

28 October 2016

QUARTERLY ACTIVITIES REPORT September 2016

Highlights

Lithium

- Definitive Feasibility Study (DFS) completed with the following key findings:
 - Annual production of 219,000 tonnes (average) of spodumene concentrate
 - LOM Net Revenue of A\$2,074 million
 - NPV of A\$411 million and IRR of 58.1% (10% discount rate)
 - Project payback of 1.8 years
 - 20.33 Mt of total ore feed to produce 2.89 Mt of spodumene concentrate production
 - LOM Strip Ratio of 2.9:1
 - LOM Cash Cost (FOB) of A\$316 per product tonne
- Revised Ore Reserve estimate of 20.33 million tonnes @1.06% Li₂O
- Upgraded Mineral Resource estimate of 39.16 million tonnes @1.02% Li₂O
- Native Title Agreement with the Njamal people
- Mining Lease granted and Mining Proposal lodged with the DMP
- Cooperative access agreements signed with Pilbara Minerals Limited
- Purchase of High Pressure Grinding Rolls (HPGR) Crusher, a key component in the crushing circuit.
- Placement of orders with various other long lead equipment suppliers

Coal

- During the quarter 83,384 tonnes of coal sold – Altura share 27,795 tonnes

Corporate

- Funding Letter of Intent signed with Offtake Partner

LITHIUM

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

During the September quarter, Altura continued the rapid development of its world class hard rock lithium project located in the Pilbara region of Western Australia.

The following significant project milestones have been achieved over the past 3 months:

- Completion of the Definitive Feasibility Study (released on 26 September 2016)
- Revised Ore Reserve Estimate (released on 22 September 2016)
- Upgraded Mineral Resource Estimate (also released on 22 September 2016)
- Native title agreement signed with the Njamal people
- Mining leases granted by the WA Department of Mines and Petroleum (DMP)
- Lodgement of the Mining Proposal with the DMP
- Non-binding agreement with Pilbara Minerals to jointly evaluate deposits on tenement boundaries
- Resource extension drilling program conducted on mining leases

Definitive Feasibility Study

The Definitive Feasibility Study (DFS) released in September 2016 provided confirmation that the Pilgangoora Lithium Project is a significant mining opportunity that will deliver substantial long-term shareholder value.

The key outcomes of the DFS included:

- Project Net Present Value (NPV) of \$411 million over an initial 13 year mine life based on the ore reserve estimate of 20.3 million tonnes;
- Life of Mine (LOM) cash cost of A\$316 per tonne of spodumene concentrate;
- An attractive capital estimate of A\$139.7 million and a payback period of 1.8 years; and
- Revised Ore Reserve estimate of 20.3 Mt @ 1.06% Li₂O which underpins the initial 13 year mine plan.

Altura's Pilgangoora lithium deposit will be extracted by open pit methods enhanced by the shallow and thick mineralisation allowing the spodumene ore to be mined from the commencement of mining. The DFS has highlighted a very attractive LOM strip ratio of 2.9:1 providing Altura with a very low operational mining cost.

Production is planned for Q4 2017 after an eleven month construction period which will place Altura in an elite group of near term lithium supply companies.

The DFS is based on an annual ore feed of circa 1.54 Mtpa to the process plant to deliver average annual output (steady state) of 219,000 tonnes annually of spodumene concentrate containing 6% Li₂O.

The current LOM plan is based on direct feed of ore to the process plant with low grade material stockpiled during the first four years and reclaimed from Year 5 onwards. The life of mine production target of 20.33 million tonnes is comprised entirely of Probable Ore Reserves (see Revised Ore Reserve Estimate section).

The spodumene concentrate will be exported by ship from Port Hedland to lithium producers, predominantly in China, for further processing into a wide range of lithium chemicals, including lithium carbonate (standard and battery grade), lithium hydroxide, lithium metal, and lithium chloride.

Mining will be undertaken by conventional bulk mining methods utilising hydraulic excavators, dump trucks and drill and blast coupled to a ROM stockpile. Ore will be trucked directly from the blasted faces to the ROM stockpile and fed to the primary crusher using a front-end loader.

