

Robust DFS : payback 1.8 years

Product within 15 months

Recommendation

Strong BUY, High Risk

Price

13.0c

Valuation

30.5c

Commodity

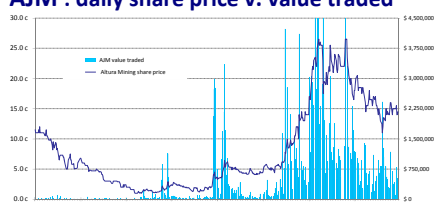
Lithium

- On 22 September, AJM announced an increase in the Mineral Resource Estimate for its Pilgangoora project.
- AJM also increased the Ore Reserve Estimate, from 18.47Mt at 1.07% Li₂O for 198kt contained Li₂O, to 20.3Mt at 1.06% Li₂O for 215kt contained Li₂O.
- On 26 September, AJM announced the results of its DFS, showing a very robust project with a short pay-back period, of about 22 months.
- The DFS shows slightly higher throughput (10%), cap.ex (8%) and op.ex (6%) than the PFS. Beer & Co's revised valuation reflects these changes.

Snapshot

| | |
|-----------------------------|---------------|
| Market Cap | \$160m |
| Cash on hand (30 June 2016) | \$22.1m |
| Net cash (Debt) | Approx. \$8m |
| Shares on Issue | 1,231.6m |
| 52 Week High | 28.2c |
| 52 Week Low | 3.5c |
| 1 month / 6 month VWAP | 14.6c / 19.6c |

AJM : daily share price v. value traded



AJM listed in 2001 and focussed on Tantalum, initially at Bald Hills. It acquired Pilgangoora in November 2001.

AJM acquired Indonesian coal interests in 2007 and is now seeking to list them on the SGX. AJM developed iron ore operations at Mt Webber, with Atlas Iron, and has since exited its 30% stake.

AJM produced a scoping study on Pilgangoora in November 2012. The results of a PFS were announced in February 2016, and the DFS in September. First product is expected in late 2017.

Author : Pieter Bruinstroop
pbruinstroop@beerandco.com.au

Mineral Resource Estimate increased

AJM announced an increased in its MRE; Indicated Resources increased from the 11 February estimate of 26.7Mt at 1.05% Li₂O, for 280kt contained Li₂O, to 30.6Mt grading 1.04% Li₂O for 318kt contained Li₂O. Overall resources increased from 35.7Mt at 1.04% for 372kt contained Li₂O to 39.2Mt at 1.02% for 400kt of Li₂O.

Ore Reserve and Mining Inventory increased

AJM announced an increased in the Ore Reserve Estimate, from the 11 April estimate of 18.5Mt at 1.07% Li₂O for 198kt of contained Li₂O, to 20.3Mt at 1.06% Li₂O for 215kt of contained Li₂O.

The mining inventory, which includes material within the pit shell used to define the Reserve but not included in the estimate of Indicated Resources, is 21.6Mt, or 15 years of mine life.

DFS Results announced

The results of the DFS show a variation of 10% or less from the results of the PFS in April, with higher throughput (1.4Mt/yr to 1.54Mt/yr), pre-production capital costs (\$124m to \$132m) and operating costs (\$298/t of product to \$316/t), with about 2/3 of the increase due to lower assumed recoveries, from 83% to at least 80% in 75% of the testing.

AJM's Pilgangoora project is a very robust project; the DFS shows a pay-back period of 22 months, but Beer & Co's modelling, due to higher near term prices, shows a pay-back period of about 15 months from first product.

First product is expected in December 2017.

Beer & Co affirms Strong BUY, High Risk recommendation

Beer & Co model has been revised for a large number of relatively small changes. Our revised valuation is 30.5c/share, which is more than 2x the current share price.

Beer & Co affirms our recommendation of Strong BUY, High Risk.

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Revised Resources and Reserves

Resources Increased

On 22 September, AJM announced a revised Mineral Resource Estimate for its Pilgangoora spodumene project.

Figure 1 shows the Resources estimate prepared in February for the Pre-Feasibility Study (PFS), while Figure 2 shows the recently announced estimate which has been prepared as part of the Definitive Feasibility Study (DFS).

AJM has increased its Resources at its Pilgangoora project

Figure 1 : AJM Pilgangoora, MRE, February 2016

| Resources Category | cut-off Li ₂ O | Li ₂ O | |
|--------------------|---------------------------|-------------------|-------------------------|
| | | grade | contained |
| Measured | 0.40 % | | |
| Indicated | 0.40 % | 26.7 Mt | 1.05 % 280,000 t |
| Inferred | 0.40 % | 9.0 Mt | 1.02 % 92,000 t |
| TOTAL | | 35.7 Mt | 1.04 % 372,000 t |

Source : AJM ASX announcement, 11 February 2016, Beer & Co

All of the increase in contained Li₂O is in the Indicated category

Figure 2 : AJM Pilgangoora, MRE, September 2016

| Resources Category | cut-off Li ₂ O | Li ₂ O | |
|--------------------|---------------------------|-------------------|-------------------------|
| | | grade | contained |
| Measured | 0.40 % | | |
| Indicated | 0.40 % | 30.6 Mt | 1.04 % 318,000 t |
| Inferred | 0.40 % | 8.6 Mt | 0.95 % 82,000 t |
| TOTAL | | 39.2 Mt | 1.02 % 400,000 t |

Source : AJM ASX announcement, 22 September 2016, Beer & Co

Comparing Figure 2 with Figure 1 shows that overall resources have increased with the increase in the Indicated category being greater than the total increase.

Reserves Increased

Figure 3 shows the maiden reserve estimate for AJM's Pilgangoora project, as reported on 11 April 2016, as part of the PFS announcement. Figure 4 shows the revised reserve estimate.

