

3 October 2012

ASX ANNOUNCEMENT

89% Increase in Mineral Resource Estimate at Altura Lithium project confirms status as world class deposit

Altura Lithium (Pilgangoora - Western Australia) 100% Altura Mining Limited

- Upgraded JORC Mineral Resource Estimate at Pilgangoora Lithium project of **25.2 million tonnes @ 1.23% Li₂O** representing an **89% increase** over the previous estimate with slightly higher grade
- The Mineral Resource estimate of **310,000 tonnes** of contained lithium oxide
- Forecast Exploration Target of 18 - 25 million tonnes @ 1.3 to 1.6% Li₂O (see ASX release on 8 August 2011) has been achieved with minor reduction in the lithium oxide grade declared in the exploration target
- Potential to increase the Mineral Resource estimate and lithium grade in the tenement by drilling areas of pegmatite outcrops that have been identified and sampled but not yet drilled

Altura Mining Limited (ASX: AJM) is pleased to announce an 89% increase to the Mineral Resource estimate (JORC compliant) at its Pilgangoora Lithium project. The new Mineral Resource estimate of **25.2 million tonnes @ 1.23% Li₂O** (see Table 1) replaces the previous estimate of 13.3 million tonnes @ 1.21% Li₂O from November 2011.

Table 1 – Pilgangoora Lithium Resource Estimate

Pilgangoora Li ₂ O Resource – October 2012				
Zone	Resource	Tonnes	Li ₂ O %	Li ₂ O tonnes
C1, E1, N1	Indicated	14,992,600	1.27	190,783
	Inferred	7,239,155	1.22	88,173
S1	Indicated	2,295,335	1.11	25,374
	Inferred	630,175	0.95	6,012
Subtotal	Indicated	17,287,935	1.25	216,157
	Inferred	7,869,330	1.20	94,185
Total	All Resources	25,157,265	1.23	310,342

based on 0.7% Li₂O cut-off grade

The Mineral Resource estimate revision is the result of an extensive reverse circulation (RC) drill program completed by the Altura Drilling in-house team. A selected diamond core program has

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also provided spodumene mineralised ore for extensive metallurgical testing. The RC drill program proved the existence of the mineralised pegmatite dykes along strike and at depth plus also confirmed the homogeneity of the lithium grade and structure of the ore body.

The Mineral Resources within the Pilgangoora deposit is concentrated within twelve (12) spodumene-rich pegmatites. The estimate was completed in house by Altura’s geological team via the construction of a three-dimensional geological model using Micromine software. A total 159 RC holes totalling 14,429 metres of drilling were used to create the geological model (see Figure 1).

Block models were created within each of the pegmatite dyke wireframes with an Inverse Distance Weighting (IDW) weighting of the block model. Micromine also provided expert consultancy services to Altura in order to advise and validate the estimation process. The Mineral Resource has been reported and classified in accordance with the 2004 JORC guidelines and code.