Table 1 – Altura Pilgangoora Lithium Project DFS Key Results

Description	Units	Results
Average Annual Ore Feed to Plant (LOM) ⁽²⁾	Mtpa	1.54
Total Ore Mined	Mt	20.33
Annual Spodumene Concentrate Production (6% Li ₂ O)	tonnes	219,000
Life of Mine (LOM)	years	13.2
Total Spodumene Concentrate Produced	Mt	2.89
LOM Strip Ratio	waste:ore	2.9:1
Spodumene Concentrate Average Market Price ⁽⁴⁾	US\$/wmt	538.80
Capital Cost Estimate ⁽⁶⁾	A\$M	139.7
Total Revenue	A\$M	2,074
Project EBITDA ⁽³⁾	A\$M	1,064
Total Cash Cost FOB / tonne product ⁽⁵⁾	A\$	315.90
Net Present Value (NPV) ⁽¹⁾	A\$M	411
Internal Rate of Return (IRR)	%	58.1
Discount Rate	%	10
Project payback period	years	1.8
Exchange Rate	AUD:USD	0.7500

- Net Present Value (NPV) is pre-tax and on a real basis, at a 10% discount rate*
- Average annual ore feed based nominal 1.4Mtpa capacity; process and mechanical design of the plant allows for 15% engineering contingency on the nominal throughput of 1.4Mtpa, allowing capacity to be maintained at 1.45Mtpa and to peak at 1.54Mtpa.*
- EBITDA is after allowing for Native Title and Royalties*
- Price based on FOB forecast equivalent*
- Total Cash Cost FOB / tonne product are defined as all cash costs to free on board, excluding royalties, interest, tax and depreciation.*
- Including sustaining capital and pre-development capital*

The project has a relatively small footprint of approximately 400 hectares covered by 2 mining leases. The ore will be mined from a single pit located on the eastern side of the mining leases and stockpiled on the ROM stockpile adjacent to the pit.

Process plant and site facilities will be located immediately to the west of the pit with the ex-pit waste rock dump and the tailings storage facility located in the centre and north-west of the tenement respectively.

For further details about the DFS, please refer to the ASX announcement on 26 September 2016.