Consistent with the increase in Indicated Resources, Reserves have also been increased

Figure 3 : AJM's maiden reserve, Pilgangoora

| | Li ₂ O | |
|--------------|-------------------|-------------------------|
| | grade | contained |
| Proven | | |
| Probable | 18.5 Mt | 1.07 % 198,390 t |
| TOTAL | 18.5 Mt | 1.07 % 198,390 t |

Source : AJM ASX announcement, 11 April 2016

Figure 4 : AJM's revised reserves, Pilgangoora

| | Li ₂ O | |
|--------------|-------------------|-------------------------|
| | grade | contained |
| Proven | | |
| Probable | 20.3 Mt | 1.06 % 215,000 t |
| TOTAL | 20.3 Mt | 1.06 % 215,000 t |

Source : AJM announcement, 22 September 2016

Figure 4 shows AJM’s revised estimate of ore reserves for its Pilgangoora project, showing an increase of nearly 10%.

Reserves to increase further

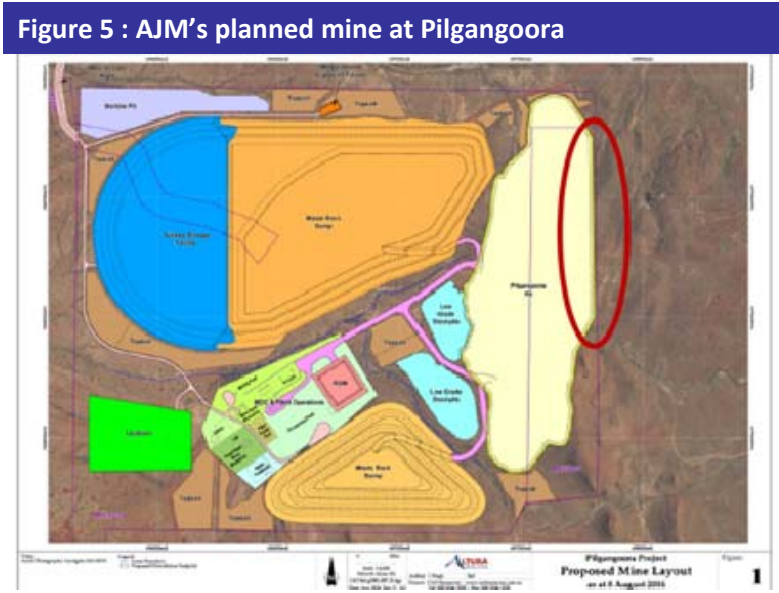
AJM states that it expects to report a further revised, increased, estimate of Reserves by the end of this calendar year as the most recent estimate does not include :

- Recent drilling, as the results needed to be “closed off” to prepare the reserve estimate; and
- Results adjacent to the eastern boundary.

Figure 5 shows that the pit outline for AJM’s Pilgangoora project runs against the boundary of the Mining Lease for some distance.

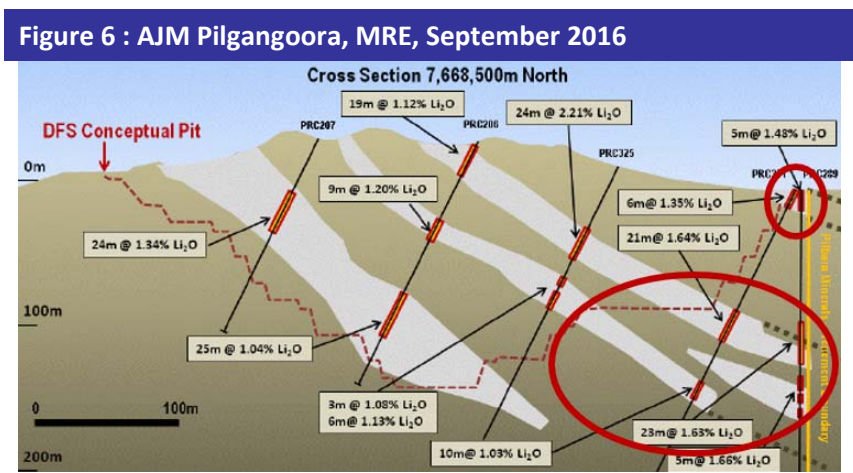
There is further scope for AJM to increase Reserves from :

- Drill results that were not included, especially within the pit shell; and
- Adjacent to the eastern boundary



Source : AJM ASX announcement, 22 September 2016, Beer & Co

Figure 6 shows the pit outline in section and shows the area that has been excluded from reserves and mining inventory by the mining lease boundary, highlighted by the two maroon ellipses.



Source : AJM ASX announcement, 22 September 2016, Beer & Co

Definitive Feasibility Study Results

AJM has been advising that its DFS was in the process of being reviewed. On 26 September, AJM announced the results.

Overview

AJM announced the results of its PFS on 11 April. The DFS updates those results for

- For further work executed from drilling for Resource definition, geo-technical work and metallurgical test-work; and
- Firmer definition on both capital and operating costs.

Figure 7 shows the key parameters from the DFS in comparison with those from the PFS.

