

29 July 2016

QUARTERLY ACTIVITIES REPORT June 2016

Highlights

Lithium

- Feasibility Study completed with the following key findings:
 - Annual production of 215,000 tonnes (average) of spodumene concentrate
 - LOM Net Revenue of A\$1,562 million
 - LOM Cash Generation of A\$773.8 million
 - NPV of A\$382 million and IRR of 59.5% (10% discount rate)
 - Project payback of 1.7 years
 - 18.47 Mt of total ore feed to produce 2.744 Mt of spodumene concentrate production
 - LOM Strip Ratio of 2.7:1
 - LOM Cash Cost (FOB) of A\$298 per product tonne; Gross Margin of A\$348 per tonne
- Maiden Ore Reserve estimate of 18.4 million tonnes @1.07% Li₂O
- Binding Offtake Agreement signed with Lionergy Limited for spodumene concentrate
- Access and Compensation Deed signed with pastoral lease holders
- Native Title Agreement signed with the Njamal people
- Further exploration drilling being undertaken with eight (8) prospective lithium target areas identified
- Work on Definitive Feasibility Study progressing with release scheduled for Q3 2016

Coal

- During the quarter 97,089 tonnes of coal sold – Altura share 32,363 tonnes

Corporate

- Share Placement with institutional investors raises \$20 million
- Expiry of 30 June 2016 Listed Options sees a 99.9% take-up rate and has provided \$4 million in funds to the Company since their initial issue

LITHIUM

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

During the June quarter, Altura was focussed on progressing 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 Feasibility Study (released on 11 April 2016)
- Maiden Ore Reserve Estimate (also released on 11 April 2016)
- Signing of a binding Offtake Agreement with Lionergy Limited
- Access and compensation deed signed with pastoral lease holders
- Native title agreement signed with the Njamal people
- Purchase of adjacent Tenement E45/2363 from Atlas Iron
- Commencement of additional exploration and drilling program
- Preparation of the Mining Proposal
- Mining Tender documents issued and site visit with prospective bidders
- Power Plant Tender issued

Feasibility Study

The Feasibility Study (FS) released on 11 April 2016 was a landmark achievement as mining development is fast tracked towards production in 2017.

The key outcomes of the FS included:

- Project Net Present Value (NPV) of \$382 million over an initial 12+ year mine life based on the ore reserve estimate of 18.4 million tonnes;
- Life of Mine (LOM) cash cost of A\$298 per tonne of spodumene concentrate;
- An attractive capital estimate of A\$129 million including deferred capital and a payback period of 1.7 years; and
- Maiden Ore Reserve estimate of 18.4 Mt @ 1.07% Li₂O which underpins the initial 12 year mine plan.

Altura's Pilgangoora deposit will be extracted by open pit methods enhanced by the shallow and thick mineralisation allowing spodumene ore to be mined from the commencement of mining.

The FS has highlighted a very attractive LOM strip ratio of 2.7:1 providing Altura with a very low operational mining cost.

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

Table 1 – Altura Pilgangoora Lithium Project FS Key Results

Description	Units	FS Results
Average Annual Ore Feed to Plant	Mtpa	1.4
Total Ore Mined	Mt	18.47
Annual Spodumene Concentrate Production (steady state, years 1 -11 @ 6% Li ₂ O)	tonnes	215,000
Life of Mine (LOM)	years	14
Total Spodumene Concentrate Produced	Mt	2.74
LOM Strip Ratio	waste:ore	2.7:1
Spodumene Concentrate Market Price	US\$	494
Capital Cost Estimate	A\$M	129.3
Total Net Revenue	A\$M	1,562
Project EBITDA	A\$M	774
Total C1 Cash Cost *	A\$M	690
Total Cash Cost FOB / tonne product **	A\$	297.90
Net Present Value (NPV)	A\$M	382
Internal Rate of Return (IRR)	%	59.5
Discount Rate	%	10
Project payback period	years	1.7
Exchange Rate	AUD:USD	0.7500

* C1 Cash Costs are defined as the costs of mining, milling and concentrating, onsite administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of the by-product credits.

** Total Cash Cost FOB / tonne product are defined as all cash costs to free on board, including deferred capital expenditure, but excluding interest, tax and depreciation.

The FS is based on an annual ore feed of circa 1.4 Mtpa to the process plant to deliver average annual output (steady state) of 215,000 tonnes annually of spodumene concentrate containing 6% Li₂O.

The current LOM plan is based on direct feed of ore to the process plant from Years 1 – 12 whilst building a low grade stockpile. Material from the low grade stockpile will be fed to the process plant in Years 12 – 14. The life of mine production target of 18.47 million tonnes is comprised entirely of Probable Ore Reserves (see Maiden 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.

