

30 October 2015

## QUARTERLY ACTIVITIES REPORT September 2015

### Highlights

#### Lithium

- Updated Mineral Resource Estimate at Altura's 100% owned Pilgangoora Lithium project of 26.06 million tonnes @ 1.20% Li<sub>2</sub>O (JORC Code 2012 Edition).
- Following a successful capital raising Altura is now accelerating completion of the various studies required for the Feasibility Study process.
- Strong interest in Altura's Pilgangoora lithium project with the company commencing a marketing campaign predominantly focussed in North Asia.

#### Coal

- Agreement reached with mining contractor to reduce waste removal base rates by 13%.
- Operations moved to the lower strip ratio Pit 37 Extension.
- During the quarter 121,692 tonnes of coal sold – Altura share 40,564 tonnes.

#### Corporate

- Intended Singapore listing process continued with positive results from independent technical reviews and focus directed towards timely completion of listing process.
- Sale of Tanami tenements due diligence has been completed and approvals being sought in relation to legal documentation.

## LITHIUM

### ALTURA LITHIUM – Pilgangoora (Western Australia - 100% AJM)

Following the successful raising of funds in May and June, Altura is now in a position to rapidly advance the development of the Pilgangoora Lithium project.

This commenced in July with the appointment of Mr Chris Evans as General Manager Operations who is principally responsible for coordinating and managing the Feasibility Study process for the Company.

Altura has achieved a number of significant milestones during the quarter including:

- Completion of a revised Mineral Resource estimate (updated to the 2012 JORC Code) by Perth based mining consultants, Ravensgate Pty Ltd.
- Completion of comminution test work (see ASX release of 1 September 2015).
- Progression of the feasibility study with the commencement of other test work, various assessments, applications and negotiations.

#### Updated JORC Mineral Resource Calculation

On 14 September 2015 Altura announced a revised Mineral Resource Estimate of 26.06 million tonnes @ 1.20% Li<sub>2</sub>O (see Table 1 below).

**Table 1 – Pilgangoora Lithium Mineral Resource Estimate**

JORC Category	Cut-off Grade Li <sub>2</sub> O (%)	Tonnes (Mt)	Li <sub>2</sub> O (%)	Contained Li <sub>2</sub> O (tonnes)
Measured	0.80	-	-	-
Indicated	0.80	19.77	1.21	239,000
Inferred	0.80	6.29	1.20	76,000
<b>Total Resource</b>	<b>0.80</b>	<b>26.06</b>	<b>1.20</b>	<b>315,000</b>

The revised estimate replaces the previous estimate of 25.2 million tonnes @ 1.23% Li<sub>2</sub>O reported in October 2012 (under the 2004 JORC Code). It is noted that the previous estimate utilised a cut-off grade of 0.7% Li<sub>2</sub>O, whereas the current estimate uses 0.8% Li<sub>2</sub>O. The differences are not considered material but should be noted for comparative purposes.

The resource estimate was independently reviewed by Perth based mining consultants Ravensgate Pty Ltd, and updated to meet the requirements of the JORC Code 2012 Edition. Ravensgate were appointed to review all previous work, construct a new block model and to deliver the revised resource estimate as part of the current Feasibility Study process.

Altura is buoyed by the result which confirms the project's place as one of the largest hard rock lithium discoveries worldwide. Given the size and grade of the already defined deposit, it is considered more than sufficient to sustain a long-term operation and to allow the Company to direct resources towards fast tracking the development.

### **Completion of Comminution Test Work**

The Company reported on 1 September 2015 that it had completed the Comminution phase of its Feasibility Study Metallurgical Test Work program.

Comminution forms the first phase of the Metallurgical test work and included the following tests:

- In Situ Density
- Unconfined Compressive Strength (UCS)
- Bond Abrasion Index (AI)
- Bond Rod Mill Work Index (RWI)
- Bond Ball Work Index (BWI)

This Feasibility Study Comminution test work built upon and refined the results from the Scoping Study (see ASX release of 19 November 2012) and has provided the material for the Beneficiation phase of the ongoing metallurgical test work. The results from the Comminution tests also allow Altura to commence development of the process flow diagrams for the crushing and screening plant for the proposed Pilgangoora Lithium mine.

