



ASX ANNOUNCEMENT | 13 June 2019

## INTERVIEW WITH MASTERMINES – JAMES BROWN

Altura Mining Limited (ASX Code: AJM) (“**Company**”) is pleased to provide the text of a written interview conducted between Altura Managing Director James Brown and David Gillam of Mastermines.

All references in the interview to nameplate production capacity and targets are from the Stage 1 DFS (see ASX announcement on 26 September 2016). The Company confirms that it is not aware of any new information or data that materially affects the production target 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.

Altura Mining Limited ABN 39 093 391 774



Mastermines

## Interview – Altura Mining Managing Director James Brown

Mastermines interview with James Brown dated 13<sup>th</sup> June 2019. Published in English and Chinese Simplified.

For general release. Contact [david.gillam@mastermines.global](mailto:david.gillam@mastermines.global)

Questions compiled and submitted by David Gillam of Mastermines using questions from both Altura investors and Mastermines staff.

Mastermines ask questions that we believe shareholders most wish to ask. Management are not consulted in relation to the format of questions. No consideration is given to the capacity of such questions to be answered and in some cases, there may be legal or regulatory constraints in answering. In addition, there may be issues of competitive advantage that restrict answers to some questions.

We use a text-based interview format which allows more considered responses and a less guarded approach to on-the-spot questions. Such a format also suits reporting in additional languages such as Chinese etc.

Please Note: Mastermines and/or Mastermines employees are currently invested in Altura Mining and therefore have an interest in this stock. In addition, Mastermines are currently engaged as social media and Chinese communication consultants to Altura Mining.

**Mastermines – David Gillam.** James, we seem to have overcome many of the typical operational issues involved in commissioning a new plant. Can you give an update as to how the plant is currently performing and if there are any remaining issues other than minor works?

**Altura Mining – James Brown.** *I think a good reference point is the ASX release from 5 June 2019 where we announced a record month of production for May which was at 86% of nameplate capacity. The throughput rates are stable, and the tonnage output is edging closer towards nameplate. There remains little in the way of additional works planned, more a fine-tuning process.*

**Mastermines – David Gillam.** Are you able to provide any estimate of when you believe nameplate will be achieved?

**Altura Mining – James Brown.** *Each step forward provides us with greater clarity. However, due to the nature of these processes, it's difficult to determine an exact timeframe. We believe we will be within a range in the coming months and that is demonstrated by the ASX release on 5 June 2019.*

**Mastermines – David Gillam.** How would you describe the quality of the concentrate Altura is providing and can you give any insight regarding feedback from our customer base?

**Altura Mining – James Brown.** *From the 9 cargoes shipped to date the feedback has been very good. The material handles well, is consistent in grade and low in mica. We strongly believe our product will command a premium space in the market and remain sought after as the market matures.*

**Mastermines – David Gillam.** Altura has mentioned its cost projections as we move towards nameplate. Can you outline how the current quarter is unfolding and when you think this target is likely to be achieved?

**Altura Mining – James Brown.** *The nameplate target is ~18kt per month with the June quarter 2019 shipments to be approximately 38kt (as reported last week). We will only achieve our target cost structure when at 18kt per month. Costs are tracking well but given we also have “fixed” costs that need to be amortized over product tonnes, the key is production improvement. We remain confident we can deliver the desired cost structure when we deliver the nameplate output.*

**Mastermines – David Gillam.** Considering the current supply and demand metrics for our spodumene concentrate, do you have any insight regarding stage 2. In this regard, have you had interest from possible partners to take an active role in stage 2 financing?

**Altura Mining – James Brown.** *Stage 2 remains a key attractant to current and potential offtake partners. The timing of Stage 2 needs to dovetail into the market, (and offtake partners), demand requirement. Ganfeng holds a 50% right to Stage 2, and other potential partners remain keen to secure any potential remaining tonnage which may include a financing component.*

**Mastermines – David Gillam.** There have been some announcements from lithium miners regarding a downstream model to produce lithium carbonate and/or hydroxide? Have you had any meaningful discussions in this direction from existing or new potential partners?