Figure 1 – Altura Pilgangoora Lithium Mine Layout

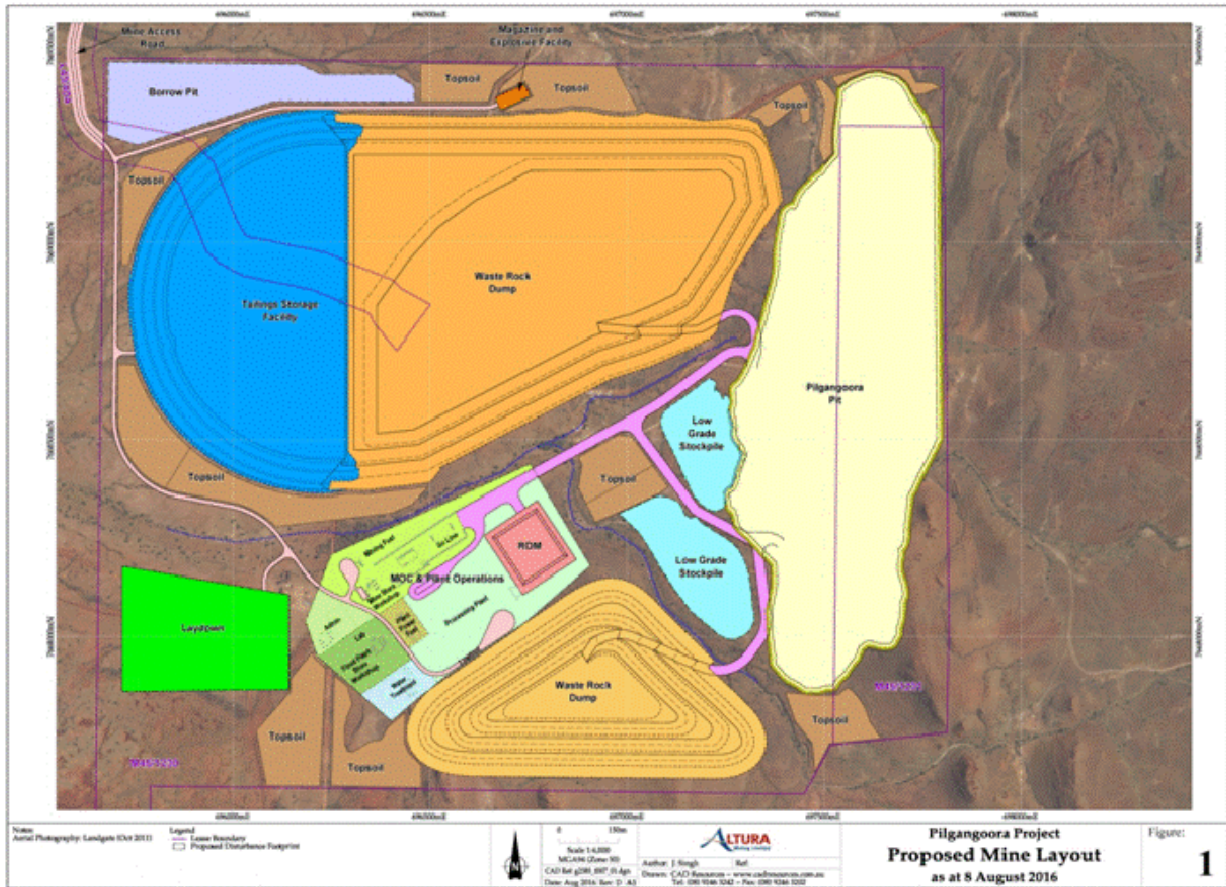
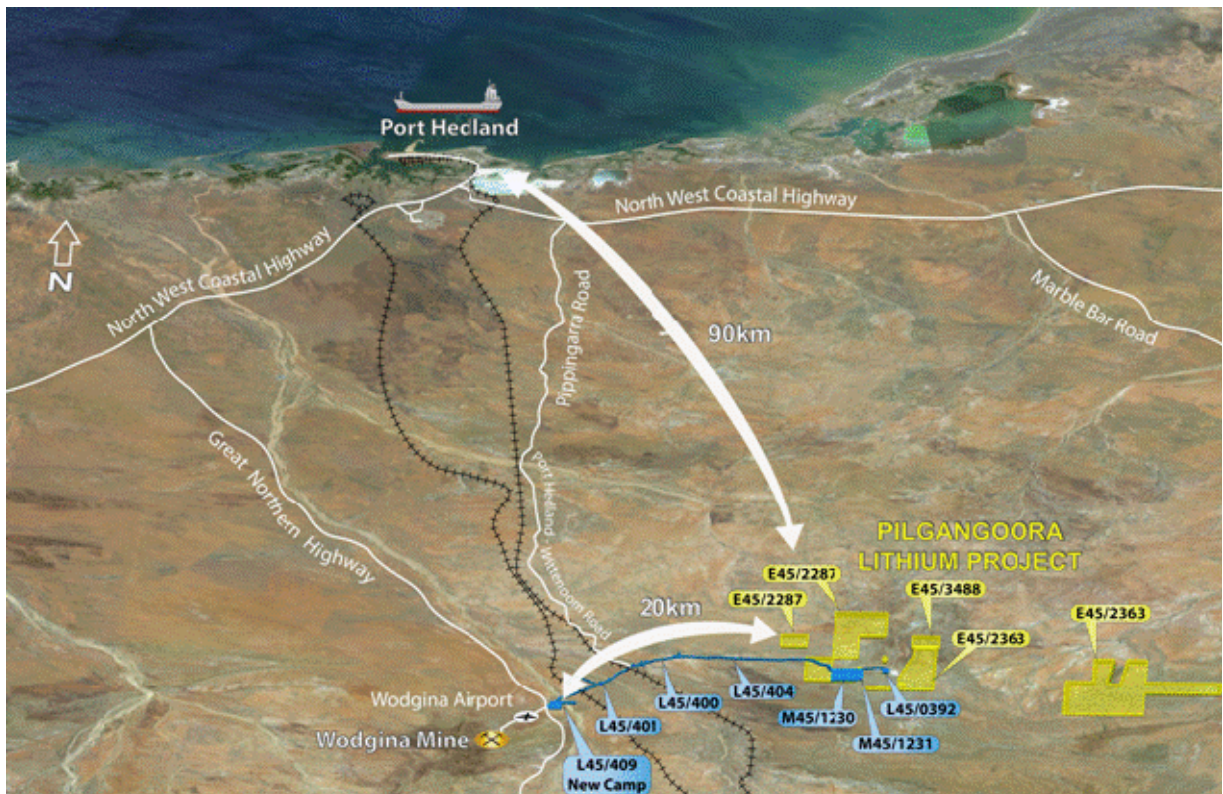


