

31 January 2017

QUARTERLY ACTIVITIES REPORT December 2016

Highlights

Lithium

- Advancement in detailed design has led to the procurement of a significant number of mechanical items for the process plant
- Strategic alliance with J&R Optimum covering funding, board representation, advisory support and anti-dilution rights
- Revised Ore Reserve estimate of 30.1 million tonnes @1.04% Li₂O (an increase of 9.8 million tonnes over the previous estimate)
- Revised Indicated Mineral Resource estimate of 40.3 million tonnes @1.00% Li₂O
- All Resource extension drilling complete on mining leases
- Mine site accommodation camp purchased from Roy Hill Infrastructure Pty Ltd

Coal

- Mining operations suspended currently due to legal dispute between the mine and the mining contractors

Corporate

- Share Placement with J&R Optimum
- Agreement with Kairos Minerals granting exclusive right to explore for lithium on Kairos' Wodgina East tenements
- Iron ore royalty payment to be received from Atlas Iron

LITHIUM

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

During the December quarter, Altura further developed its world class hard rock lithium project following on from the excellent results published in the Definitive Feasibility Study (see ASX release 26 September 2016).

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

- Significant progress made on the detailed design of the process plant
- Contract signed with Roy Hill Infrastructure to purchase the former Rail Camp 2, located 20km from the Pilgangoora mine site.
- Order placement for fifteen long lead mechanical equipment items for the process plant
- Native title agreement signed with the Kariyarra People, the traditional owners of the land on which Rail Camp 2 is situated.
- Ongoing liaison with the WA Department of Mines and Petroleum (DMP) regarding statutory and environmental approvals. This led to the resubmission of an amended Mining Proposal in December 2016.
- Completion of all resource extension drilling on existing Mining Leases
- Strategic Agreement signed with Kairos Minerals allowing Altura the right to explore further prospective Lithium tenements in the Pilgangoora area.
- Tenders for key service areas including Mining, Transport and Logistics and construction of the process plant are in the final stages of assessment.

Strategic Alliance with J&R Optimum

Altura announced on 8 November 2016 that it had signed a Subscription and Cooperation Agreement with Shaanxi J&R Optimum Energy Co., Ltd (“J&R Optimum”) to raise approximately \$41.6 million before costs through a Share Placement.

This capital raising initiates a strategic alliance with J&R Optimum, who are currently one of China’s leading lithium battery producers focussed on lithium iron phosphate (LiFePO₄) power battery systems for commercial and domestic applications.

At the conclusion of the Share Placement, J&R Optimum will have a 19.9% shareholding in Altura. Under the terms of the Agreement J&R Optimum will be entitled to appoint a director to the Altura board, provided that their relevant interest in Altura shares does not reduce below 15 per cent. J&R Optimum will advise Altura in due course of their intended nominee to the Board of Directors of the Company.

The Agreement also provides that upon completion of the Share Placement, J&R Optimum will have a right to participate in any new issues of shares in Altura on the same terms and conditions as other participants in that share issue up to such additional number of equity securities sufficient to maintain their ownership percentage in Altura. These anti-dilution rights are subject to the maintenance of an interest of not less than 15% of Altura, and are also subject to the granting of all required regulatory and other approvals.

The details of the Share Placement are set out in the Corporate section of this report.

Revised Ore Reserve Estimate

Subsequent to the end of the quarter, Altura announced a revised Ore Reserve estimate of 30.1 Mt @1.04% Li₂O (see Table 1 below). The reserve estimate is classified entirely as a Probable Ore Reserve and the latest estimate represents an increase of 9.8 million tonnes on the previous estimate (see previous ASX release on 22 September 2016).

This increase relates to additional deep drill hole data and improved confidence in the drilling and sampling data following the completion of a closely spaced infill drilling program from June until October 2016. The Mineral Resource and Ore Reserve estimation work was undertaken by Cube Consulting Pty Ltd (“Cube”).

**Table 1 – Altura Pilgangoora Ore Reserve Estimate
(0.43% Li₂O Cut-off Grade)**

JORC Category	Ore (million tonnes)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Contained Li ₂ O (tonnes)
Proven	-	-	-	-
Probable	30.1	1.04	2.16	313,000
Total Reserve	30.1	1.04	2.16	313,000

For further details on the ore reserve estimate, please refer to the ASX announcement on 30 January 2017.

Revised Mineral Resource Estimate

A revised Mineral Resource estimate was also prepared by Cube in conjunction with the revised Ore Reserve estimate (see Table 2 below). The revised estimate includes an upgraded Indicated Mineral Resource of 40.3 Mt @1.00% Li₂O, which is an increase on the previous Indicated Mineral Resource (30.6 Mt @1.04% Li₂O reported on 22 September 2016).