The DFS has revised many parameters of the PFS, but all the revisions are within 10%

Figure 7 : AJM Pilgangoora, MRE, September 2016

| Parameter | DFS | PFS | change |
|--|-------------|-------------|----------|
| Average Annual Ore Feed to Plant | 1.54 Mt | 1.40 Mt | + 10.0 % |
| Total Ore Mined | 20.3 Mt | 18.5 Mt | + 9.9 % |
| Life of Mine Waste : Ore | 2.9 : 1 | 2.7 : 1 | + 7.4 % |
| Total spodumene conc. Produced | 2.89 Mt | 2.74 Mt | + 5.5 % |
| Total C1 Costs, FOB | \$A 309.1/t | \$A 292.7/t | + 5.6 % |
| Capital Cost Estimate (pre-production) | \$A 132.1m | \$A 124.3m | + 6.3 % |

Source : AJM ASX announcements, 11 April 2016 and 26 September 2016, Beer & Co

Throughput is up, as is mining inventory, capital cost and operating costs

Grades and expected recovery have been revised to a more conservative estimate

The data shown in Figure 7 differs from that reported by AJM :

- AJM reported total capital costs of \$139.7m for the DFS and \$129.3m for the PFS, but this included life of mine sustaining capital, which is not part of pre-production capital; and
- AJM reported costs per tonne of spodumene concentrate of \$A 315.9/t and \$A 297.9/t, which included royalty payment to Native Title Claimants, while Beer & Co has excluded all royalty payments from the C1 cash costs.

Mining Inventory

Figure 7 shows that, for the DFS, AJM has assumed that its mining inventory is the Ore Reserves Estimate, as shown in Figure 4.

In their 22 September announcement of revised estimates for Mineral Resources and Ore Reserves, AJM advised that the optimum pit shell, which is the basis of the estimated reserves, included material that was in Inferred Resources and so was excluded from the Reserves estimate, but still needed to be mined.

As a result, for the purposes of reserve estimation, this material was included as waste with a grade of 0.

Figure 8 shows the mining inventory including Inferred Resources that are extracted as part of the mining process.

Figure 8 : AJM Pilgangoora, Mining Inventory

| Ore | LizO grade | Waste | W : O | contained LizO |
|-----------|------------|-----------|-------|----------------|
| 21,564 kt | 1.06 % | 58,262 kt | 2.70 | 229 kt |

Source : AJM ASX announcement 22 September 2016, Beer & Co

Beer & Co shows, in Figure 8, that the waste :ore ratio is 2.7 based on the material that will be extracted from the optimum pit shell.

Revisions of Beer & Co's Model

Beer & Co's Model changes

The grade profile of the mining inventory has been revised, to be generally a little lower

Figure 7 shows that the DFS has revised many of the parameters of the PFS, but all by 10% or less, which is well within the bounds of expected estimation error.

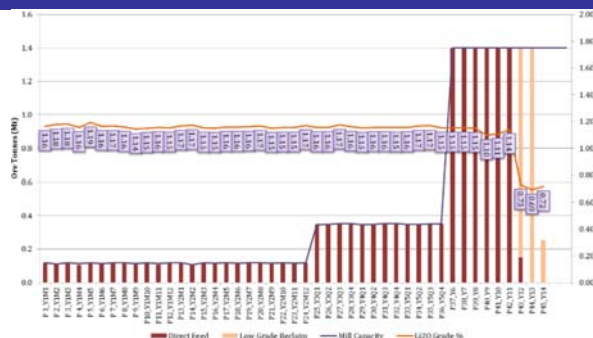
Following the results of the DFS, Beer & Co has revised many model parameters.

Beer & Co Mining Inventory

Figure 9a shows the mine plan from the PFS. It shows that the plan was to mine for 8 years at a very consistent grade of between 1.15% to 1.17%, before 3 years at a slightly lower grade to give a total of 15.6Mt at 1.15%.

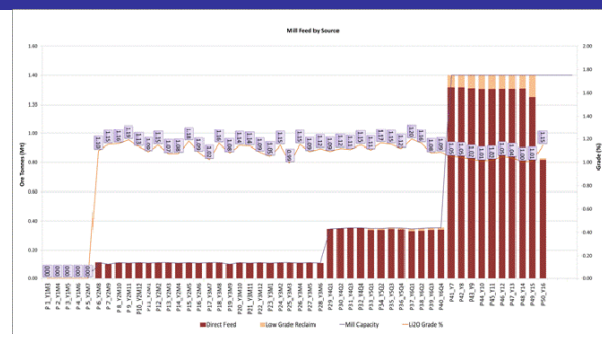
During this time, 2.9Mt of low-grade material, at an average grade of 0.69% Li₂O was intended to be stockpiled to be processed at the end of the mine life when the high grade, in-ground, material had been exhausted.

Figure 9a : PFS mine plan



Source : AJM ASX announcement, 11 April 2016

Figure 9b : DFS mine plan



Source : AJM ASX announcement 26 September 2016

Figure 9b shows the mining plan in the DFS; it shows a much more variable grade profile, though with a general tendency to decline over time.

Figure 10 shows the mining inventory now used in Beer & Co's analysis. Figure 11 gives the basis for the first 21.5Mt, which is derived from Figure 8.

Beer & Co has revised our mining inventory to reflect the grades shown by AJM

Figure 10 : Beer & Co's estimated mining inventory

| Category | volume | Li ₂ O grade | contained Li ₂ O |
|---------------------|----------------|-------------------------|-----------------------------|
| High grade Reserves | 6.2 Mt | 1.13 % | 70 kt |
| Extra Reserves | 3.5 Mt | 1.05 % | 37 kt |
| Lower grade | 9.8 Mt | 1.02 % | 100 kt |
| Near Pit | 2.1 Mt | 1.10 % | 23 kt |
| Conversion | 5.2 Mt | 1.10 % | 57 kt |
| Resources | 5.0 Mt | 1.00 % | 50 kt |
| Target | 5.0 Mt | 1.00 % | 50 kt |
| TOTAL | 36.7 Mt | 1.05 % | 386 kt |

Source : AJM ASX announcement 22 September 2016, Beer & Co

Figure 11 shows the grade shown in Figure 9b on a quarterly basis, while the light blue line is the moving average over time, showing that it declines over time (ie. high grades early in the project life, which boosts NPV).

