

17 October 2016

ASX ANNOUNCEMENT

Letter of Intent Signed with Offtake Partner (Lionergy) for Pilgangoora Lithium Project

Highlights

- Lionergy, a senior shareholder and long term supporter of Altura, appointed to assist with funding of the Pilgangoora Lithium Project
- Lionergy plans to construct a lithium carbonate plant in China to coincide with commencement of operations at Altura's Pilgangoora lithium mine
- Lionergy intends for the carbonate plant to be a significant customer of spodumene from Pilgangoora
- Altura has an opportunity to become a shareholder in Lionergy's lithium carbonate plant in China

Altura Mining Limited (**ASX: AJM**) is pleased to advise that it has executed a Letter of Intent (LoI) with Lionergy Limited (Lionergy) to assist the Company with its funding requirements for the construction of its Pilgangoora Lithium Project.

Lionergy will be Altura's exclusive agent in China with respect to the proposed financing, and the parties have agreed to work together to ensure the most appropriate funding arrangements are achieved for development of the mine in the near term.

The LoI with Lionergy is focussed on providing a substantial amount of the funding required to build and commission Altura's Pilgangoora Lithium 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. Altura is already working with other global debt and equity groups and the Company believes a combined offtake and funding outcome would be favourably received by other potential funding providers.

Following the successful completion of the funding, the LoI also allows for Altura to progress discussions to invest in Lionergy's planned lithium carbonate processing plant to be constructed in China. Lionergy's lithium carbonate plant will be a significant customer for Altura's spodumene concentrate, and its construction would be timed to be completed to align with Altura's commencement of operations at its Pilgangoora lithium operation.

Investment in the lithium carbonate plant would allow Altura to benefit from the significant margins being achieved in the downstream processing of spodumene concentrate, and ensuring its future competitiveness in the industry into the long term.

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The execution of the LOI further cements the relationship between Altura and Lionergy who have been instrumental in developing downstream processing technology and forging strong relationships with existing Chinese lithium battery producers. Lionergy have participated in two capital raising processes with Altura and remain senior shareholders of the Company.