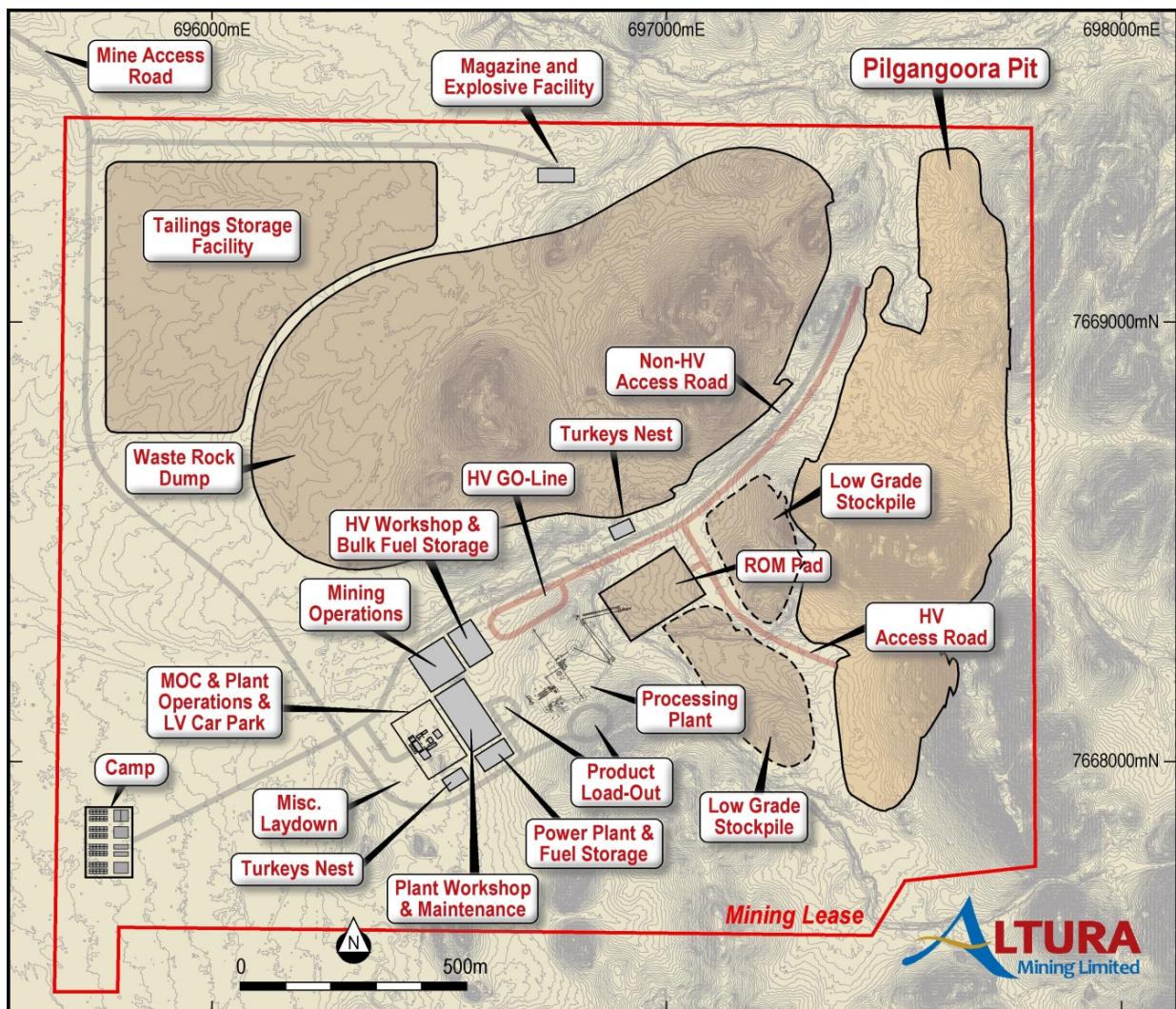
Mining will be undertaken by conventional bulk mining methods utilising hydraulic excavators, dump trucks and drill and blast coupled to a ROM stockpile. Ore will be trucked directly from the blasted faces to the ROM stockpile and fed to the primary crusher using a front-end loader.

The project has a relatively small footprint of ~400 hectares covered by 2 mining lease applications that are in the process of being upgraded to Mining Leases (see Figure 1 overleaf). The ore will be mined from a single pit located on the eastern side of the mining lease application 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 FS, please refer to the ASX announcement on 11 April 2016.

Figure 1 – Altura Pilgangoora Lithium Mine Layout



Definitive Feasibility Study

All works completed previously for the Feasibility Study (FS) has formed the basis to progress the work to a Definitive Feasibility Study (DFS) with a further refined overall accuracy for capex and opex of +/- 10%. The Company remains focussed on completion of the DFS as per schedule.

Altura has now expanded its project team significantly in order to firstly complete the DFS but also blend immediately into a construction and operations team for the mine development operation. The DFS will form an integral facet of the project funding package which is currently under the guidance of the Altura's internal corporate team.

