

ASX ANNOUNCEMENT | 31 July 2020

## QUARTERLY ACTIVITIES REPORT June 2020

### Key Points

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#### Production

- *Altura recorded its fifth consecutive quarter of commercial production, with quarterly production of 46,316 wet metric tonnes (wmt) of lithium concentrate (March quarter 42,282 wmt).*
- *Average quarterly operating cash cost of US\$369/wmt produced (FOB basis), ((March quarter US\$345/wmt (FOB basis)) and reaffirms Altura as one of the lowest cost hard-rock producers globally.*
- *Financial Year production of 181,264 wmt of lithium concentrate, representing 82% of nameplate capacity.*

#### Sustainability

- *No Lost Time Injury (LTI) recorded for the quarter.*
- *No operational impact caused by COVID-19.*
- *12-month contract awarded to Njamal business LC Cranes.*
- *Donations of sporting equipment, cold food storage and power generator for the Warralong and Strelley Communities.*

#### Sales and Marketing

- *Five-year Binding Offtake Agreement signed with Hunan Yongshan Lithium Co., Ltd.*
- *Record quarter with 60,950 wmt (58,208 dry metric tonnes (dmt)) sold and shipped (March quarter 24,500 wmt / 22,564 dmt).*

Altura Mining Limited ABN 39 093 391 774

## Lithium Operations

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

#### Production Overview

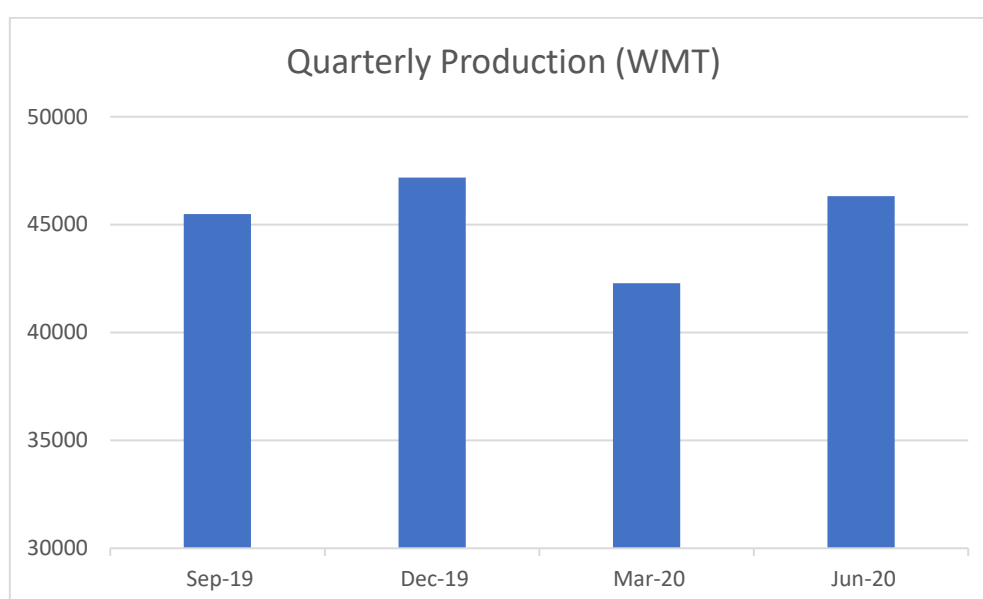
Altura Mining (“Altura” or “the Company”) continues to cement the Altura Lithium Project as a tier-one, globally significant operation, through the consistent delivery of a high-quality, low-cost lithium concentrate.

In the 2019/20 Financial Year Altura produced a total of 181,264 wmt of high-grade lithium concentrate, which equates to 82% of nameplate capacity. The Company recorded its fifth consecutive quarter of commercial production, with a total of 46,316 wmt of concentrate for the quarter, an increase of 4,034 wmt from the previous quarter.

Table 1 – Mining and Process Quantities

	Units	Sep Qtr 2019	Dec Qtr 2019	Mar Qtr 2020	Jun Qtr 2020	Q on Q Change (%)	AFY Total
Ore mined	wmt	476,903	429,890	325,423	435,823	34%	1,668,039
Waste mined	wmt	1,484,978	1,493,295	1,357,732	1,528,968	13%	5,864,973
Strip ratio	waste:ore	3.1	3.5	4.2	3.5	-17%	3.5
Total material mined	bcm	670,842	686,501	581,172	683,993	18%	2,622,508
Ore mined grade Li <sub>2</sub> O	%	1.18	1.27	1.27	1.21	-5%	1.23%
Ore processed	wmt	376,530	345,553	325,258	375,910	16%	1,423,251
Lithium concentrate produced	wmt	45,484	47,181	42,282	46,316	10%	181,263

Figure 1 – Altura Lithium Concentrate Production



The Company's ongoing focus on production capacity, product quality and cost competitiveness is fundamental to its strategy during a challenging time for lithium businesses globally. Unit cost for the June quarter was US\$369/wmt produced, compared with US\$345/wmt (FOB basis) in the March quarter. This price point reinforces Altura as a consistent, low cost lithium concentrate producer on a global basis, and the second lowest cost Australian producer for publicly reported costs to date.