Figure 1 – Pilgangoora Lithium 3D Views

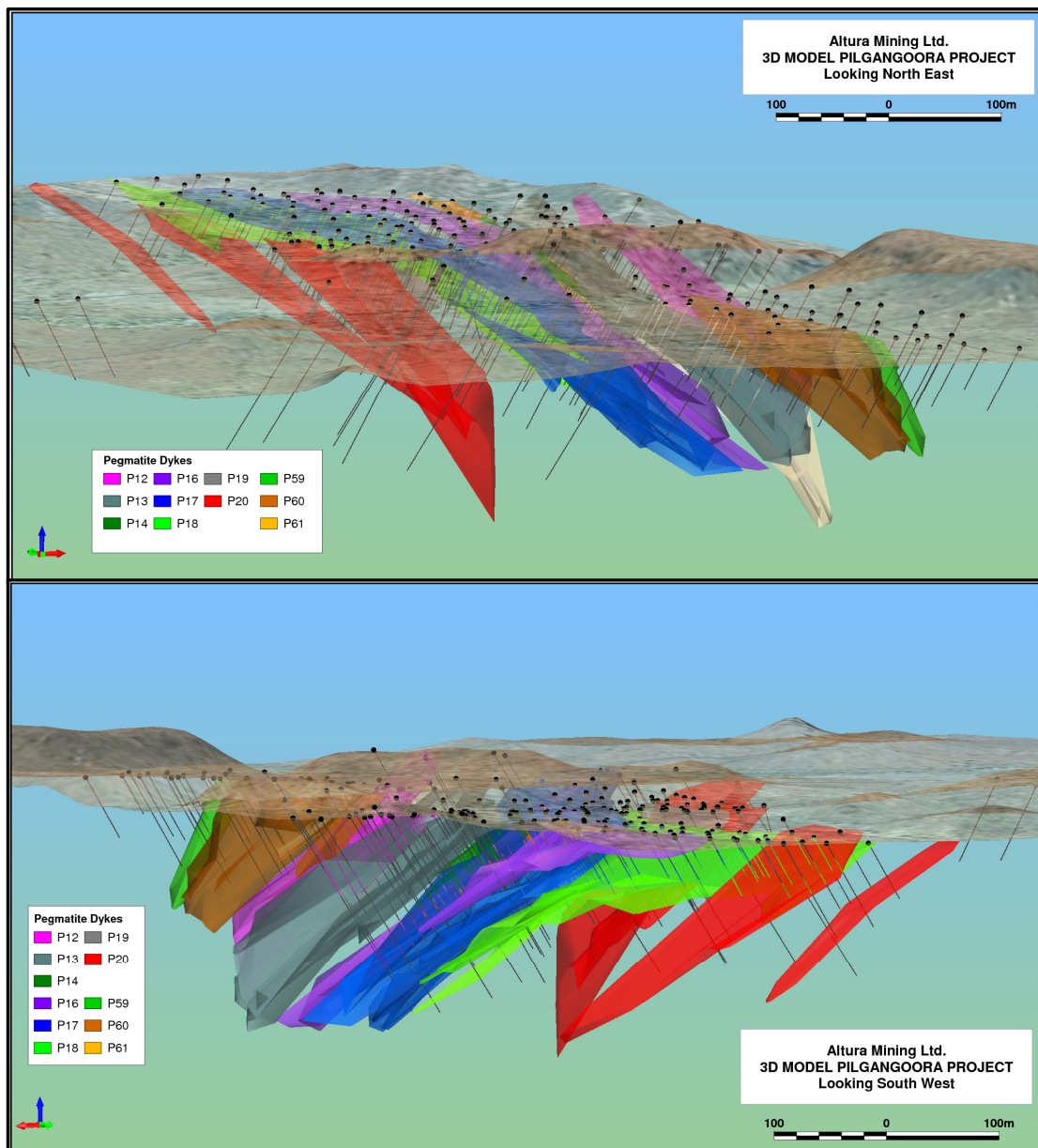
