ❖ Pilgangoora, Western Australia (100% Altura)

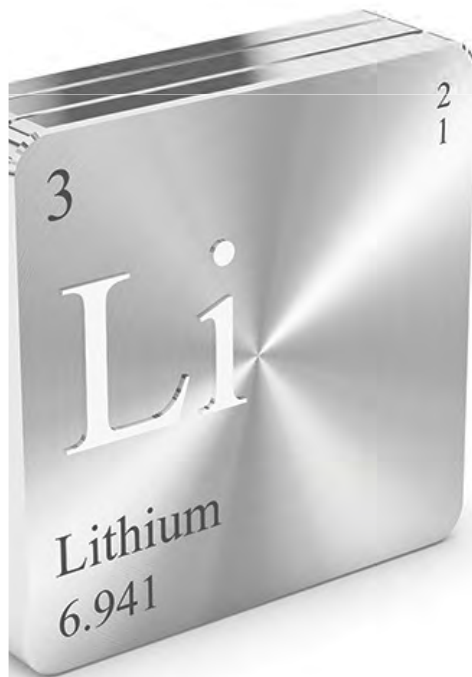
- Hard rock spodumene deposit
- Shallow, thick and high grade lithium intercepts
- Consistent  $\text{Li}_2\text{O}$  grade
- Rates highly in peer comparison

## ❖ Mineral Resources

- JORC Mineral Resource estimate of 25.2 million tonnes @ 1.23%  $\text{Li}_2\text{O}$ \*
- 17.3 Mt Indicated / 7.9 Mt Inferred
- 159 drill holes with 14,429 metres of drilling
- 12 spodumene-rich pegmatite dykes identified
- Discovery costs of \$0.17 per resource tonne



# ALTURA LITHIUM



## ❖ Scoping Study Findings+

- Open pit mine, on-site processing
- 830,000 tonnes per annum of ore mined and fed to plant
- 150,000 tonnes per annum of spodumene concentrate at +6.0% Li<sub>2</sub>O
- Capital cost estimate of \$96.3 million
- Altura currently in search for off take partner or possible equity investor

## ❖ Lithium Corporation (15% AJM)

- US based lithium, potash and graphite explorer
- Alliance of likeminded explorer / developers
- Recently acquired attractive BC Sugar flake graphite prospect in British Columbia

# EXPLORATION SERVICES



## **Asiadrill Bara Utama (Asiadrill – 100% AJM)**

Indonesian based drilling company - robust clients and long term contracts

Operating 20+ drilling units across Indonesia

## **Velseis Indonesia (VI – 50% AJM)**

Geophysical wireline operator located in Balikpapan, Indonesia

Operating up to 11 wireline units in Indonesia – long term contracts

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

Altura owned and operated drilling team – effective and flexible

Completed all drilling at Pilgangoora Lithium project – cost effective

**Gross Annual Revenue of A\$7.8 million AFY 2012/13**



# OUTLOOK FOR 2013 AND BEYOND



## ❖ Coal business

- Delta Coal production to 2.0Mtpa rate by end of 2014
- Tabalong Coal – forestry permitting conclusion
- Tabalong Coal – production decision and move to 1.5 Mtpa production

## ❖ Iron ore

- Mt Webber ore sales in Q2 2014 – sustainable cashflows

## ❖ Lithium

- Pre-feasibility / Feasibility progression for Pilgangoora
- Locate and partner end user to underpin Altura Lithium

**THANK YOU.  
QUESTIONS?**



# APPENDICES



# DELTA COAL

## TOTAL OPEN PIT COAL RESERVES

Seam	ROM Coal (Mt)	RD (ar)	CV kcal/kg (ar)	Ash % (ar)	S % (ar)	TM %
<b>Noni</b>						
Proved	5.0	1.29	5,336	2.55	0.86	23.47
Probable	0.2	1.29	5,332	2.42	1.46	24.07
<b>Subtotal</b>	<b>5.1</b>	<b>1.29</b>	<b>5,335</b>	<b>2.54</b>	<b>0.88</b>	<b>23.49</b>
<b>Total Gunung Lampu</b>						
Proved	5.5	1.28	4,453	5.01	1.12	31.52
Probable	1.8	1.28	4,407	5.45	1.21	31.61
<b>Subtotal</b>	<b>7.3</b>	<b>1.28</b>	<b>4,443</b>	<b>5.10</b>	<b>1.14</b>	<b>31.54</b>
<b>Total – Proved</b>	<b>10.4</b>	<b>1.28</b>	<b>4,873</b>	<b>3.84</b>	<b>1.00</b>	<b>27.69</b>
<b>Total - Probable</b>	<b>2.1</b>	<b>1.28</b>	<b>4,508</b>	<b>5.11</b>	<b>1.24</b>	<b>30.76</b>
<b>Total Reserves</b>	<b>12.5</b>	<b>1.28</b>	<b>4,813</b>	<b>4.04</b>	<b>1.04</b>	<b>28.19</b>