## **Mining**

Total material mined in the June quarter increased by 18% compared to the March quarter which consisted of a 34% increase in ore mined and a 13% increase in waste mined. This increased movement was the main contributor to the rise in production costs compared to the March quarter. Mining volume output was increased due to the continued focus on drill and blast improvement initiatives (resulting in increased dig rates) and the need to make up volume shortfalls from the March quarter. Ore grade remained in line with expectations at 1.21% Li<sub>2</sub>O. Load and haul operations continued working night shift on a one week in three roster, in order to provide a consistent supply of fresh ore to the mill.

## **Processing**

Ore processed in the June quarter increased by 16% over the March quarter with an average feed grade of 1.19% Li<sub>2</sub>O and Lithia recovery of 60% was recorded (in line with March quarter).

Plant utilisation for the quarter was 89%, with major plant downtime attributable to maintenance requirements in the HPGR and ball mill circuits.

The treatment plant throughput rate averaged 186 dmt/h, compared to the nameplate rate of 193 dmt/h. The lower rate was aligned with the operational strategy for the quarter. Crushing plant performance has continued to consistently operate at nameplate levels, following the resolution of throughput constraints in March.

The coarse product circuit performed in line with expectations throughout the quarter, producing 24,114 wmt.

Operational performance in the fines circuit was sustained, producing 22,202 wmt.

Project cost and timelines were completed for an upgrade of the fine circuit grinding capacity, which has been designed to improve lithia recovery in the flotation process. Timing for implementation of the upgrade is being considered along with other recovery improvement initiatives.

## **ROM and Product Stocks**

ROM and crushed ore stocks at the end of June totalled 517,679 wmt, with 306,394 wmt at a grade of 1.20% Li<sub>2</sub>O, providing sufficient stock to blend and feed the process plant.

Concentrate product stocks at the end of the June quarter totalled 28,708 wmt, distributed between site product stockpiles and the Wedgefield storage facility.

During the quarter, contractor Qube Bulk hauled 50,121 wmt to the storage facility from the mine site.

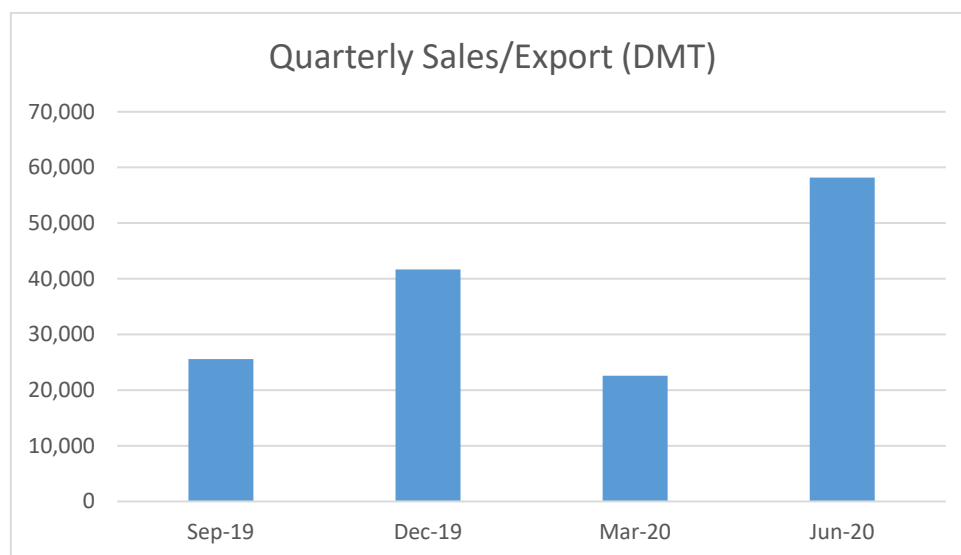
## Marketing and Shipping

Altura signed multi-year contracts with Hunan Yongshan Lithium Co., Ltd, an emerging Lithium Chemicals producer owned by Ningbo Shanshan Co, Ltd, one of Altura's largest shareholders. The contracts allow for supply of lithium concentrate commencing in 2020 through to December 2025 and accounts for a minimum of 44,000 dmt in 2020/21 and a minimum of 60,000 dmt in 2022-2025, with options to increase offtake within each contract year. For further information relating to the contracts, please refer to the ASX Announcement released on 19 June 2020.