Figure 11 : Grade profile, AJM’s Pilgangoora project



Source : AJM ASX announcement 22 September 2016, Beer & Co

Figure 11 is sectioned, with each section corresponding to the part of the first 21.5Mt of mining inventory shown in Figure 10. The grades for each is the average grade for that time interval

Beer & Co’s Additions to Mining Inventory

Figure 10 shows a category referred to as “Conversions”.

Beer & Co has included estimates for the expected increases in reserves

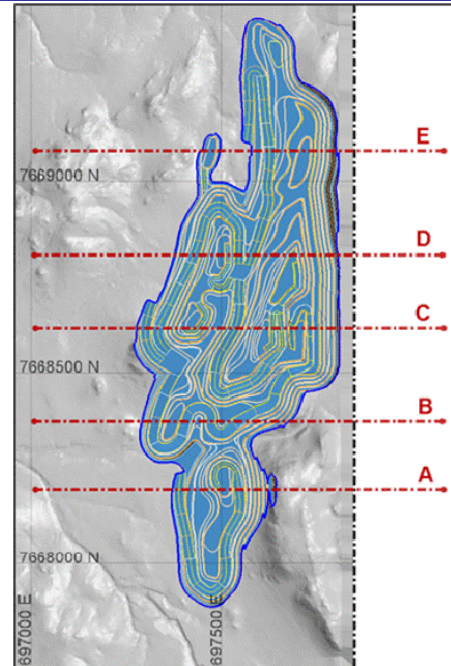
Figure 12 shows the mine plan, with the mine limited by the eastern boundary to the tenement.

Since the plan was originally developed, AJM has reached agreement with its neighbour to the east, Pilbara Minerals (PLS.ASX), to work together on shared infrastructure as well as co-operative development of the area to the east of the current pit shell.

Figure 13 shows the source of this material – between the pit shell and the tenement boundary, as shown in the maroon ellipses.

Figure 14 shows the extent of the mineralisation from AJM’s drilling that extends beyond the optimum pit shell to the eastern tenement boundary.

Figure 12 : Mine design

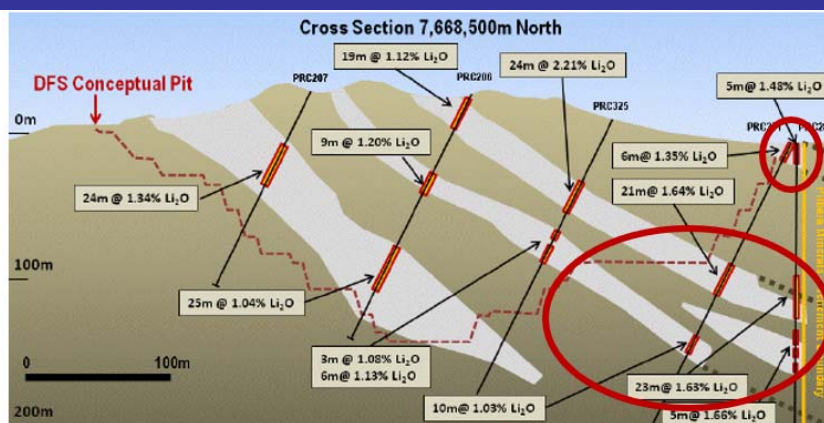


Source : AJM ASX announcement 26 Sept 2016,

The further mining inventory in Figure 10 reflects the Resources reported by AJM that are not included in the Reserves.

This is speculative, but later sensitivity testing shows that it has very little impact on the valuation of AJM.

Figure 13: Further Mining Inventory



Source : AJM ASX announcement, 22 September 2016, Beer & Co

Fig 14a : Mineralisation, section C

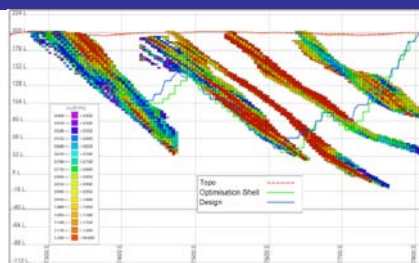


Fig 14b : Mineralisation, sect'n D

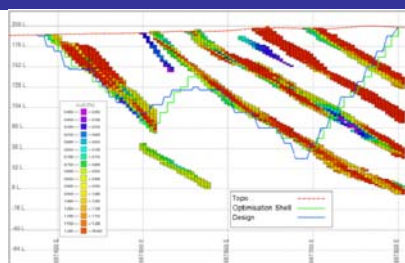
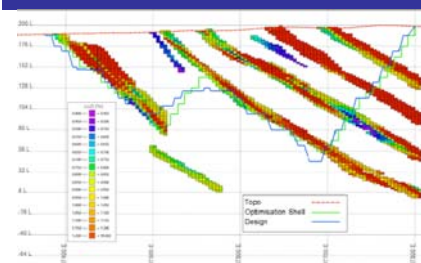


Fig 14c : Mineralisation, section E



Source : AJM ASX announcement 22 September 2016

Other Revisions

There were a number of other, relatively small, changes to our modelling, as shown in Figure 7.

In reporting a lower recovery for the estimation of reserves, AJM has set a more conservative basis, using a result for the 75th percentile as opposed to the expected average, which is the 50th percentile

AJM advise HIGHER production than estimated by Beer & Co from our modelling

Throughput

AJM stated, as shown in Figure 7, that throughput is now expected to be 1.54Mt/yr, even though the chart in Figure 9b shows 1.4Mt/yr.

Expected recovery

The PFS assumed a recovery of 83% of the contained Li_2O .

The Reserves announcement showed that the cut-off grade was based on 80% recovery.