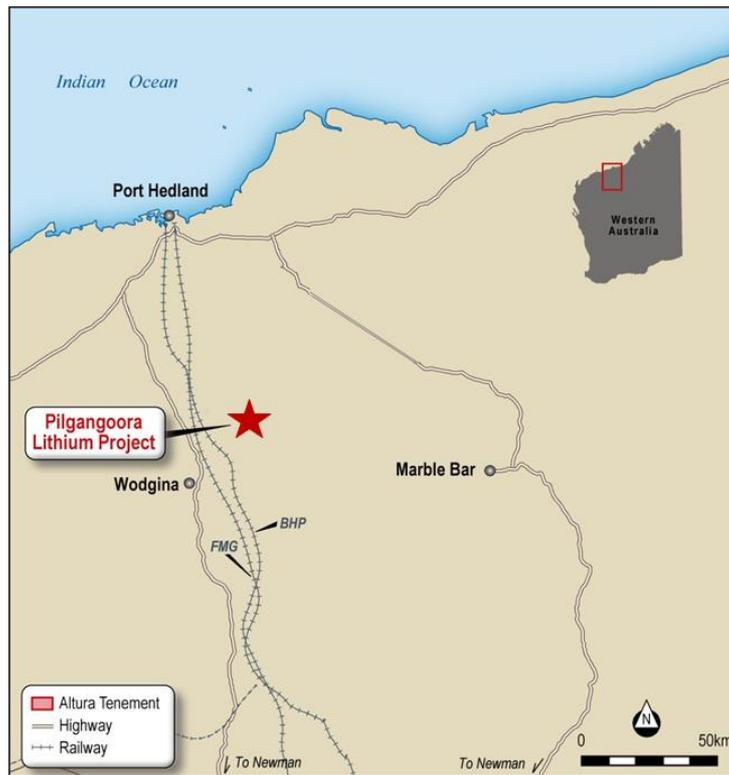
The Beneficiation test work phase has now commenced and is expected to be completed before the end of 2015. This will yield a detailed Metallurgical Test Work Report that will be used to complete the design of the crushing, screening and beneficiation plant at Pilgangoora.

### **Feasibility Study Update**

In addition to the above milestones, Altura is pleased to report the following developments in the feasibility study process:

- Beneficiation test work almost complete.
- Proposals received for conversion of spodumene concentrate to Lithium Hydroxide and Carbonate to deliver amenability of Altura's lithium product for end users.
- Completion of pit design and initial mine scheduling.
- Photogrammetric aerial survey completed.
- Waste rock and tailings characterisation testing is underway.
- Surface and ground water assessments have commenced.
- Submission of applications for miscellaneous licences for road access and water.
- Native title negotiations have progressed to agreement in principle on a majority of the key terms.
- Progression of discussions with pastoral lease holders.
- Commencement of logistics planning, including road and port solutions.

## Location Map – Pilgangoora Lithium



### **LITHIUM CORPORATION (Nevada, USA & British Columbia, Canada - 15% AJM)**

During August 2015 Lithium Corporation received approval for the Notice of Work (NOW) it submitted earlier this year to the government of British Columbia in order to trench, map and sample the Weather Station showing at its BC Sugar flake graphite prospect in BC, where the Company conducted geophysical studies earlier in 2015.

Disseminated Flake graphite mineralization exists at the BC Sugar flake graphite prospect over a considerable stratigraphic width, along with hydrothermal vein type graphite mineralization. The sporadic nature of outcrop exposure has precluded sampling the zone in its entirety to determine its full economic potential. The trenching program as originally planned is coincident with a strong electro-magnetic geophysical anomaly, and will extend along an existing trail for 524 feet (160 meters).

Lithium Corporation intends to commence trenching sometime before the end of 2015.

Please refer to the Lithium Corporation website for further information.