Altura registered a record quarter for shipping and sales, with the Company completing four cargoes totalling 58,208 dmt (60,950 wmt). Whilst the quantity was a Company record, Altura also notes that quality aspects of the shipments remain strong and fundamental to Altura's continued performance, across all shipments, the average Li<sub>2</sub>O content was 6.04%, all other key elements were within contracted specification.

Altura continues to receive positive feedback from customers on the high-quality nature of the Company's product. The mineralogy and product handling characteristics all deliver excellent performance in the manufacturing of battery-grade lithium chemicals.

**Figure 2 – Altura Lithium Concentrate Exports**



## Health, Safety and Environment (HSE)

There was no Lost Time Injury (LTI) recorded for the quarter with the Company also delivering a Total Recordable Injury Frequency Rate (TRIFR) of 5.74 for the 12 months to end of June 2020.

One LTI has been recorded for the financial year (November 2019), with a total of two LTI recorded since the commencement of Site activities (project construction) in March 2017. The Company maintains a strong focus on ensuring safe operating practices.

Additional health and safety practices were enforced to ensure the safety of Altura's people and key contractors during the current COVID-19 pandemic. These included social distancing practices, increased cleaning frequency and additional physical and procedural controls.

To date, there have not been any operational disruptions due to COVID-19.

## Exploration and Development

### Geological Mapping

Field activities included mapping and sampling work on the Mallina (E47/2983), Deep Well (E47/3829), Tabba Tabba (E45/2364) and Red Rock (E45/4716) tenements. This work is part of Altura's Earn-In agreement with Sayona Mining (see ASX Release, 8 August 2019).

### Water Exploration

Planning work for upcoming water exploration which will be completed in the next quarter. The targeted water exploration will be for dewatering the pit and future mine site use.

### Desktop Review Work

A desktop review of previous (pre-2010) gold exploration work on Altura's E45/2363 tenement was completed.

## Community

### Warralong and Strelley Aboriginal communities COVID-19 relief

In May, Altura provided a donation to the Warralong and Strelley Aboriginal communities, which assisted towards the purchase of a cold food storage unit and power supply generator for the community kitchen.

"Altura's contribution assisted with food security for the local communities, which has been an area of concern during the COVID-19 pandemic. The extra cold storage will also create a capacity building opportunity for the post COVID-19 recovery." A representative of Strelley station said.

Altura also donated sporting equipment to the Strelley Community School, which with the cold food storage unit will assist with the school's existing healthy living program.

Figure 3 – Warralong and Strelley cold food storage unit and kitchen facilities





## LC Cranes awarded operations support contract

Altura awarded a 12-month crane hire contract to LC Cranes, a Njamal Business. Altura Managing Director James Brown said *"it is encouraging to see that we are able to work closely with our Native Title Holders and strengthening our existing relationship. We look forward to working with LC Cranes on many projects around the plant and shutdowns."*

Figure 4 – LC Cranes MRC 25T Franna on Altura's Pilgangoora Site



## Corporate

### Financial Commentary

Cash and cash equivalents at 30 June was \$8.0 million, inclusive of \$5.7 million of irrevocable bank letters of credit for the shipment that completed loading in the first week of July. Operating cash costs were US\$369/wmt (FOB), compared with US\$345/wmt in the March 2020 quarter. The stability of the operating cash cost has been positive since the declaration of commercial production in March 2019, with the average cost per wmt produced for the last financial year of US\$358 wmt (FOB).

Internal cost control and tracking processes implemented to identify cost reduction opportunities has resulted in a small variance in operating costs in the 12 months to June 2020 which in turn has enabled a high level of confidence in operational cost forecasting. The ability to benchmark the operations provides measurable cost control and focus on identified continuous improvement initiatives.

As referenced earlier the unit production cost was influenced by an 18% increase of Total Material Mined as a major influence on increasing mining costs for the quarter. Operating cash costs include mining, processing, transport, port and site based general and administration costs, but excludes royalty.

### September 2020 Quarter Outlook

Altura has proven its ability to deliver a high-quality product and steady operations.

Whilst the September quarter 2020 production and sales are anticipated to be broadly in line with previous quarters, there remains some potential uncertainties arising from the global impact of COVID-19. Altura will not be providing sales and production guidance.