The DFS stated that the final stated 80% recovery represents the 75th percentile of true recoveries achieved on nine diamond core samples representing the Life of Mine orebody.

Beer & Co's assumed recovery was revised down from 83%, as per the PFS, to 82% as the expected average (ie. 50th percentile of true recoveries compared with the 75th percentile used in the DFS).

Expected Production

In our modelling, Beer & Co has projected output of 215.4kt/yr of 6% Li_2O spodumene concentrate, as shown in Figure 15 over the life of the reserves, which results directly from 1.5Mt/yr of ore at an 82% recovery rate.

Figure 15 : Beer & Co's expected production from AJM's Pilgangoora project, Reserves basis

| | Life of Mine | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2303-31 |
|------------------|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Ore mined | 20,320 kt | 900 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,420 kt |
| Mining Inventory | 20.3 Mt | 19.4 Mt | 17.9 Mt | 16.4 Mt | 14.9 Mt | 13.4 Mt | 11.9 Mt | 10.4 Mt | 8.9 Mt | 7.4 Mt | 5.9 Mt | 4.4 Mt | 2.9 Mt | 1.4 Mt | 0.0 Mt |
| | 1.09 % | 1.13 % | 1.13 % | 1.13 % | 1.13 % | 1.13 % | 1.05 % | 1.05 % | 1.03 % | 1.02 % | 1.02 % | 1.02 % | 1.02 % | 1.02 % | 1.02 % |
| waste : ore | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 3.3 : 1 | 3.3 : 1 | 2.6 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 | 2.9 : 1 |
| Waste moved | 59,912 kt | 2,565 kt | 4,275 kt | 4,290 kt | 4,290 kt | 4,946 kt | 5,006 kt | 3,904 kt | 4,410 kt | 4,410 kt | 4,410 kt | 4,410 kt | 4,410 kt | 4,410 kt | 4,175 kt |
| Ore Processed | 20,320 kt | 900 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,500 kt | 1,420 kt |
| Li2O grade | 1.04 % | 1.13 % | 1.13 % | 1.13 % | 1.13 % | 1.11 % | 1.05 % | 1.05 % | 1.02 % | 1.02 % | 1.02 % | 1.02 % | 1.02 % | 1.02 % | 1.05 % |
| Recovery | 81.7 % | 75 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % | 82 % |
| Li2O recovered | 176,193 t | 7,569 t | 13,857 t | 13,857 t | 13,857 t | 13,649 t | 12,952 t | 12,952 t | 12,588 t | 12,546 t | 12,546 t | 12,546 t | 12,546 t | 12,546 t | 12,182 t |
| Conc grade | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % | 6.0 % |
| Li2O concentrate | 2,937 kt | 126.2 kt | 231.0 kt | 231.0 kt | 231.0 kt | 227.5 kt | 215.9 kt | 215.9 kt | 209.8 kt | 209.1 kt | 209.1 kt | 209.1 kt | 209.1 kt | 209.1 kt | 203.0 kt |

Source : Beer & Co estimates

AJM state that annual average annual production is expected to be 219kt. In Beer & Co's modelling, 1.54Mt/yr at 81.7% recovery gives average annual production of 219kt over the life of the reserves.

Operating costs have been revised up, with the increase due mostly to assumed lower recovery

Operating Costs

Figure 16 shows the detail of the operating costs from AJM's DFS and compares with them the operating costs derived from Beer & Co's modelling, adjusted for the costs in the DFS.

Figure 16 : Operating Costs

| | DFS | BnC |
|----------------|---------------------|---------------------|
| Mining | \$A 96.92/t | \$A 97.02/t |
| Processing | \$A 128.86/t | \$A 128.77/t |
| Haulage & Port | \$A 38.74/t | \$A 38.81/t |
| Other Minesite | \$A 21.89/t | \$A 21.65/t |
| S, G & A | \$A 22.74/t | \$A 22.86/t |
| | \$A 309.15/t | \$A 309.10/t |

Source : AJM 22 Sept 2016; Beer & Co estimates

Capital costs are higher due to a large number of small revisions, especially to the plant, resulting from further test work

Capital Costs

Figure 7 shows an increase in capital costs of about 6%, which is the net results of a large number of small changes to the processing circuit.

This amount does NOT include capitalised finance charges nor contingency.

Given that AJM has already secured much of the plant and that many other costs are based on firm quotes, while there is still scope to reduce these costs through co-operation with PLS, Beer & Co uses \$132m as the pre-production capital cost estimate.

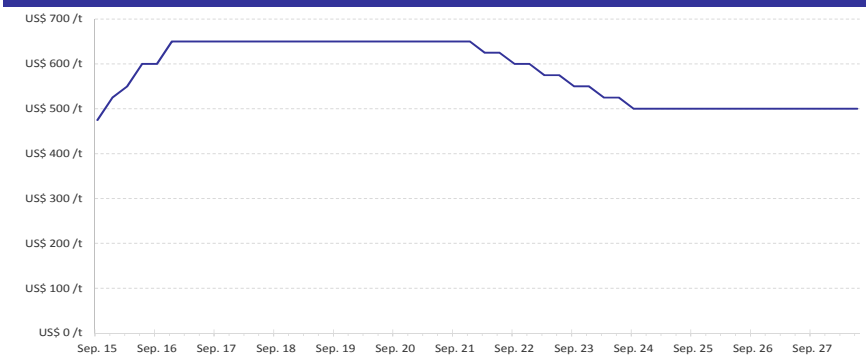
Prices

In their PFS, AJM used a price of US\$ 475/t for 6% Li₂O spodumene concentrate.

In their 26 September announcement, AJM is now using a price of US\$ 538.8/t.