Further updates will be provided as they come to hand with delivery of the DFS scheduled during Q3 2016.

Figure 2 – Location Map – Altura Pilgangoora Lithium Project



Maiden Ore Reserve Estimate

In conjunction with the release of the FS results, Altura announced a maiden Ore Reserve estimate of 18.4 Mt @1.07% Li₂O (see Table 2 below). The reserve is classified entirely as a Probable Ore Reserve estimate and was compiled by Oreology as part of their work for the FS.

Significant potential exists to increase both the mineral resource and ore reserve estimates via additional exploration drilling in previously untested areas of the tenements and upgrading portions of the current inferred resources (see Table 3 overleaf) in order to convert to probable ore reserves.

**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	18.4	1.07	1.7	198,390
Total Reserve	18.4	1.07	1.7	198,390

For further details on the ore reserve estimate, please refer to the ASX announcement on 11 April 2016.

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

JORC Category	Tonnes (Mt)	Li ₂ O%	Fe ₂ O ₃	Li ₂ O Tonnes
Measured	-	-	-	-
Indicated	26.7	1.05	1.73	280,000
Inferred	9.0	1.02	1.68	92,000
Total	35.7	1.05	1.72	372,000

For further details on the mineral resource estimate, please refer to the ASX announcements on 11 February 2016 and 11 April 2016.

Binding Agreement for Spodumene Concentrate Offtake

During April 2016 Altura completed negotiations and signed a binding Offtake Agreement (BOA) with China based group Lionergy Limited.

The key terms of the BOA are:

- Lionergy to take a minimum of 100,000 tonnes of 6% Li₂O grade spodumene concentrate annually for an initial 5 year period – any extensions to be negotiated between Altura and Lionergy.
- Lionergy and Altura to negotiate any additional offtake tonnage in excess of 100,000 tonnes annually.
- Conditions Precedent based on the commencement of mining occurring within two years of the date of the signing of the BOA, and Altura obtaining finance for the development of the Project within six months of the date of the signing of the BOA.
- Spodumene concentrate pricing is based on the prevailing US\$ market price and will be negotiated between the parties.

The completion of the first BOA is a key de-risking factor and significant milestone for Altura continuing the aggressive progression of the Pilgangoora Lithium Project to production. The BOA also provides a strong endorsement of Pilgangoora and gives substantial clarity for the project funding and near term development strategy.

Lionergy is a China based company specialised in the Lithium industry. Its business scope covers spodumene exploration and mine development, spodumene concentrate sales and distribution, Li₂CO₃ and LiOH manufacturing and sales, lithium metal manufacturing, and cathode materials manufacturing for Li-ion batteries.

Access and Compensation Deed with Pastoral Lease Holders

On 3 May 2016 the Company announced that it had signed an Access and Compensation Deed with the pastoral lease holders who occupy the land over which Altura's Pilgangoora tenements are located.

The execution of the Deed is a key component to progressing Altura's two (2) Mining Lease Applications in M45/1230 and M45/1231 which cover the current planned mining operations, process plant and site facilities.

The terms and conditions of the Deed are confidential between the parties.

Native Title Agreement

During the June quarter Altura continued to negotiate a Native Title Agreement (NTA) with the Njamal people, the traditional owners of the land at Pilgangoora.

In early July it was announced that Altura and the Njamal people had agreed to terms and executed the NTA. The NTA covers a range of commercial and non-commercial terms which remain confidential in nature.

The signing of the NTA is the final pre-requisite approval to allow the grant of the mining lease applications covering Altura's planned development of the Pilgangoora Lithium Project.

Purchase of Adjacent Tenement E45/2363 from Atlas Iron

In early April Altura completed a sale transaction with Atlas Operations Pty Ltd (a subsidiary of Atlas Iron) to acquire the exploration tenement 45/2363, which is adjacent to Altura's existing Pilgangoora tenements.

The purchase of this tenement has provided further exploration ground to expand Altura's strategically located Pilgangoora tenement package of 11,569 hectares.

Current Exploration and Drilling Program

Funding from the successful \$20 million Placement has enabled Altura to undertake additional drilling on its Pilgangoora tenements.

The drilling is being conducted to provide feedstock for further metallurgical testing geotechnical data for the planned mining area, and to upgrade the existing Inferred Resources to Indicated Resources within the initial pit shell and for resource extension.

Altura has mobilised three (3) drill rigs for this purpose, and the initial results from the drilling program will be released during the September quarter.

The drilling program also involves drilling for water sources, which has culminated in several production bores being identified and tested.

Altura has also identified eight (8) prospective lithium targets on its tenements outside the immediate area of the Project, and will be conducting exploration work on these areas.