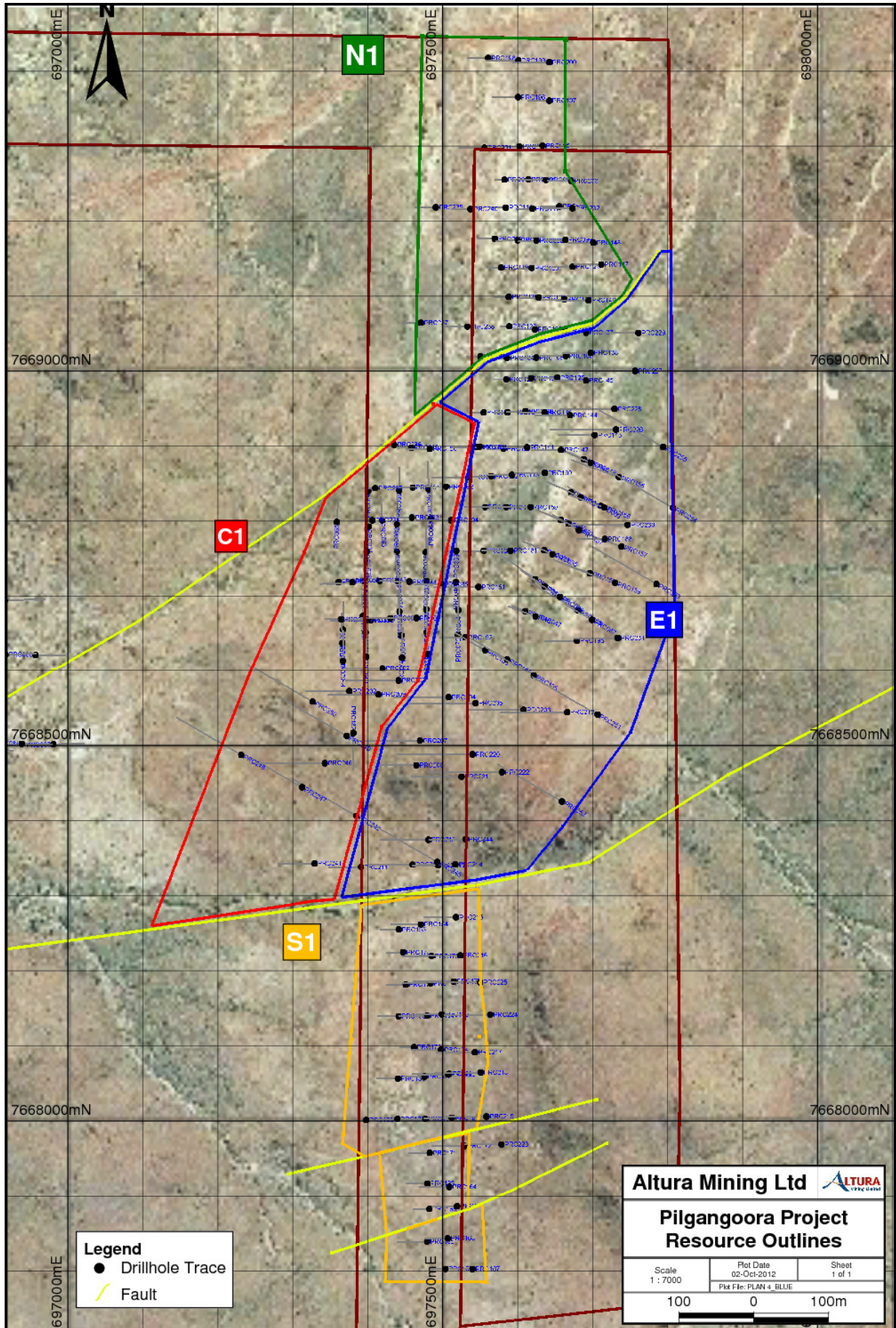