In addition, the revised Inferred Mineral Resource estimate of 2.3 million tonnes at 0.90% Li₂O is lower than the previously reported 8.6 million tonnes at 0.95% Li₂O (see previous ASX Release on 22 September 2016) due to the improved confidence in the data following the recent infill drilling program.

**Table 2 – Altura Pilgangoora Mineral Resource Estimate
(0.43% Li₂O Cut-off Grade)**

JORC Category	Ore (million tonnes)	Li ₂ O (%)	Fe ₂ O ₃ (%)	Li ₂ O (tonnes)
Measured	-	-	-	-
Indicated	40.3	1.00	2.20	403,000
Inferred	2.3	0.90	2.50	-

For further details on the mineral resource estimate, please refer to the ASX announcement on 30 January 2017.

Purchase of Accommodation for the Mine Site

Altura advised on 2 November 2016 that it had entered into an agreement with Roy Hill Infrastructure Pty Ltd to purchase an existing 324 room camp (former Rail Camp 2) located just 20 km from the Pilgangoora mine site.

In January 2017 Altura completed all of the necessary approvals to effect the final transfer of ownership of the camp from Roy Hill. Altura is currently completing recommissioning activities to enable occupation by its initial mining and construction workforce in early February 2017.

Altura has renamed the facility “Pilgangoora Village” which will provide quality accommodation during both the construction and operational phases of the project.

Altura intends to keep the village in its current location, at the intersection of the Great Northern Highway and Wodgina Access Road such that construction or relocation of a camp is not required as part of the project. The village is strategically located on the Western side of the Turner River meaning that it will not be cut off from a supply or evacuation point of view during the cyclone season.

Update on Mining Proposal Lodged with DMP

In September 2016, Altura lodged the Mining Proposal for mining leases M45/1230 and M45/1231 with the DMP for assessment and approval. The Mining Proposal covers the proposed mining operations, processing plants, power plants, mine site infrastructure, environmental assessments, hydrogeology studies and the mine rehabilitation plan.

Ongoing dialogue with the DMP during the quarter led Altura to resubmit a revised and more detailed Mining Proposal in December 2016. Altura anticipates that the revised Mining Proposal will be approved in early February 2017, paving the way for the mine construction to commence thereafter.

Procurement Update / Order of Long Lead Equipment

The detailed design for the process plant is progressing well and the project and procurement teams continue to advance a number of key tenders, which will enable commencement on site early in 2017. Fifteen of the key long lead mechanical plant packages were let in the December quarter. These include:

- High Pressure Grinding Rolls (HPGR)
- Primary and Secondary Crushing Circuit
- Ball Mill
- Flotation Cells
- Thickeners
- Concentrate Filters
- Reflux Classifiers
- Cyclones
- Slurry Pumps
- Conveyors and Belt feeders
- Samplers
- Agitators
- Linear Screens
- Apron Feeders
- Magnetic Separators

Drilling Program

During the quarter further positive results were reported from the resource and reserve extension drilling program. The program comprised a total of **246 Reverse Circulation (RC) holes**, drilled between July and October 2016.

Of these, 139 were within the main deposit with a particular focus on the eastern and southern mineralisation zones. The remaining 107 sterilisation holes covered all areas of key infrastructure within the granted Mining Leases, including over waste dumps, Tailings Storage Facility (TSF), process plant and other non-process infrastructure.

The intercept highlights included:

- *41m @ 1.20% Li₂O from 140m (PRC429)*
- *21m @ 1.39% Li₂O from 175m (PRC432)*
- *20m @ 1.35% Li₂O from 103m (PRC421)*
- *22m @ 1.17% Li₂O from 150m (PRC392)*
- *15m @ 1.12% Li₂O from 2m (PRC433)*

For further information on the exploration results, please refer to the ASX announcement on 21 November 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 at Delta Coal has been suspended pending resolution of legal action(s) in relation to the contract mining operations. The legal case submitted on behalf of the mining contractors seeks payment for mining services rendered to the coal mine, however Delta Coal has lodged a counter claim for breach of contract pertaining to a sustained period of below contract performance resulting in higher than contracted waste removal costs and lower than contracted coal delivery tonnes.

Delta Coal has continued to negotiate with the contractors in order to deliver an amicable and equitable solution but as yet no agreement has been reached.

Altura has previously advised the market of its intention to divest the asset as it develops its world class Pilgangoora Lithium Project in Western Australia.

COAL ASSETS 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 for sale of the coal assets and information has been made available to a number of parties under confidentiality deed arrangements.

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

PROJECT FUNDING

Letter of Intent signed with Offtake Partner

Altura reported on 17 October 2016 that a Letter of Intent (LOI) had been executed with Lionergy Limited (Lionergy) to assist the Company with its funding requirements. Lionergy is Altura's exclusive agent in China for the proposed financing, and the parties have agreed to work together to ensure that the most appropriate funding arrangements are achieved for development of the mine.