Figure 2 – Location Map – Altura Pilgangoora Lithium Project



Revised Ore Reserve Estimate

A revised Ore Reserve estimate of 20.3 Mt @1.06% Li₂O (see Table 2 below) was released on 22 September 2016. The reserve is classified entirely as a Probable Ore Reserve estimate and was compiled by Orelogy as part of their work for the DFS.

Orelogy had been engaged to re-evaluate the Ore Reserve estimate based on an upgraded Mineral Resource estimate produced by Hyland Geological Mining Consultants (HGMC) and to undertake mining cost estimation using recent tendered contract mining rates.

**Table 2 – Altura Pilgangoora Ore Reserve Estimate
(0.4% Li₂O Cut-off Grade)**

JORC Category	Ore (million tonnes)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Contained Li ₂ O (tonnes)
Proven	-	-	-	-
Probable	20.33	1.06	1.96	215,000
Total Reserve	20.33	1.06	1.96	215,000

For further details on the ore reserve estimate, please refer to the ASX announcement on 22 September 2016.

Upgraded Mineral Resource Estimate

An upgraded Mineral Resource estimate of 39.2 Mt @1.02% Li₂O (see Table 3 below) was also released on 22 September 2016.

The upgraded estimate was prepared by HGMC who were commissioned to carry out a new resource model to incorporate the latest results of an ongoing drilling program being undertaken at Pilgangoora. It is noted that this estimate was based on a time cut-off in order to underpin the DFS outcomes and the revised ore reserve estimate.

Further resource extension drilling has continued at Pilgangoora, with a particular focus on the south-east portion of the mining leases. The results of the current drilling phase will form the basis of a further mineral resource revision during Q4 2016.

**Table 3 – Altura Pilgangoora Mineral Resource Estimate
(0.4% Li₂O Cut-off Grade)**

JORC Category	Ore (million tonnes)	Li ₂ O% (%)	Fe ₂ O ₃ (%)	Li ₂ O (tonnes)
Measured	-	-	-	-
Indicated	30.56	1.04	2.00	318,000
Inferred	8.60	0.95	2.05	82,000
Total	39.16	1.02	2.01	400,000

For further details on the mineral resource estimate, please refer to the ASX announcement on 22 September 2016.

Mining Leases Granted

In August 2016 Altura received advice that its two mining leases (M45/1230 and M45/1231) had been granted by the Department of Mines and Petroleum (DMP). This followed the successful completion of:

- The signing of an Access and Compensation Deed with the pastoral lease holders in May 2016;
- The signing in July 2016 of a Native Title Agreement with the Njamal people, the traditional owners of the land; and
- The purchase and transfer of exploration licence E45/2363 from Atlas Operations Pty Ltd.

Lodgement of Mining Proposal

Altura lodged the Mining Proposal in September for these two mining leases with the DMP for assessment and approval.

It is noted that under Western Australian mining legislation, a Mining Proposal cannot be submitted until the mining lease has been granted.

The Mining Proposal covers the proposed mining operations, processing plants, power plants, mine site infrastructure, environmental assessments, hydrogeology studies and the mine rehabilitation plan.

It is anticipated that approval of the Mining Proposal will be obtained by the end of 2016, which will pave the way for construction to commence soon after.

Cooperative Agreements with Pilbara Minerals Limited

In August Altura executed both a mutual Access Agreement and a Memorandum of Understanding (MoU) to cooperate at tenement boundaries with adjoining Pilgangoora lithium project developer, Pilbara Minerals Limited.

The Access Agreement provides for the mutual removal of any objections to tenure applications made by either company, the sharing of site access roads and pipeline locations, and the distribution of costs incurred proportionately.