However, the Company completed loading the first cargo for Financial Year 2021 in the first week of July, with another shipment due to commence loading aboard the Margaret SW 30/31 July. The gross tonnage of concentrate for these two shipments is expected to be approximately 27,000 wmt with finalisation of both August and September cargoes currently underway.

Operating cash costs are expected to remain in line with the previous results of US\$350 to US\$390/wmt.

During the September quarter the next lift of the Tailings Storage Facility (TSF) will be constructed. This will allow for another two years of TSF operation, prior to the construction of a second TSF which will be for the Life of the Mine.

A campaign of soil sampling on E45/2363 and dewatering development around the pit will be undertaken in the next quarter.

### **Corporate Outlook**

A key focus for Altura is the strengthening of its balance sheet to ensure it is appropriately capitalised and ready to take advantage of the improving fundamentals of lithium and the wider EV market. The Company is currently engaged with several parties to pursue these options, which include both debt and equity discussions, via its appointed adviser Azure Capital. Altura will continue to update the market in relation to these matters as they evolve, however notes that no transaction is guaranteed to occur.

### **Other Disclosure**

As disclosed under item 6.1 in the Appendix 5B (below) the Company made payments totalling \$273,000 during the quarter to related parties and their associates comprising of Executive Director salaries, Non-Executive Director fees and superannuation.

**Authorised for release by the Board of Directors**

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

*Altura is a key player in the global lithium market and is leveraging increasing demand for raw materials required to manufacture lithium ion batteries for electric vehicles and static storage uses. Altura owns and operates the world-class Altura Lithium Project at Pilgangoora in Western Australia's Pilbara region. The current processing infrastructure has a production capacity of 220,000tpa of high-quality spodumene concentrate. The Company declared Commercial Production in March 2019 and subsequently delivered increasing production and sales whilst also reducing its unit costs. Altura has a clear pathway forward to further reduce its operating costs and continues to perform at globally competitive levels.*

For further information:

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#### **Media**

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Citadel-MAGNUS

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALTURA MINING LIMITED

ABN

39 093 391 774

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		31,329	86,373
1.2 Payments for			
(a) exploration & evaluation		-	-
(b) development		-	-
(c) production		(22,828)	(87,093)
(d) staff costs		(3,982)	(16,904)
(e) administration and corporate costs		(1,505)	(3,753)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	4
1.5 Interest and other costs of finance paid		-	(15,927)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		470	470
1.8 Other (provide details if material)			
• Payments for government and other royalties		(1,368)	(8,776)
• Royalty receipts received from sale of iron ore at Mt Webber		455	2,799
<b>1.9 Net cash from / (used in) operating activities</b>		<b>2,571</b>	<b>(42,807)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) tenements		-	(100)
(c) property, plant and equipment		(947)	(5,506)
(d) exploration & evaluation		(169)	(519)



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	2
	(d) investments	-	260
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	• Proceeds from security deposits	-	52
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(1,116)</b>	<b>(5,811)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,000	42,755
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(60)
3.5	Proceeds from borrowings	-	7,878
3.6	Repayment of borrowings	(5,000)	(7,878)
3.7	Transaction costs related to loans and borrowings	-	(714)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	• Payments of lease liabilities	(129)	(504)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(129)</b>	<b>41,477</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>1,326</b>	<b>(7,141)</b>
4.1	Cash and cash equivalents at beginning of period	1,060	9,513
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,571	(42,807)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,116)	(5,811)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(129)	41,477
4.5	Effect of movement in exchange rates on cash held	(78)	(64)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,308</b>	<b>2,308</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,308	1,060
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,308</b>	<b>1,060</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

273

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities <sup>(i)</sup>	235,324	235,324
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) <sup>(ii)</sup>	50,000	-
7.4	<b>Total financing facilities</b>	285,234	235,234

7.5	<b>Unused financing facilities available at quarter end</b>	50,000
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

- (i) Altura has a secured loan note facility fully drawn to the facility limit of US\$161.5 million that matures in August 2023. The interest rate is 15%. The facility has been restated to reflect the closing AUD/USD foreign exchange rate at 30 June 2020 of 0.6863.
- (ii) Altura executed a Put Option Agreement with LDA Capital, LLC (LDA) in March 2020 to the value of A\$50.0m which entitles Altura to issue shares to LDA at Altura's discretion and receive funds of those shares. The maturity date is March 2023 and the unsecured facility has a zero interest rate.

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	2,571
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(169)
8.3	Total relevant incoming / (outgoings) (item 8.1 + item 8.2)	2,402
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,308
8.5	Unused finance facilities available at quarter end (item 7.5)	50,000
8.6	Total available funding (item 8.4 + item 8.5)	52,308
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	N/A

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: Altura Board of Directors

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.