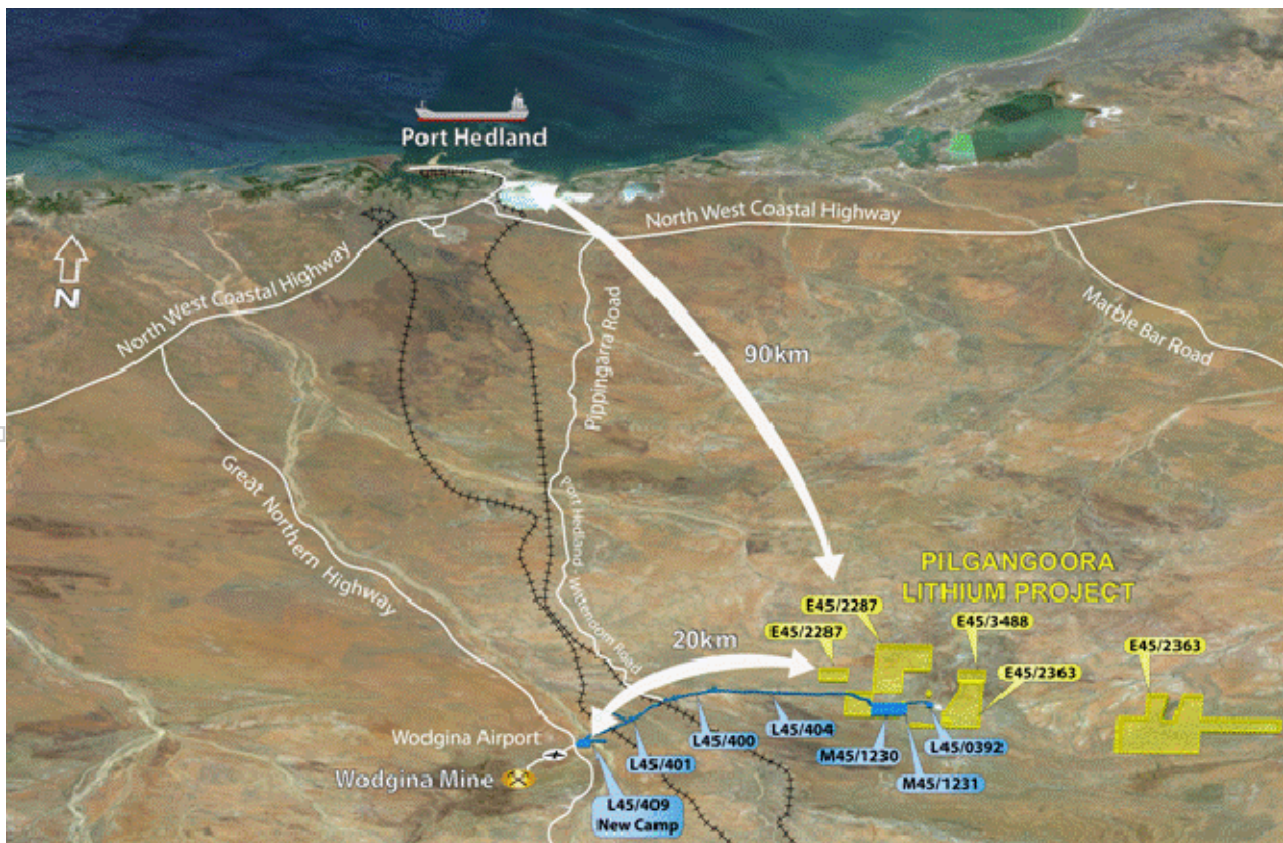
Altura has also agreed with Lionergy to amend certain conditions precedent of its Binding Offtake Agreement (BoA) with Lionergy (see ASX release of 26 April 2016) to extend the time for completion of the financing of the lithium project to 22 January 2017.

The signing of the LOI and the amendment of the BOA reflects the confidence that Lionergy has with the substantial progress that has been made on the Pilgangoora Lithium project in recent months including:

- The release of the results of a Definitive Feasibility Study (DFS) with key outcomes being a project Net Present Value (NPV) of \$411 million on a real basis (10% discount) over an initial 13 year mine life based on an ore reserve estimate of 20.33 million tonnes*, Life of Mine (LOM) cash costs of A\$316 (approx.) per tonne FOB of spodumene concentrate, an attractive capital estimate of A\$139.7 million including sustaining capital and a payback period of 1.8 years (see ASX release of 26 September 2016); and
- The granting of the two Mining Leases (M45/1230 and M45/1231) by the Western Australian Department of Mines and Petroleum (DMP), and the subsequent lodgement of the Mining Proposal (the last remaining regulatory prerequisite) with the DMP (see ASX release of 7 September 2016).

* Note: The JORC Ore Reserve estimate of 20.33 million tonnes @ 1.06% Li₂O is classified entirely in the Probable Category (see ASX release of 22 September 2016).

Altura Pilgangoora Lithium Project Location



About Lionergy Limited

Lionergy Limited is a China based company specialized in the Lithium industry. Its business scope covers spodumene exploration, spodumene mine development, spodumene concentrate sales and distribution, Li₂CO₃ and LiOH manufacturing and sales, Lithium metal manufacturing, cathode materials manufacturing for Li-ion batteries. This broad coverage and the integration of the lithium industry places Lionergy at the cutting edge in China's Lithium industry.

The directors and the management of Lionergy have been working in the Chinese Lithium industry for almost twenty years. They have experienced the growth in the Lithium industry in China from a very small scale to a presently booming sector. The directors of Lionergy have established a very good reputation in the Chinese Lithium industry and are well connected.

Confirmation - Ore Reserve Estimation

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement of 22 September 2016 ("Pilgangoora Lithium Mineral Resource and Ore Reserve Update"). Further, all material assumptions and technical parameters underpinning the 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 lithium product 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.

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