AJM has revised its estimated average price upwards, more consistent with the current market.

Figure 17 : Beer & Co's assumed price profile



Source : Beer & Co estimates

Beer & Co has used a price profile, rather than a single average price, and our result is nearly the same

Figure 17 shows the price profile assumed by Beer & Co. Over the life of the Reserves of AJM's Pilgangoora project, this generates an average price of US\$ 545/t, compared with current prices in the range of US\$ 600 – US\$ 650/t.

Revised Valuation

There were many small revisions, to Beer & Co's modelling.

Figure 18 shows that the net effect of these changes has been to reduce Beer & Co's risked valuation of AJM from 32c to 30.5c/share.

Beer & Co's revised valuation is now 30.5c/share

There is significant upside to our valuation from AJM's assets other than Pilgangoora, especially with the recent improvement in coal prices

Figure 18 : Revised Valuation

| | discount rate = 12.0 % | 30 June 2016 | | | 5-Oct-16 |
|------------------------|------------------------|----------------|----------------|---------------|---------------|
| | | risk : | 100% | Product | per share |
| Pilgangoora Reserves | 90 % | \$ 175m | \$ 158m | 11.1 c | 11.6 c |
| franking credits | 54 % | \$ 41m | \$ 22m | 1.6 c | 1.5 c |
| Extra Reserves | 90 % | \$ 159m | \$ 143m | 10.1 c | 9.8 c |
| Near Pit | 90 % | \$ 13m | \$ 12m | 0.8 c | 0.8 c |
| Conversion | 80 % | \$ 25m | \$ 20m | 1.4 c | 1.4 c |
| Pilgangoora Extensions | 50 % | \$ 22m | \$ 11m | 0.8 c | 0.8 c |
| franking credits | 48 % | \$ 66m | \$ 31m | 2.2 c | 2.2 c |
| Indonesian Coal | 90 % | \$ 0m | \$ 0m | 0.0 c | 0.0 c |
| Mining Services | 90 % | \$ 5m | \$ 4m | 0.3 c | 0.3 c |
| Philippines Coal | 90 % | \$ 0m | \$ 0m | 0.0 c | 0.0 c |
| Mt Webber Iron Ore | 90 % | \$ 0m | \$ 0m | 0.0 c | 0.0 c |
| Lithium Corp | 90 % | \$ 1m | \$ 1m | 0.1 c | 0.1 c |
| Corporate | 100 % | (\$ 12m) | (\$ 12m) | (0.8c) | (0.8c) |
| Cash / Debt | 100 % | \$ 22m | \$ 22m | 1.6 c | 1.1 c |
| Equity raisings | 100 % | \$ 24m | \$ 24m | 1.7 c | 1.6 c |
| TOTAL | | \$ 542m | \$ 437m | 30.9 c | 30.5 c |
| Shares on issue | 1,222m | F P O shares | 0.0m | Options | |
| | 186m | to be issued | 6.4m | Perf Rights | |

Source : AJM ASX announcement, 11 April 2016, Beer & Co

About half of the change is due to the lower assumed recovery. Other factors include :

- Lower assumed grades (1.15% to 1.12% years 1 to 5, and 1.05% and 1.102% later);
- Higher operating and capital costs.

Conclusions

Beer & Co affirms our Strong BUY recommendation

AJM has a Binding Off-take Agreement in place for 100 – 150kt/yr of spodumene concentrate and has an MOU that will cover the balance.

Financing, which requires announcement of the DFS and greater certainty on off-take, is the next hurdle.

As our base case valuation is more than 2x the share prices, and our valuation is not very sensitive to a range of parameters, Beer & Co affirms our Strong BUY, High Risk recommendation.

Beer & Co Research

Altura Mining (AJM.ASX)

October 2016

| Year ended June | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---------------------------------|---------|-------------|------------|------------|-------------|-------------|-------------|-------------|
| Section 1 - P&L | | | | | | | | |
| Sales revenue | \$A m | 5 | 3 | 6 | 115 | 206 | 206 | 199 |
| Interest revenue | \$A m | 0 | 0 | 0 | 0 | 1 | 3 | 5 |
| Other revenue | \$A m | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | \$A m | 10 | 3 | 6 | 115 | 207 | 208 | 204 |
| Cost of Goods Sold | \$A m | (4) | (4) | (4) | (45) | (69) | (69) | (71) |
| Royalties | \$A m | 0 | 0 | 0 | (6) | (11) | (11) | (11) |
| Corporate Costs | \$A m | (5) | (3) | (2) | (2) | (2) | (2) | (2) |
| Exploration Expense | \$A m | (0) | (0) | 0 | 0 | 0 | 0 | 0 |
| Other Operating Expenses | \$A m | (16) | (1) | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expenses | \$A m | (25) | (7) | (6) | (53) | (82) | (82) | (84) |
| EBITDA | \$A m | (16) | (4) | 1 | 62 | 125 | 126 | 127 |
| Dep'n & Amort'n | \$A m | (1) | (0) | 0 | (8) | (14) | (14) | (14) |
| EBIT | \$A m | (17) | (4) | 1 | 54 | 111 | 112 | 106 |
| Interest Expense | \$A m | (0) | (0) | 0 | (4) | (7) | (5) | (4) |
| Other | \$A m | (13) | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-Tax Profit | \$A m | (30) | (4) | 1 | 49 | 104 | 106 | 104 |
| Tax Expense | \$A m | (0) | 0 | (0) | (15) | (31) | (33) | (31) |
| NPAT | \$A m | (30) | (4) | 0 | 34 | 73 | 76 | 73 |