Figure 2 – Pilgangoora Lithium Mineral Resource Outlines



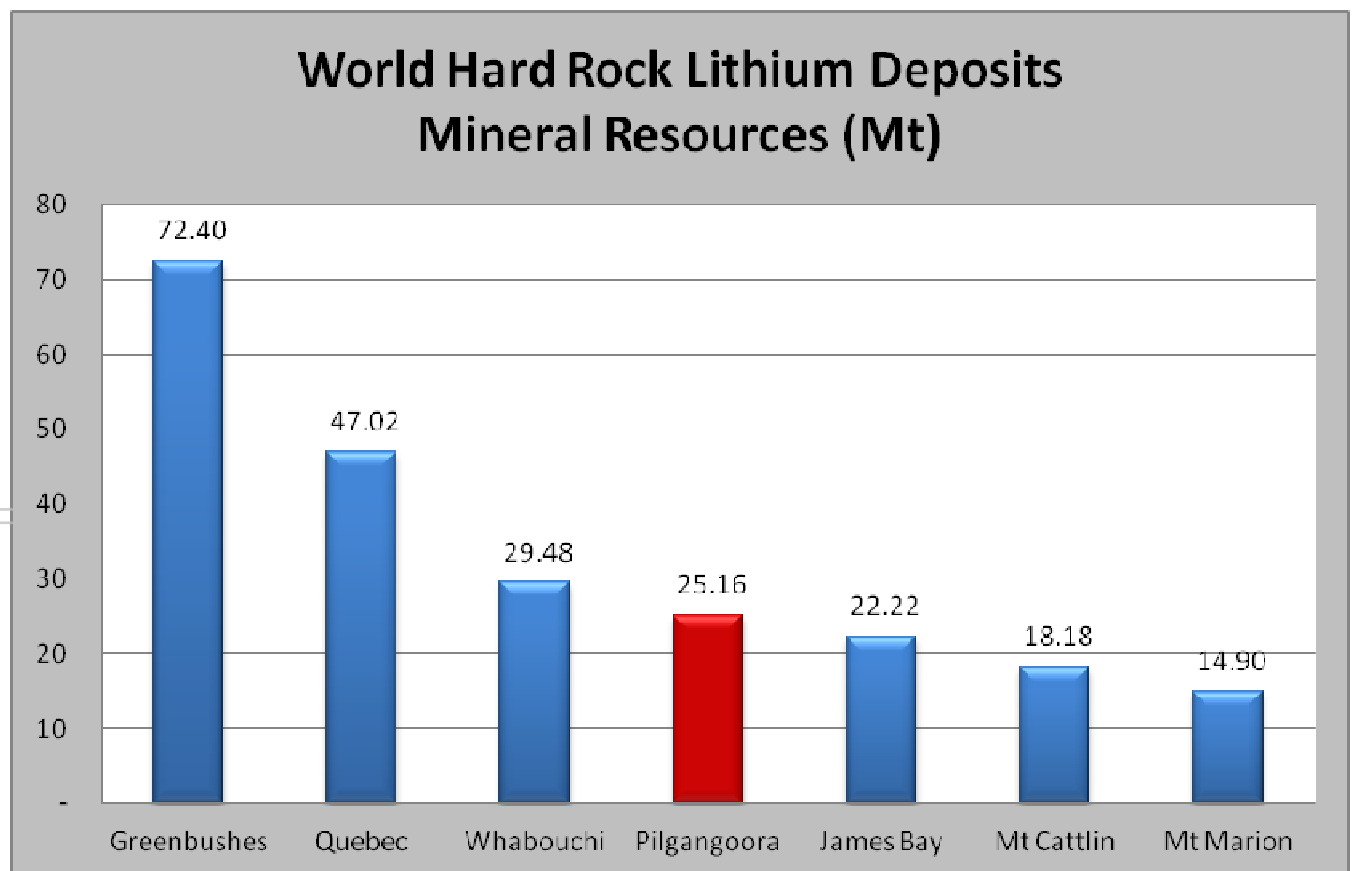
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Worldwide Comparison

The Pilgangoora Lithium project is now confirmed as a significant new discovery that ranks highly with other known worldwide hard rock lithium deposits. The rapid progression from identification of the lithium mineralisation at Pilgangoora to the current Mineral Resource estimate has been achieved in less than 2 years.

The majority of other deposits are owned by pure lithium plays either in operation or in various stages of feasibility. The Altura Lithium project ranks highly in terms of resource size and grade and has the added advantage of ease of accessibility to infrastructure and port facilities (see below).