### **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.*

## COAL

### DELTA COAL MINE (East Kalimantan – Indonesia) Thermal Coal (33⅓% AJM)

#### Mine Operations

Production and sales for the quarter were as follows:

	Sept 2015 Quarter Tonnes	Sept 2014 Quarter Tonnes	12 months to Sept 2015 Tonnes
Saleable coal production (100% terms)	56,995	280,192	342,355
Coal sold (100% terms)	121,692	317,820	435,272
Saleable coal production (Altura 33⅓% share)	18,985	93,397	114,118
Coal sold (Altura 33⅓% share)	40,564	105,940	145,090

Production at Delta Coal during the 3 months to September 2015 was well below the previous quarter and significantly below the annual target of 1.5Mt. The Company previously reported that it was in negotiation with its mining contractors in order to reduce mining costs and improve on site efficiencies. Agreement was reached with one of the contractors at the end of July 2015 which paved the way for a recommencement of operations in the newly developed Pit 37 Extension.

The resultant negotiations were vital in providing a long term sustainable outcome for both Delta Coal and its long term partner contractors. The resultant 13% reduction in waste stripping costs was an acceptable result for all parties, and Delta Coal has fairly agreed to a mutual fairness clause whereby it will increase rates based on Indonesian Coal Index (ICI) prices.

The mine continues to focus on cost reductions and efficiency gains in order to offset historically low coal prices and provide a positive platform to maximise the extraction of the mine's considerable coal resources.

Coal demand was good during the quarter with all coal produced being sold and longer term contractual arrangements currently being firmed up after recent test shipments providing positive feedback from the end users.

During the quarter the company reviewed a technical assessment of the mine including a new Life of Mine (LOM) plan based on the new mining contractor rates. The work has been undertaken by external Australian based mining consultants. This work has formed the basis for the independent technical reports as a pre-requisite for the intended Singapore listing of Delta Coal and the Tabalong Coal concessions. Subsequent to the September quarter third party peer reviews have been undertaken and expected to complete in the coming weeks.

During the September quarter the mine operations experienced only 4 rainfall affected days for a total of 95 millimetres which is significantly lower than any other reported period.

The September quarter average coal price received was US\$36.90 (equated to FOB basis) per tonne which was below the US\$38.51 reported in the previous quarter with coal sales ranging from 4,400 kcal /kg to 4,800 kcal/kg (GAR).

### **Coal Pricing**

The Indonesian Coal Reference Price or HBA for September 2015 was US\$58.21 per tonne representing a 2% decrease to the US\$59.59 price for June 2015. The HBA represents the Indonesian Government set benchmark pricing for coal sales and is based on GCV (GAR) 6,322 kcal/kg, Total Moisture (arb) 8.00%, Sulphur (arb) 0.80% (arb) and Ash Content (arb) 15.00%. Therefore price adjustments (based on quality) are performed in order to equate to Delta's range of coal specifications from 4,400 – 5,000 kcal/kg (GAR) products.

### **TABALONG COAL JOINT VENTURE (South Kalimantan – Indonesia) - 70% AJM**

The Tabalong Coal Project consists of five (5) Mining Licences (IUPs) in the province of South Kalimantan on the island of Borneo. All five (5) IUPs are granted for Operation Production and Altura is seeking the necessary Forestry Land Use approvals to allow mining to proceed.

### **Project Approvals**

Altura advised in September 2014 that it had received the In-Principle Forest Area approval from the Indonesian Minister for Forestry for its 70% owned Suryaraya Permata Khatulistiwa (SPK) IUP in the northern area of the Tabalong Coal Project in South Kalimantan, Indonesia.

The initial approval area of 465.29 hectares allows for the mining pit, waste dumps, mine infrastructure and haul road with the survey and compliance documentation (including marking out of the area).

Aside from the preparation work required to gain formal issue of the Borrow and use of Forest Area Permit (Ijin Pinjam Pakai Kawasan Hutan) for the SPK tenement, Altura continued to monitor the process in order to have granted a secondary parallel forestry permit application for an adjacent area held by Suryaraya Cahaya Cemerlang (SCC).

Upon conclusion of the coal asset listing process in Singapore it is planned that the funds raised will enable a fast-tracking to production at Tabalong.

## **PHILIPPINES**

Following the awarding of two (2) further Coal Operating Contract (COC) areas in June 2015, Altura Mining Philippines Inc. (AMPI) now has three COC areas that were bid for in the Philippine Energy Contracting Round 4 (PECR4) conducted in March 2012.