Section 2 - Key Data

| | | | | | | | | |
|-------------------------------|---|---------|--------|-------|-------|-------|-------|-------|
| Ordinary shares - year end | m | 837.7 | 1,222 | 1,411 | 1,415 | 1,415 | 1,415 | 1,415 |
| Fully diluted shares on issue | m | 1,028.7 | 1,234 | 1,415 | 1,415 | 1,415 | 1,415 | 1,415 |
| Weighted # shares | m | 489.8 | 975 | 1,366 | 1,414 | 1,415 | 1,415 | 1,415 |
| Earnings per Share | | (3.5c) | (0.3c) | 0.0 c | 2.4 c | 5.2 c | 5.3 c | 5.4 c |
| Dividends Per Share | | 0.0 c | 0.0 c | 0.0 c | 0.0 c | 0.0 c | 0.0 c | 0.0 c |

Section 3 - Balance Sheet

| | | | | | | | | |
|---------------------------------|-------|-----------|-----------|-----------|------------|------------|------------|------------|
| Cash | \$A m | 2 | 22 | 3 | 54 | 144 | 226 | 308 |
| Receivables | \$A m | 3 | 1 | 1 | 23 | 26 | 26 | 24 |
| Other | \$A m | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| CURRENT ASSETS | \$A m | 7 | 23 | 4 | 76 | 170 | 252 | 334 |
| Receivables | \$A m | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| P, P & E | \$A m | 1 | 1 | 67 | 126 | 113 | 99 | 86 |
| Mining Properties / Exploration | \$A m | 15 | 16 | 16 | 16 | 15 | 15 | 14 |
| Other | \$A m | 21 | 0 | 0 | 0 | 0 | 0 | 0 |
| NON-CURRENT ASSETS | \$A m | 39 | 18 | 84 | 142 | 128 | 114 | 101 |
| TOTAL ASSETS | \$A m | 46 | 41 | 88 | 218 | 298 | 366 | 434 |
| Payables | \$A m | 3 | 1 | 1 | 8 | 8 | 8 | 8 |
| Debt | \$A m | 0 | 5 | 0 | 15 | 17 | 18 | 20 |
| Other | \$A m | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| CURRENT LIABILITIES | \$A m | 4 | 6 | 1 | 23 | 25 | 26 | 28 |
| Long Term Debt | \$A m | 17 | 9 | 79 | 64 | 47 | 29 | 9 |
| Other | \$A m | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Provisions | \$A m | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NON-CURRENT LIABILITIES | \$A m | 17 | 9 | 79 | 64 | 47 | 29 | 9 |
| TOTAL LIABILITIES | \$A m | 21 | 15 | 80 | 87 | 72 | 56 | 37 |
| NET ASSETS | \$A m | 26 | 26 | 8 | 131 | 226 | 311 | 397 |
| Accumulated Profit (Loss) | \$A m | (54) | (58) | (58) | (23) | 50 | 124 | 200 |
| Reserves | \$A m | 0 | (53) | (98) | (9) | 13 | 23 | 33 |
| Contributed Equity | \$A m | 79 | 137 | 164 | 164 | 164 | 164 | 164 |
| | \$A m | 25 | 26 | 8 | 131 | 226 | 311 | 397 |
| Minority Interest | \$A m | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Equity | \$A m | 26 | 26 | 8 | 131 | 226 | 311 | 397 |

Section 4 - Cashflow

| | | | | | | | | |
|---------------------------------------|-------|------------|------------|------------|------------|-------------|-------------|-------------|
| Net Cashflow from operations | \$A m | 0 | (3) | 1 | 62 | 125 | 126 | 127 |
| Net Interest Paid | \$A m | (0) | (0) | 0 | (4) | (6) | (3) | (0) |
| Taxes Paid | \$A m | 0 | 0 | 0 | (12) | (22) | (23) | (23) |
| Change in Working Capital | \$A m | (0) | 0 | (0) | (15) | (3) | 0 | 2 |
| OPERATING CASHFLOW | \$A m | (0) | (3) | 1 | 43 | 105 | 101 | 102 |
| Exploration + Feasibility | \$A m | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| Maintenance Capex | \$A m | 0 | 0 | 0 | 0 | 1 | 1 | 1 |
| Expansion Capex | \$A m | 0 | 0 | 66 | 66 | 0 | 0 | 0 |
| PPE Acquisitions (Total Capex) | \$A m | 0 | 2 | 66 | 66 | 1 | 1 | 1 |
| PPE Divestments | \$A m | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INVESTING CASHFLOW | \$A m | 0 | 2 | 66 | 66 | 1 | 1 | 1 |
| Change in Equity | \$A m | 0 | 58 | 27 | 0 | 0 | 0 | 0 |
| Dividends Paid | \$A m | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Debt | \$A m | 17 | (3) | 65 | 0 | (15) | (17) | (18) |
| FINANCING CASHFLOW | \$A m | 17 | 55 | 92 | 0 | (15) | (17) | (18) |
| Free Cashflow | \$A m | (0) | (2) | 67 | 109 | 106 | 102 | 105 |
| Net Cashflow | \$A m | 17 | 53 | 159 | 109 | 91 | 85 | 87 |

Commodity price assumptions

| Year ended June | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | L-R |
|---------------------------|---------|---------|---------|---------|---------|-------|
| AUD/USD | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 | 0.750 |
| Spodumene, Chemical grade | 638 | 650 | 650 | 650 | 650 | 500 |

Mine Production / Sales, contained product

| | | | | | | |
|----------------------------|---|-------|--------|--------|--------|--------|
| Spodumene, 6% Li2O, tonnes | 0 | 7,569 | 13,857 | 13,857 | 13,857 | 13,649 |
|----------------------------|---|-------|--------|--------|--------|--------|