**Altura Mining – James Brown.** *Yes, most current and potential offtake partners have the ability to convert to lithium carbonate or hydroxide. Altura as the raw material supplier could have the potential to participate in the downstream process from an equity perspective. The entire outcome would depend on partner expertise, (do they have a track record of process delivery), and the capital requirement from Altura. The focus for downstream is often the size of the output in LCE terms. The 220ktpa from Altura is a significant contribution to global battery pre-cursor materials and should be considered on that basis – it is an attractive option for the correct partner.*

**Mastermines – David Gillam.** Regarding replacement of the existing finance model, are you able to outline current discussions and possible conditions such as achieving nameplate production? Can you describe the level of interest and how confident you are of achieving an improved outcome?

**Altura Mining – James Brown.** *With any process such as refinancing the aim is to provide a better outcome due to the “de-risking” of the project. Process design, project delivery, product acceptance etc are the key items. I believe these have been satisfactorily covered off. Counterparty risk, (from an offtake perspective), is a priority, and to an extent the market situation with regards to demand and price is becoming more transparent. If the pre-requisite items are satisfactorily addressed, then the process should be easier to resolve.*

**Mastermines – David Gillam.** Investors have noted Altura’s off-take partner JRO selling on market. We understand they are attempting a restructure that may or may not be successful. Have you had any dialogue with JRO and do you see a replacement of the JRO agreement with a new partner in the future? In addition, are you able to outline the level of interest from other parties with regards to taking over the existing shares held by JRO along with their current offtake of 50ktpa?

**Altura Mining – James Brown.** *The JRO situation has been well documented. The sale by JRO of its shareholding is a matter for JRO, and is not something that Altura can control. It is important to note that the JRO offtake and shareholding are non-related. I cannot speculate on regards to replacement, however Altura retains the right to cancel any offtake agreements when a party is proven to be in default. It goes without saying that we would need to supplement any terminated agreement(s) with a new partner agreement. Our experience is that the better the counterparty is, the longer it takes to conclude due to the thorough nature of the key terms that will define the relationship. Given the market acceptance of our product, the longevity of the mine life and target low cost structure, we are in a desirable position for any replacement offtake partner and Stage 2 partners, (which could be one and the same). In this regard, we have already seen this when Ganfeng signed an offtake agreement in November 2018 for 70 ktpa following an agreement by JRO to reduce its offtake to 50ktpa.*

**Mastermines – David Gillam.** Do you have any recent update on the new plant that Lionergy is building in Inner Mongolia?

**Altura Mining – James Brown.** *We believe they continue to pursue some other partners to assist with output shortfall as a result of the reduced JRO commitment. They remain confident that the plant can be completed within a short time frame and deliver suitable product into the market. Lionergy still has in place its offtake agreement with Altura for 100ktpa.*

**Mastermines – David Gillam.** Altura has existing agreements with JRO, Lionergy and Ganfeng. Can you confirm whether any shipments have been sent to new potential partners within mainland China?

**Altura Mining – James Brown.** *As part of developing market acceptance of our lithium concentrate, we try to allocate some material to other supply chains. Given the sophisticated supply pathway for the material to enter the battery market it is important to give sufficient time to prove the product is suitable for integration. From that end we have directed cargoes to other converters in China with a view to ratifying potential arrangements.*

**Mastermines – David Gillam.** Are you able to confirm whether Altura has received interest or supplied any sample material to potential partners outside of mainland China?

**Altura Mining – James Brown.** *There is interest from outside China however there remains a link as China remains the only location with current capacity and expertise to process bulk quantities. Given China's track record and cost structure, we have found that groups based outside still remain linked to China for either joint venture or tolling arrangements.*

**Mastermines – David Gillam.** How would you describe the current level of interest in Altura's product and what are your thoughts on supply and demand for the rest on 2019?

**Altura Mining – James Brown.** *Level of interest remains high. We have a long-life asset with low operational cost structure in peer comparisons. Indications from a recent marketing visit to China point towards an increase in demand due to the timing of additional conversion capacity coming on-line in H2 2019.*

**Mastermines – David Gillam.** Can you give an overall summary of expectations for the next few months and your vision for the company over the next year?

**Altura Mining – James Brown.** *In simple terms, nameplate production and cost delivery along with ratifying any variations to offtake arrangements in order to underpin growth of Altura. We need to remove any overhang or doubts about our ability to operate in a competitive market. In the end it is all about delivering positives for our shareholders. With the board of Altura's interest in the company we are completely aligned with all shareholders.*

END.