The Republic of Philippines has significant coal resources of mostly sub-bituminous rank coal with the Department of Energy (DOE) reporting potential resources of 2.37 billion tonnes (December 2010). The PECR4 bidding process was aimed at the development of energy projects to meet the expanding domestic supply requirement.

Coal consumption in the Philippines reached over 18 million tonnes in 2012 with almost 12 million tonnes imported, primarily from Indonesia. The majority of coal is required to feed the country's eleven (11) existing coal fired power plants and the need is set to expand with the Philippines' plans to construct a further seven (7) coal fired power plants.

AMPI will now commence exploration activities in these two newly awarded contract areas in line with the approved work program and stakeholder consultation process.

### **About Coal**

*Coal is a plentiful natural source of energy. Thermal coal provides a reliable fuel for electricity generation with Indonesia now the world's largest exporter of thermal coal products. Higher value PCI (pulverised coal) and coking coal are used in the production of steel.*

## CORPORATE

### SINGAPORE LISTING OF INDONESIAN COAL ASSETS

During the quarter, Altura has continued to progress the listing of its Indonesian coal assets on the Singapore stock exchange. These existing investments comprise:

- (a) a 33⅓% interest in the Delta coal mine in East Kalimantan, Indonesia (the **Delta Project**); and
- (b) a 70% interest in three Mining Permits (“SPK”, “SCC” and “SP”) and a 56% interest in two Mining Licences (“KM” and “MBM”) that form the Tabalong coal project in South Kalimantan, Indonesia (the **Tabalong Coal Project**).

As part of the planned listing, funds will be raised in Singapore to fund the development of the Tabalong project through to production, strengthen the balance sheet for the existing Delta mine and progress the exploration programs for both projects.

Whilst Altura will no longer have majority ownership of the Tabalong project, it will however retain a controlling interest by holding two of the five board positions.

Pre-requisite processes and documentation has been substantially complete with all technical reporting (including an independent valuation report) undergoing an independent peer review. Other processes substantially complete include financial and auditing reporting, legal due diligence and offer document drafting. Marketing of the IPO remains the key to raising sufficient funds to execute the combined coal business strategy, given the quality of the assets and the longer term potential of the Tabalong Coal project it is expected to be appealing to investors.

### SALE OF TANAMI TENEMENTS (Northern Territory)

Altura announced on 29 June 2015 that it had entered into an agreement with ABM Resources NL (ABM) to sell 90% of its right, title and interest in its four (4) tenements located in the Tanami region of the Northern Territory.

The principal terms of the agreement are:

- Altura has received a \$25,000 non-refundable option fee from ABM, who have been granted a 6-month exclusivity period.
- Altura to receive a further \$100,000 subject to the completion of due diligence and obtaining the requisite approvals.
- Altura and ABM to form an unincorporated joint venture on either the definition of a JORC resource of at least 250,000 ounces of gold, or a decision to mine a smaller resource.
- Altura to retain a free-carried interest of 10% in the tenements until the above conditions for the formation of a joint venture have been met.

The four Tanami tenements comprise two that have been granted (EL 26628 and EL 29828) and two that are in application (EL 26626 and EL 26627), and collectively comprise an area of nearly 2,000 square kilometres.

Due diligence has been completed, and work on obtaining the requisite approvals along with the related legal documentation is progressing.

## IRON ORE

### **MT WEBBER (Pilbara – Western Australia) – Residual Royalty Rights**

Post the sale of Mt Webber to Atlas Iron, Altura retains the following residual royalty rights:

- 1% FOB sales royalty on iron ore sold from the Mt Webber production tenements (M45/1209 and M45/1197) up to the equivalent of Altura's current remaining share (8.44 million DMT), but only payable for the months in which the average CFR 62% Fe index is greater than A\$95; and
- 0.3% FOB sales royalty on iron ore sold from the undeveloped Mt Webber exploration tenements (E45/2244, E45/2268, E45/2288, E45/2312 and E45/2346), but only payable for the months in which the average CFR 62% Fe index is greater than A\$95;

As advised in the previous quarterly report, the royalty arrangements on iron ore at Mt Webber are based on Altura's proportion of the defined resource, and continue until such time as the remaining share is mined and sold with no sunset clause in effect.