Resources, Reserves and assumed mining inventory

Pilgangoora Mineral Resources

| Resources | cut-off | | Li2O | |
|--------------|---------|----------------|---------------|------------------|
| | Li2O | grade | contained | |
| Measured | 0.40 % | 0 Mt | 0 t | |
| Indicated | 0.40 % | 30.6 Mt | 1.04 % | 318,000 t |
| Inferred | 0.40 % | 8.6 Mt | 0.95 % | 82,000 t |
| TOTAL | | 39.2 Mt | 1.02 % | 400,000 t |

Beer & Co estimated mining inventory, Pilgangoora

| | Li2O | | per share | |
|---------------------|----------------|---------------|---------------|--|
| | grade | contained | | |
| High grade Reserves | 6.2 Mt | 1.13 % | 70 kt | |
| Extra Reserves | 3.5 Mt | 1.05 % | 37 kt | |
| Lower grade | 9.8 Mt | 1.02 % | 100 kt | |
| Near Pit | 2.1 Mt | 1.10 % | 23 kt | |
| Conversion | 5.2 Mt | 1.10 % | 57 kt | |
| Resources | 5.0 Mt | 1.00 % | 50 kt | |
| Target | 5.0 Mt | 1.00 % | 50 kt | |
| TOTAL | 36.7 Mt | 1.05 % | 386 kt | |

Asset based Valuation

| discount rate = 12.0 % | 30 June 2016 | | | 5-Oct-16 |
|------------------------|--------------|----------------|----------------|---------------|
| | risk : | 100% | Product | |
| Pilgangoora Reserves | 90 % | \$ 175m | \$ 158m | 11.1 c |
| franking credits | 54 % | \$ 41m | \$ 22m | 1.6 c |
| Extra Reserves | 90 % | \$ 159m | \$ 143m | 10.1 c |
| Conversion | 80 % | \$ 25m | \$ 20m | 1.4 c |
| franking credits | 48 % | \$ 66m | \$ 31m | 2.2 c |
| Indonesian Coal | 90 % | \$ 0m | \$ 0m | 0.0 c |
| Mining Services | 90 % | \$ 5m | \$ 4m | 0.3 c |
| Philippines Coal | 90 % | \$ 0m | \$ 0m | 0.0 c |
| Mt Webber Iron Ore | 90 % | \$ 0m | \$ 0m | 0.0 c |
| Lithium Corp | 90 % | \$ 1m | \$ 1m | 0.1 c |
| Corporate | 100 % | (\$ 12m) | (\$ 12m) | (0.8c) |
| Cash / Debt | 100 % | \$ 22m | \$ 22m | 1.6 c |
| Equity raisings | 100 % | \$ 24m | \$ 24m | 1.7 c |
| TOTAL | | \$ 542m | \$ 437m | 30.9 c |
| Shares on issue | 1,222.5m | F P O shares | 0.0m | Options |
| | 185.8m | to be issued | 6.4m | Perf Rights |

Financial Ratios

| Year ended June | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------|---------|---------|---------|---------|---------|---------|
| Revenue | \$A m | 3 | 6 | 115 | 207 | 208 |
| EBITDA | \$A m | (16) | (4) | 1 | 62 | 125 |
| EBIT | \$A m | (17) | (4) | 1 | 54 | 111 |
| NPAT (reported) | \$A m | (30) | (4) | 0 | 34 | 73 |
| Adjusted EPS (cps) | | (3.5c) | (0.3c) | 0.0 c | 2.4 c | 5.2 c |
| EPS Growth (%) | | 90 % | 108 % | 9,121 % | 111 % | 2 % |
| DPS (c) | | 0.0 c | 0.0 c | 0.0 c | 0.0 c | 0.0 c |
| Dividend Yield (%) | | 0 % | 0 % | 0 % | 0 % | 0 % |
| PE adj. (x) | x | (0.7) | (39) | 492 | 5.3 | 2.5 |
| EV / EBITDA (x) | x | (2) | (39) | 501 | 3.4 | 0.8 |
| EV / EBIT (x) | x | (2) | (36) | 501 | 3.9 | 0.9 |
| Gearing (%) | | 35 % | 90 % | 36 % | 21 % | 13 % |
| Return on Assets | | (10%) | 1 % | 25 % | 37 % | 26 % |
| Return on Equity | | (17%) | 5 % | 26 % | 32 % | 24 % |
| EBITDA Margin (%) | | (333%) | (115%) | 9 % | 54 % | 61 % |
| Interest Cover (x) | x | (62.4) | (16.4) | n/a | 12.4 | 16.2 |

Shareholdings

| Board & Management | Others |
|-------------------------------|--------------------------------------|
| Allan Buckler 177.194m 14.4 % | Maxwell Smith 167.264m 13.6 % |
| Paul Mantell 32.503m 2.6 % | Farjoo Pty Ltd 45.336m 3.7 % |
| James Brown 26.518m 2.2 % | Lionergy 37.037m 3.0 % |
| Beng Kuan 20.800m 1.7 % | Navibell Services Ltd. 34.892m 2.8 % |
| Dennis O'Neill 14.333m 1.2 % | TOTAL 284.529m 23.1 % |
| TOTAL 271.348m 22.0 % | |

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Report prepared by : Pieter Bruinstroop pbruinstroop@beerandco.com.au

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Beer & Co Pty Ltd,
ABN 88 158 837 186,
Authorised Representative of
Melbourne Venture Securities Pty Ltd
AFSL No. 224 313

Suite 4, Level 2,
Bank House
11 - 19 Bank Place
Melbourne, Vic,
Australia 3000

Tel : (+613) 9600 3599
Fax : (+613) 9602 2291
e : info@beerandco.com.au
W: www.beerandco.com.au