The LOI is focussed on providing a substantial portion of the funding required to build and commission Altura's Pilgangoora 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.

Share Placement with J&R Optimum

Altura has agreed to a Share Placement with J&R Optimum to raise approximately \$41.6 million (before costs) through the issue of 306 million fully paid ordinary shares.

The details of the Placement announced on 8 November 2016 are:

- Tranche 1 – 123 million shares to be issued on receipt of funds from J&R Optimum
- Tranche 2 – 183 million shares to be issued on receipt of funds following shareholder approval
- Issue price of 13.6 cents per share which represents an 8.8% premium to the previous closing price of 12.5 cents (on 3 November 2016) and a 4.6% premium to the 30 day VWAP of 13.0 cents
- The shares will be subject to a voluntary escrow period which will expire six (6) months after the issue of the Tranche 2 shares

Funds for both Tranche 1 and Tranche 2 have now been received by Altura allowing for the shares to be issued in the near term.

EXTRAORDINARY GENERAL MEETING

Following the agreement with J&R Optimum for the Share Placement, the Company held a general meeting on 13 December 2016 to consider the following matters:

- Ratification of the previous issue of 100 million shares in the June 2016 placement;
- Ratification of the issue of the 123 million Tranche 1 shares to J&R Optimum; and
- Approval of the issue of the 183 million Tranche 2 shares to J&R Optimum;

Since the issue of the Tranche 1 shares did not occur prior to 13 December, the resolution to ratify the issue of these shares was withdrawn at the meeting.

Altura did however receive overwhelming approval from shareholders for the other two resolutions (see ASX release on 13 December 2016).

AGREEMENT WITH KAIROS MINERALS

Altura announced on 28 November 2016 that it had signed a Letter Agreement with Kairos Minerals, providing the Company with rights to explore for lithium on Kairos' Wodgina East tenements comprising E45/4780 and E45/4715.

Under the terms of the Agreement, Altura has paid Kairos \$100,000 for an exclusive right to explore for lithium on these tenements for a five (5) year period.

In addition, Altura may choose to acquire a 75% interest in the Wodgina East tenements by spending a total of \$1.25 million over 5 years, or at any time in that 5-year period by paying \$1.25 million less the cost of any exploration or mining expenditure undertaken by Altura on the tenements. If Altura takes up these rights, then Kairos will retain a 25% free carried interest in the tenements.

ROYALTY FROM ATLAS IRON

As part of the Company's sale of its interest in the Mt Webber production joint venture to Atlas Iron in 2014, Altura has retained residual royalty rights to iron ore sold from the Mt Webber mine.

Altura is entitled to receive a royalty on iron ore sold from the Mt Webber mine each calendar quarter, in any month where the average CFR 62% Fe index is greater than A\$95 equivalent. The requirement to pay the royalty ceases when the amount of iron ore sold from the mine has reached a total of 29.8 million dry metric tonnes (being the JORC ore reserve for M45/1209 at the commencement of mining).

During the December 2016 quarter, the average CFR 62% Fe index was above A\$95 during the months of November and December, and Altura has invoiced Atlas for a royalty of A\$192,000 plus GST.

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%
	L 45/416	100%
Tanami, Northern Territory	ELA 26626	10%
	ELA 26627	10%
	EL 26628	10%
	EL 29828	10%
Delta, East Kalimantan	PT Delta Ultima Coal	33⅓%
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 tenement was acquired during the quarter:

Location	Tenement	Interest
Pilbara, Western Australia	L 45/416	100%

There were no mining tenements relinquished during the quarter.

Competent Persons Statements

Exploration Results

The information in this report that relates to Exploration Results for the Pilgangoora lithium deposit is based on information compiled by Mr Stephen Barber who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Barber is a Consultant Geologist to 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 Barber is a former employee of PT Altura Indonesia. Mr Barber 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 21 November 2016.

Mineral Resource and Ore Reserve Estimates

The information in this report that relates to the Mineral Resource for the Pilgangoora lithium deposit is based on information compiled by Mr Stephen Barber. Mr Barber is a Member of the Australasian Institute of Mining and Metallurgy. Mr Barber is a Consultant Geologist to Altura Mining Limited 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 Barber is a former employee of PT Altura Indonesia. Mr Barber consents 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 Quinton de Klerk. Mr de Klerk is a Fellow of the Australasian Institute for Mining and Metallurgy. Mr de Klerk is a Director and Principal Consultant of Cube Consulting Pty Ltd and has sufficient experience that is relevant 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 de Klerk 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 30 January 2017. 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.
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