The non-binding MoU has been executed to cover the joint evaluation of the potential to expand or combine lithium-rich pegmatite zones that are now proven to cross the boundaries between Altura and Pilbara.

Order of Long Lead Equipment

In late August Altura purchased a High Pressure Grinding Rolls (HPGR) crusher for utilisation in the crushing unit for the process plant. This item has a long lead time of approximately 40 weeks, and Altura has been able to secure an existing new (unused) unit, therefore saving an estimated 34 weeks lead time for this item.

Current Exploration and Drilling Program

Late in the quarter Altura reported results from the mineral resource and ore reserve definition drilling program being conducted at Pilgangoora.

Significant mineralised intervals were located and the results confirmed the existence and extension of the previously identified “stacked” pegmatites with both thick and high grade intercepts providing new targets both east and south of the existing conceptual pit limits.

The intercept highlights included:

- 19m @ 1.47% Li₂O from 57m (PRC280)
- 10m @ 1.79% Li₂O from 106m (PRC280)
- 19m @ 1.47% Li₂O from 57m (PRC280)
- 11m @ 1.95% Li₂O from 88m (PRC281)
- 10m @ 1.86% Li₂O from 133m (PRC281)
- 9m @ 1.82% Li₂O from 182m (PRC281)
- 27m @ 1.59% Li₂O from 72m (PRC283)
- 17m @ 2.00% Li₂O from 198m (PRC285)
- 23m @ 1.63% Li₂O from 97m (PRC289)
- 16m @ 1.57% Li₂O from 95m (PRC290) inc 5m @ 2.35% Li₂O from 103m
- 22m @ 1.62% Li₂O from 131m (PRC291) inc 12m @ 2.01% Li₂O from 138m
- 14m @ 1.43% Li₂O from 11m (PRC295)
- 12m @ 1.65% Li₂O from 91m (PRC301)
- 8m @ 1.88% Li₂O from 127m (PRC301)
- 10m @ 1.68% Li₂O from 59m (PRC304)
- 9m @ 1.81% Li₂O from 65m (PRC308)
- 5m @ 2.18% Li₂O from 27m (PRC316)
- 11m @ 1.80% Li₂O from 49m (PRC316)
- 30m @ 1.41% Li₂O from 42m (PRC342) inc 12m @ 1.77% Li₂O from 46m
- 21m @ 1.64% Li₂O from 97m (PRC371)
- 20m @ 1.31% Li₂O from 202m (PRC374) inc 6m @ 1.90% Li₂O from 203m

For more information on the exploration results, please refer to the ASX announcement on 22 September 2016.

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)

Production and sales for the quarter were as follows:

	September 2016 Quarter Tonnes	September 2015 Quarter Tonnes
Saleable coal production (100% terms)	68,145	56,995
Coal sold (100% terms)	83,384	121,692
Saleable coal production (Altura 33⅓% share)	22,715	18,998
Coal sold (Altura 33⅓% share)	27,795	40,564

Production at Delta Coal during the 3 months to September 2016 has remained lower than plan despite efforts to increase contractor capacity. The ultimate production goal of an annual target of 1.5Mt remains and is currently constricted by contracting capacity. The Company has attempted to negotiate additional capacity but is yet to secure sufficient services at a cost structure that will permit long term sustainable and profitable production.

During the quarter the benchmark coal price for Indonesian Coal continued to rise and it is hoped the duration of this increase continues into 2017 and beyond. The typical Delta Coal product type has a reported benchmark increase of approximately 38% (4,800 kcal/kg) since January 2016. This increase provides Delta Coal with a greater opportunity to exploit its considerable coal resources should forecast production levels be achieved.

COAL ASSET DIVESTMENT

The Company has a stated intention to divest its interests in both the Delta and Tabalong coal assets. It is pursuing a number of options including the possible sale of the coal assets or an asset integration with other similar operations.

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

FUNDING LETTER OF INTENT SIGNED WITH OFFTAKE PARTNER

Subsequent to the end of the quarter, Altura executed a Letter of Intent (LoI) with Lionergy Limited (Lionergy) to assist the Company with its funding requirements for the construction of the mine at Pilgangoora.