Other Project Developments

Other notable project developments during the quarter include the following:

- Preparation of the mining proposal for submission to the DMP (WA Department of Mines and Petroleum)
- Issue of Mining Tender documents and site visit with prospective bidders
- Power Plant tender issued
- Agreements reached with the local authority to upgrade haul road
- Commencement of haul road design
- Expansion of in-house project professional team including recruitment of a full time Processing Manager

LITHIUM CORPORATION (Nevada, USA & British Columbia, Canada - ~10% AJM)

In May 2016, Lithium Corporation (LTUM) announced that it had signed a definitive agreement with 1067323 NV LTD, and 1067323 B.C. LTD., private Nevada, and British Columbia companies with respect to the San Emidio lithium brine property in Washoe County, Nevada.

The terms of the formal agreement are payment of US\$100,000, issuance of 300,000 common shares of 1067323 B.C. LT., or of the publicly traded company anticipated to result from a Going Public Transaction, and work performed on the property by the Optionee in the amount of US\$600,000 over the next three years to earn an 80% interest in the property.

1067323 then has a subsequent Earn-In option to purchase Lithium Corporation's remaining 20% working interest within three years of earning the 80% by paying the Company a further US\$1,000,000. At that point the Company would retain a 2.5% Net Smelter Royalty, half of which may be purchased by 1067323 for an additional US\$1,000,000.

Should the Purchaser elect not to exercise the Subsequent Earn-In, a joint venture will be established. During the Joint Venture, should either party be diluted below a 10% working interest, their interest in the property will revert to a 7.5% Net Smelter Royalty. The first tranche of cash and shares are to be issued within 30 days of the signing of the formal agreement.

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 (33½% AJM)

Production and sales for the quarter were as follows:

	June 2016 Quarter Tonnes	June 2015 Quarter Tonnes	12 months to June 2016 Tonnes	12 months to June 2015 Tonnes
Saleable coal production (100% terms)	111,558	228,624	404,210	973,363
Coal sold (100% terms)	97,089	254,903	453,328	1,077,867
Saleable coal production (Altura 33½% share)	37,186	76,208	134,737	324,454
Coal sold (Altura 33½% share)	32,363	84,968	151,109	359,289

Production at Delta Coal during the 3 months to June 2016 has been stabilised and in line with the previous quarter due to a relatively flat coal market. The ultimate goal of an annual target of 1.5Mt remains as long as suitable contracting capacity and sustainable contracting pricing is applied. The Company has continued negotiations with various contractors in an effort to increase tonnage and reduce mining costs.

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 ASSET DIVESTMENT

As reported in the March quarter 2016, it was agreed between the shareholder group and its Issue Manager and Underwriter that the listing process be put on hold. The decision was based on the challenging commodity market and investor interest in the coal sector.

The shareholder group has a number of options that it is pursuing which include but limited to, the possible sale of the coal assets, asset integration with other operations and potential equity investment in the assets which comprise the Delta Coal Mine and the Tabalong Coal Project.

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

SHARE PLACEMENT

Altura announced on 9 June 2016 that it had completed a heavily oversubscribed direct placement of \$20 million to institutional investors via Joint Lead Managers to the issue, Bizzell Capital Partners Pty Ltd and Canaccord Genuity (Australia) Ltd.

The funds from the Placement will primarily be spent to fast track development and expansion of Altura's Pilgangoora Lithium Project including:

- Timely completion of the DFS;
- Payments due on long lead items and deposits on plant; and
- Additional exploration of its Pilgangoora tenements.

The Placement of 100 million fully paid ordinary shares was conducted at a price of \$0.20 per share.

The Placement price represented an 8.88% discount to the 30 day volume weighted average price for Altura's shares of \$0.2195.

SHARE PURCHASE PLAN

The Company also announced on 9 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 Placement.

Altura received funds from the SPP totalling \$774,000 which was less than the maximum amount of \$3 million offered.

LISTED OPTIONS EXPIRING 30 JUNE 2016 (EXERCISE PRICE \$0.02)

During the quarter over 176.6 million Listed Options were exercised with the last batch of options converted into shares on 12 July 2016.

The Listed Options had a take-up rate of 99.9% and proved to be a successful outcome for both the Company and its shareholders.

The Company received total proceeds of over \$4 million from these Listed Options since their initial issue, with over \$3.5 million being received through option exercises made during the June quarter 2016.

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%
Mt Shoobridge, Northern Territory	EL 29549	100%
	MCN 60	100%
	MLN 296	100%
	MLN 544	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	E 45/2363	100%
	L 45/392	100%
	L 45/400	100%
	L 45/401	100%
	L 45/404	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 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 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 Fellow of the Australasian Institute of Mining and Metallurgy. Mr Fitzsimons is a principal consultant at Oreology 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 11 April 2016. Further, all material assumptions and technical parameters underpinning the mineral resource and ore reserve estimates in those announcements 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.