Note: RD = Relative Density, CV = Calorific Value in kilocalories per kilogram, S = Total Sulphur %, TM = Total Moisture %, ar = as received basis.

# DELTA COAL

## COAL RESOURCES SUMMARY

Resource Category	Coal (Mt)	TM % (ar)	IM % (adb)	Ash % (adb)	VM % (adb)	FC % (adb)	TS % (adb)	CV kcal (ar)	CV kcal (adb)	CV kcal (daf)	RD (adb)	HGI (adb)
<b>Gunung Lampu - Main Pits</b>												
Measured	18.5	31.7	21.9	5.7	36.9	35.6	1.33	4,367	4,994	6,889	1.34	55
Indicated	12.7	31.4	21.7	5.3	36.8	36.3	1.32	4,438	5,067	6,933	1.33	56
Inferred	19.5	31.5	21.6	5.1	36.9	36.5	1.36	4,457	5,100	6,951	1.33	57
Subtotal	50.7	31.6	21.8	5.4	36.9	36.1	1.34	4,420	5,053	6,924	1.33	56
<b>Gunung Lampu - Pit 2N</b>												
Measured	-	-	-	-	-	-	-	-	-	-	-	-
Indicated	1.1	-	18.5	2.8	-	-	1.51	5,331	-	-	1.30	-
Inferred	0.0	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1.1	-	18.5	2.8	-	-	1.51	5,331	-	-	1.30	-
<b>Noni - Pit 21</b>												
Measured	7.7	25.5	20.4	2.6	38.3	39.1	0.94	5,146	5,470	7,054	1.31	-
Indicated	0.5	24.0	18.8	2.9	39.5	40.1	1.49	5,329	5,618	7,130	1.31	-
Inferred	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	8.2	25.4	20.3	2.7	38.4	39.2	0.97	5,158	5,479	7,059	1.31	-
<b>Noni - Pit 19</b>												
Measured	1.3	19.6	14.8	2.5	38.7	42.5	0.37	5,843	6,076	7,347	1.32	-
Indicated	0.0	19.1	13.6	2.6	-	-	0.47	5,922	6,172	7,364	1.34	-
Inferred	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1.4	19.6	14.8	2.5	38.7	42.5	0.37	5,845	6,079	7,348	1.32	-
<b>Total</b>	<b>61.4</b>	<b>30.5</b>	<b>21.4</b>	<b>4.9</b>	<b>37.1</b>	<b>36.7</b>	<b>1.3</b>	<b>4,567</b>	<b>5,134</b>	<b>6,952</b>	<b>1.3</b>	<b>56</b>

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, HGI = Hardgrove Grindability Index  
ar = as received basis, adb = air dried basis, daf = dry ash free basis



# PILGANGOORA

## MINERAL RESOURCE ESTIMATES

Pilgangoora Li <sub>2</sub> O Resource – October 2012				
Zone	Resource	Tonnes	Li <sub>2</sub> O %	Li <sub>2</sub> O tonnes
C1, E1, N1	Indicated	14,992,600	1.27	190,783
	Inferred	7,239,155	1.22	88,173
S1	Indicated	2,295,335	1.11	25,374
	Inferred	630,175	0.95	6,012
Subtotal	Indicated	17,287,935	1.25	216,157
	Inferred	7,869,330	1.20	94,185
<b>Total</b>	<b>All Resources</b>	<b>25,157,265</b>	<b>1.23</b>	<b>310,342</b>

# based on 0.7% Li<sub>2</sub>O cut-off grade

# COMPETENT PERSONS STATEMENTS

## **Pilgangoora – Western Australia**

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by 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.

Mr Damian Connelly, Fellow AusIMM, Chartered Professional (MET), Fellow Engineers Australia, MMICA, MSME was responsible for the preparation of the metallurgical test work results reported herein. Mr Connelly has sufficient experience 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 the Exploration Results, Mineral Resources and Ore Reserves. Mr Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

