



ASX ANNOUNCEMENT | 10 July 2017

ALTURA COMPLETES BINDING OFFTAKE AGREEMENTS WITH LEADING CHINESE BATTERY MANUFACTURER AND LITHIUM CONVERTER

- *Leading Chinese battery manufacturer J&R Optimum Energy (Altura's largest shareholder) to receive a minimum 100,000 tonnes of 6% grade spodumene concentrate annually*
- *Updated offtake agreement with experienced lithium product specialist group Lionergy Limited – also to receive a minimum 100,000 tonnes of 6% grade spodumene concentrate annually*
- *Both floor and ceiling prices have been agreed which will guarantee strong positive financial returns for the Pilgangoora Lithium Project*
- *Minimum of 90% of initial production target for Pilgangoora of 220,000tpa has now been secured under binding offtake*
- *Development remains on track for commissioning in Q1 2018 to provide a pathway to strong cashflows via buoyant spodumene market and price*
- *Altura Board of Directors approve Stage 2 expansion study of Pilgangoora Lithium Project to 450,000 tonnes annually in order to be aligned with offtake partners' growth plans*
- *Final project funding plan proceeding and underpinned by the strong BOA terms*

Altura Mining Limited (ASX: AJM) is pleased to advise that it has executed a Binding Offtake Agreement (BOA) with leading Chinese battery producer Shaanxi J&R Optimum Energy Co., Ltd (J&R Optimum Energy) and has revised the terms of the existing BOA with prominent Chinese based lithium and battery materials processor Lionergy Limited (Lionergy) to align both BOA's.

The completion of the BOA's marks a significant milestone for Altura and its offtake partners and provides support for the advanced development of Altura's flagship Pilgangoora Lithium Project. In particular, the completion of the BOA's will provide increased certainty and confidence for investors and prospective financiers of the Project.

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The alliance formed between Altura and its partners also provides a strong concept of formulating a complete supply chain solution with conversion capacity for lithium carbonate and lithium hydroxide coupled with a significant lithium battery producer.

Altura will now take a key upstream position in the “Optimum Nano New Energy Alliance” (Lionergy Group are members) which is aimed at supplying a range of material and products to the EV, large EV and static storage system market.

Lionergy has significantly progressed the design and construction of a purpose-built lithium carbonate and hydroxide plant to accept the entire initial spodumene production from Pilgangoora. The new plant is expected to be operational by Q2 2018 to coincide with first shipments from Altura.

Key terms of BOA – J&R Optimum Energy

- Minimum of 100,000 dry metric tonnes (dmt) per annum of 6% grade spodumene concentrate (pro-rated) – first product sales to commence before 30 June 2018
- Term of BOA of 5 years minimum
- Conditional on Altura obtaining financing for the development of the project on or before 31 August 2017 (or such later date as may be notified by Altura to J&R Optimum Energy)
- Minimum price of US\$550 dmt (FOB) for first three (3) years of BOA (based on Li₂O content per dmt on 6% Li₂O)
- Maximum price of US\$950 dmt (FOB) for first three (3) years of BOA
- Annual pricing to be agreed via consideration of current market pricing information, including but not limited to indices for spodumene (if available); prices published or announced by other companies and movement in lithium carbonate prices, subject to the floor and ceiling price for first three (3) years
- Any additional spodumene concentrate will be available for purchase by J&R Optimum Energy, and any shortfall of sales to Lionergy will be purchased by J&R Optimum Energy

Key terms of BOA – Lionergy

- Minimum of 100,000 dry metric tonnes (dmt) per annum of 6% grade spodumene concentrate (pro-rated) – first product sales to commence before 30 June 2018
- Term of BOA of 5 years minimum
- Conditional on Altura obtaining financing for the development of the project on or before 31 August 2017 (or such later date as may be notified by Altura to J&R Optimum Energy)
- Minimum price of US\$550 dmt (FOB) for first three (3) years of BOA (based on Li₂O content per dmt on 6% Li₂O)
- Maximum price of US\$950 dmt (FOB) for first three (3) years of BOA
- Pricing to be agreed via consideration current market pricing information, including but not limited to indices for spodumene (if available); prices published or announced by other companies and movement in lithium carbonate prices, subject to the floor and ceiling price for first three (3) years

Stage 2 Expansion study

At the request of Altura's offtake partners, the Company has approved the commencement of an initial Stage 2 expansion study of the Pilgangoora Lithium Project.

The scoping study will assist the Company in determining the optimal mine output with the aim of increasing production to 450,000 tonnes annually in order to be aligned with offtake partners' growth plans.

Project Funding Update

The Company expects the finalisation of the project funding package to be completed in the coming weeks and will advise the market accordingly once it is appropriate to do so.

About J&R Optimum Energy

J&R Optimum Energy is listed in Shenzhen (SZSE code: 300116) and wholly owns the Optimum Nano battery operations also headquartered in Shenzhen, China.

J&R Optimum Energy has a current market capitalisation of 29.1 billion RMB (approximately A\$5.6 billion) and is focussed on lithium power battery systems utilised in EV, large EV and static storage systems. In 2016, J&R Optimum Energy had capacity to produce 12GWh of batteries and is expected to have 20GWh capacity by end of 2017.

J&R Optimum Energy has executed at least seven (7) major battery supply contracts in 2017 to produce 103,400 battery sets at a contract value of 10.3 billion RMB (~A\$2.0 billion). Recently J&R Optimum Energy updated that market in which it stated the company sold 1.1Gwh of batteries in Q1 2017 and expected to sell 2.5GWh by the completion of Q2 2017.

About Lionergy

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 and connections in the Chinese Lithium industry.

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 2018. Altura has an experienced in house team focussed on delivering the Pilgangoora project into production. The project is the most advanced stage, near term producing lithium project; coupled with solid offtake partners and a market providing substantial growth opportunities to ensure positive shareholder returns.

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