Company	Market Capitalisation	Deposit(s)	Country	Status
Talison Lithium (TSX:TLH)	C\$ 700M	Greenbushes	Australia	Producing
Canada Lithium (TSX:CLQ)	C\$ 230M	Quebec	Canada	Construction
Nemaska Exploration (TSXV:NMX)	C\$ 60M	Whabouchi	Canada	Feasibility
Altura Mining Limited (ASX:AJM)	A\$ 70M	Pilgangoora	Australia	Pre-feasibility
Galaxy Resources (ASX:GXY)	A\$ 300M	James Bay	Canada	Pre-feasibility
		Mt Cattlin	Australia	Producing
Reed Resources (ASX:RDR)	A\$ 100M	Mt Marion	Australia	Pre-development



Source: Company Reports

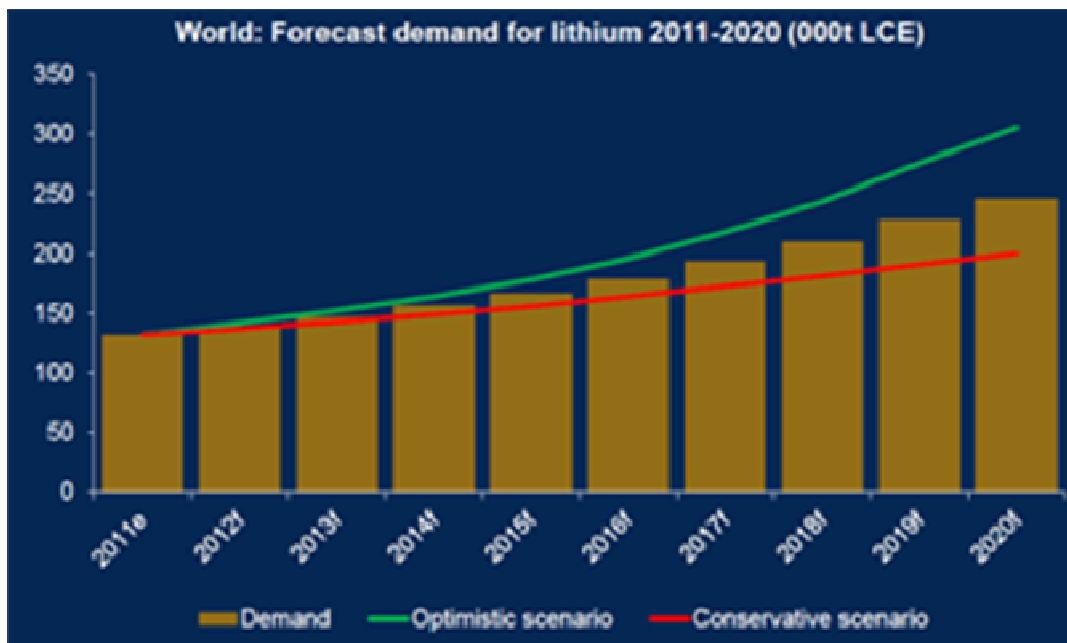
Lithium Outlook

The lithium outlook is quite promising given the forecast demand increase in coming years. Most existing producers have reported increases in both price and demand in 2011 and 2012. In July 2012, Talison Lithium announced that it had agreed a price increase of 10% for its chemical-grade lithium concentrate, which when combined with a 15% price increase earlier in the year, amounted to a total increased selling price of 25% in calendar 2012.

Recently the Directors of hard-rock lithium producer Talison Lithium have recommended a takeover by speciality chemicals maker Rockwood Holdings for C\$724 million in order to increase its lithium output.

Rockwood has announced that it expected strong sales growth for lithium products driven by higher selling prices, as well as increased volumes of lithium products for the battery industry. Talison produced more than 350,000 tonnes of lithium products last year and has been producing lithium for more than 25 years.

Roskill Information Services Ltd reported at the 4th Lithium Markets and Supply Conference in Buenos Aires, Argentina in January 2012 that Australia now accounts for approximately 40% of mined lithium output with Chile seeing little increase in brine based product since 2006. The base-case demand for lithium products is forecast to grow by 7.5% per annum through to 2020 but could have a potential upside of 10% per annum. Mineral output slightly exceeded brine output in 2011 which brought an end to over a decade of brine dominance.