Altura notes the announcement by Atlas Iron Limited on 1 July 2015 that mining operations have recommenced at the Mt Webber mine (which was the subject of the joint venture with Altura). Mining and crushing at Mt Webber had previously been suspended by Atlas in mid-April 2015.

## SCHEDULE OF MINING TENEMENTS

The following mining tenements were held by the Company at the end of the quarter:

Location	Tenement	Interest
<b>Pilbara, Western Australia</b>	E 45/2277	100%
	E 45/2287	100%
	E 45/3488	100%
	P 45/2758	100%
	M 45/1230	100%
	M 45/1231	100%
<b>Mt Shoobridge, Northern Territory</b>	EL 29549	100%
	MCN 60	100%
	MLN 296	100%
	MLN 544	100%
<b>Tanami, Northern Territory</b>	ELA 26626	100%
	ELA 26627	100%
	EL 26628	100%
	EL 29828	100%
<b>Delta, East Kalimantan</b>	PT Delta Ultima Coal	33⅓%
<b>Tabalong, South Kalimantan</b>	PT Suryaraya Permata Khatulistiwa	70%
	PT Suryaraya Cahaya Cemerlang	70%
	PT Suryaraya Pusaka	70%
	PT Kodio Multicom	56%
	PT Marangkayu Bara Makarti	56%
<b>Catanduanes, Philippines</b>	COC 182 (Area 3) – Catanduanes	100%
<b>Albay region, Philippines</b>	COC 200 (Area 4) – Rapu-Rapu	100%
<b>Bislig region, Philippines</b>	COC 202 (Area 17) – Surigao del Sur	100%

There were no changes to the portfolio of mining tenements during the quarter.

## Competent Persons Statement

The information in this report that relates to the Mineral Resource for the Pilgangoora lithium deposit is based on information compiled by Mr Stephen Hyland and Mr Bryan Bourke. Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy and Mr Bourke is a Member of the Australian Institute of Geoscientists. Mr Hyland is a principal consultant at Ravensgate and has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity of mineral resource estimation to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bourke is the Exploration Manager of Altura Mining Limited and has had sufficient experience that is relevant to the style of mineralisation and to the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hyland and Mr Bourke consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Pilgangoora Lithium Resource Update announcement to the ASX on 14 September 2015. Further, all material assumptions and technical parameters underpinning the resource estimates in that announcement continue to apply and have not materially changed.

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

*“Aggressively building independently sustainable businesses that deliver profitability, liquidity and growth in coal and non-ferrous mining and exploration” - The Altura Vision*

*Altura is a multi-faceted miner with significant lithium and coal projects in Australia and Indonesia, and a diverse minerals exploration portfolio. With experienced leadership and a strong and supportive shareholder base, Altura’s success is further underpinned by its solid suite of exploration and development projects.*

*The Company’s main focus is the development of its 100% owned Pilgangoora Lithium Project in Australia. Altura also has interests in the producing Delta Coal project in Indonesia, and the Tabalong Coal project which is in the final stages of approvals before mining commences.*

### **Key Projects and Prospects:**

- **Lithium:** Progressing to Feasibility stage at Pilgangoora WA, one of the world’s largest high grade deposits.
- **Coal:** a 33⅓ % interest in the Delta coal mine currently targeting production at the 1.5 million tonnes per annum rate in East Kalimantan, Indonesia.
- **Coal:** Mine construction planned at Tabalong upon receipt of final regulatory approvals.
- **Coal:** Exploration tenements at Catanduanes, Rapu-Rapu and Surigao del Sur located on the eastern seaboard of the Philippines.
- **Uranium:** Exploration stage of key targets in Hayes Creek region, Mt Shoobridge NT.
- **Base/Precious Metals:** Exploration stage for lead, copper, zinc, gold and silver prospects - Shoobridge NT, Pilbara WA, Tanami NT.

For further information, please visit <a href="http://www.alturamining.com">www.alturamining.com</a> or phone James Brown, Managing Director on + 61 8 9488 5100.
---