Lionergy will be Altura's exclusive agent in China with respect to the proposed financing, and the parties have agreed to work together to ensure the most appropriate funding arrangements are achieved for development of the mine in the near term.

The LoI is focussed on providing a substantial amount of the funding required to build and commission Altura's Pilgangoora Lithium mine via a mix of debt and equity with the details to be finalised upon receipt of a detailed Terms Sheet. The LoI is non-binding on the parties until the successful completion of an acceptable funding Terms Sheet.

The LoI also allows for Altura to progress discussions to invest in Lionergy's planned lithium carbonate processing plant to be constructed in China. Lionergy's lithium carbonate plant will be a significant customer for Altura's spodumene concentrate, and its construction would be timed to be completed to align with Altura's commencement of operations at Pilgangoora.

SHARE PURCHASE PLAN

The Company announced in June 2016 that it would conduct a share purchase plan (SPP) capital raising as a means to offer existing shareholders the opportunity to acquire shares at the same price as the \$20 million Share Placement to institutional investors.

The SPP closed in July 2016, and Altura received funds from the SPP totalling \$774,000 which was less than the maximum amount of \$3 million offered.

RELINQUISHMENT OF MT SHOBRIDGE TENEMENTS

During the quarter the Company decided to relinquish its four (4) Mt Shoobridge tenements, located in the Northern Territory.

The relinquishment will allow Altura's Australian based exploration team to focus solely on the portfolio of tenements that comprise the Pilgangoora Lithium Project.

SCHEDULE OF MINING TENEMENTS

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

Location	Tenement	Interest
Pilbara, Western Australia	E 45/2277	100%
	E 45/2287	100%
	E 45/2363	100%
	E 45/3488	100%
	P 45/2758	100%
	M 45/1230	100%
	M 45/1231	100%
	L 45/392	100%
	L 45/400	100%
	L 45/401	100%
	L 45/404	100%
	L 45/409	100%
Tanami, Northern Territory	ELA 26626	10%
	ELA 26627	10%
	EL 26628	10%
	EL 29828	10%
Delta, East Kalimantan	PT Delta Ultima Coal	33½%
Tabalong, South Kalimantan	PT Suryaraya Permata Khatulistiwa	70%
	PT Suryaraya Cahaya Cemerlang	70%
	PT Suryaraya Pusaka	70%
	PT Kodio Multicom	56%
	PT Marangkayu Bara Makarti	56%
Catanduanes, Philippines	COC 182 (Area 3) – Catanduanes	100%
Albay region, Philippines	COC 200 (Area 4) – Rapu-Rapu	100%
Bislig region, Philippines	COC 202 (Area 17) – Surigao del Sur	100%

The following mining tenements were acquired during the quarter:

Location	Tenement	Interest
Pilbara, Western Australia	L 45/409	100%

The following mining tenements were relinquished during the quarter:

Location	Tenement	Interest
Mt Shoobridge, Northern Territory	EL 29549	100%
	MCN 60	100%
	MLN 296	100%
	MLN 544	100%

Competent Persons Statements

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 Hyland Geological and Mining Consultants 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 information in this report that relates to the Ore Reserve for the Pilgangoora lithium deposit is based on information compiled by Mr Jake Fitzsimons. Mr Fitzsimons is a Member of the Australasian Institute of Mining and Metallurgy. Mr Fitzsimons is a principal consultant at Orelogy Consulting Pty Ltd and has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity of ore reserve 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 Fitzsimons consents 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 ASX announcement on 22 September 2016. Further, all material assumptions and technical parameters underpinning the mineral resource and ore reserve estimates in that announcement continue to apply and have not materially changed.

About Altura Mining Limited (ASX: AJM)

“Altura is building a leading position in the independent supply of lithium raw materials, with a world class lithium project at Pilgangoora ready to set the platform and be the first new hard rock supplier in 2017. The Altura team has a track record of delivering mining projects with Pilgangoora the most advanced stage, near term producing lithium project; solid offtake partners and a market providing substantial growth opportunities to ensure positive shareholder returns.”

For further information, please visit www.alturamining.com or phone James Brown, Managing Director on + 61 (0)427 988 898.