Source: Roskill 4th Lithium Markets and Supply Conference – January 2012 Buenos Aires, Argentina

Metallurgical, Process and Capital Cost Studies

Pre-feasibility metallurgical and process design studies are well under way under the supervision of Mineral Engineering Technical Services Pty Ltd (METS), an independent specialist consulting group based in Western Australia.

The scope of work being undertaken by METS covers three (3) Phases, with Phase 1 determining physical and metallurgical properties of the ore. Phase 2 will determine the process design, mass balance and grade of the lithium oxide concentrate product. Phase 3 will provide preliminary capital expenditure and operating expenditure costing for future process plant including financial and sensitivity analysis.

To date Phase 1 has been completed and indicated no apparent impediments for successful ore processing. Phase 2 has been completed and is currently under review whilst Phase 3 has been initiated. All phases are scheduled for completion by the end of Q4 2012 and it is anticipated that the bulk of this test work and process design, including preliminary costing will be included in any future feasibility studies.

Looking Forward

Further drilling is currently taking place to finalise some of the deeper stratigraphic targets before the program re-commences with an extended diamond core program aimed at conversion of Mineral Resources to Ore Reserves. Altura will continue to utilise its in-house drilling service to achieve significant cost savings and project management control. Phase 3 of the previously described scope of work is due for completion in Q4 2012. This phase will deliver mining cost, detailed processing requirements and capital estimates to establish a hard rock lithium operation at Pilgangoora.

Altura will focus on completion and evaluation of all necessary mining and costing studies in early 2013 to place it in a position to proceed with the mining development. In order to underpin the mining development the Company will also be actively engaging interested end users and customers to purchase lithium oxide concentrate produced from Pilgangoora.

In early 2013 and upon completion of all mining and costing studies Altura is aiming to be in a position to make a decision to proceed to mine. The Company will also be actively seeking interested parties who may be end users or customers to purchase lithium oxide concentrate produced from Pilgangoora. In the event of a positive decision to mine Altura will fast track the project to production.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Bryan Bourke, who is a member of the Australian Institute of Geoscientists and a full-time employee of Altura Mining Limited. Bryan Bourke has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Bryan Bourke consents to the inclusion of such information in this Report in the form and context in which it appears.

About Altura Mining Limited (ASX:AJM)

“Aggressively building independently sustainable businesses that deliver profitability, liquidity and growth in coal, iron ore and non-ferrous mining and exploration” - **The Altura Vision**

Altura is a multi-faceted miner with significant coal, iron ore and lithium projects in Indonesia and Australia, a diverse minerals exploration portfolio, and a profitable mining services arm that provides drilling, geophysical and project development services.

With experienced leadership and a strong and supportive shareholder base, Altura’s success is further underpinned by its solid suite of exploration and development projects. The Company’s main focus is coal and its key project, Tabalong Coal in Indonesia, is in the final stages of approvals before mining commences.

Key Projects and Prospects:

- **Coal:** Mine construction at Tabalong planned for this year, with production in early 2013.
- **Iron Ore:** Mt Webber DSO joint venture with Atlas Iron.
- **Lithium:** Prefeasibility at Pilgangoora WA, one of the world’s largest high grade deposits.
- **Uranium:** Exploration stage of key targets in Hayes Creek region, Mt Shoobridge NT.
- **Base/Precious Metals:** Exploration stage for lead, copper, zinc, gold and silver prospects - Shoobridge NT, Pilbara WA, Smithfield WA, Tanami NT.
- **Garnet:** Balline Mineral Sands Project WA.

For further information, please visit www.alturamining.com or phone James Brown, Managing Director or Paul Mantell, Executive Director on + 61 7 3814 6900.

