

ASX ANNOUNCEMENT | 19 June 2020

## MULTI-YEAR LITHIUM OFFTAKE AGREEMENT WITH MAJOR SHAREHOLDER

- *Multi-year contracts to supply lithium concentrate*
- *Five-year Binding Offtake Agreement with Hunan Yongshan Lithium Co., Ltd (owned by parent company Ningbo Shanshan Co., Ltd) commencing in January 2021*
- *Minimum of 60,000 dry metric tonnes (dmt) per annum from January 2022*
- *Binding Offtake Agreement includes options to agree an increase in supply to 120,000 dmt per annum*
- *Single year contract with Hunan Yongshan Lithium Co., Ltd to supply 44,000 dmt in 2020 to provide feedstock for plant commissioning and ramp up*
- *Agreement underpins Shanshan's focus on lithium chemicals/lithium battery supply chain integration*

Altura Mining Limited (ASX: AJM) ("Altura") is pleased to advise that it has secured both a contract for 2020 and a multi-year Binding Offtake Agreement (BOA) with Hunan Yongshan Lithium Co., Ltd, a subsidiary of Ningbo Shanshan Co., Ltd ("Shanshan"), a global leader in the production and sales of anode and cathode material to the lithium battery market.

The execution of these supply agreements cements Altura's close relationship with Shanshan, who is also Altura's second largest shareholder with a 15.1% stake. Altura will be a key supplier to Shanshan's new lithium chemical plant with a planned Phase 1 production capacity of 25,000 tonnes per annum lithium carbonate equivalent (LCE). The plant commenced construction in April 2020 and also includes a Phase 2 expansion to take overall output to 45,000 tonnes per annum LCE.

Altura Managing Director James Brown said the offtake agreement with Shanshan further diversified Altura's customer base, de-risked sales channels and was testament to both the quality of product and the market leading nature of Altura's operation.

Altura Mining Limited ABN 39 093 391 774

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“This latest offtake agreement is the result of months of close discussions with Shanshan to ensure they get exactly what they need to support their new lithium chemical plant. Shanshan have demonstrated excellence in design with a focus on sustainability through the adoption of ultra-low emission technology, water recycling and heat/energy recovery systems included in their chemical plant.”

“Our customer list boasts some of the biggest and best names in the battery materials sector and adding Shanshan to that list further demonstrates the market’s increasing desire for stable, long-term, high-quality lithium concentrate supplies.”

“Shanshan’s decision to partner with Altura was well considered and very deliberate. Shanshan believe they have partnered with a reliable and long-term supplier of quality spodumene concentrate. Further they have seen Altura’s performance in the recent declining market as testament to Altura’s market leading operation. Our product quality, consistency and demonstrated ability to meet our cost structure positions Altura well. With Shanshan now a key customer, as well as major shareholder, our interests are well aligned.”

### Key Offtake Terms

- Separate contract for 2020 to provide 44,000 dmt of 6% grade spodumene concentrate (SC6) product in line with market price.
- 5-year offtake agreement (from 2021 to 2025) with take or pay provisions commencing from January 2022.
- Contract years 2 – 5 (2022 to 2025) have a confirmed minimum annual quantity of 60,000 dmt.
- Pricing under BOA is on a US\$CIF basis linked to Altura production costs via a pricing formula which is also adjusted for spodumene concentrate quality, with additional product supplied to be sold at a market price agreed between parties.
- BOA includes an option for the sale of any other Stage 1 production that becomes available for a maximum of 30,000 dmt in 2021 and 60,000 dmt per annum between 2022 and 2025.
- BOA includes a further option for the supply of any product outside the Stage 1 production of up to 30,000 dmt per annum (and subject to a maximum total of 100,000 dmt over the term of the BOA).

### General Meeting

Hunan Yongshan Lithium Co., Ltd is a related party to Altura by virtue of its control by Shanshan Forever International Co., Ltd who currently own 15.1% of the fully paid ordinary shares in Altura. Shareholder approval of the offtake agreements is therefore required under ASX Listing Rule 10.1. The details of the general meeting will be provided in due course.

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

**About Ningbo Shanshan Co., Ltd**

Founded in 1989, Chinese-based Shanshan is one of the world's largest integrated suppliers of lithium-ion battery materials including cathodes, anodes and electrolytes. The Shanghai Stock Exchange-listed Shanshan has a market capitalisation of approximately A\$2.7 billion and employs more than 4,000 people. Through 2019 Shanshan undertook extensive market research and design activities around its purpose built, state of the art Lithium Chemical plant. The ≈\$US300 million plant, located in Changsha, China will have a Phase 1 capacity of 25,000 tonnes Lithium Carbonate Equivalent (LCE) including 15,000 tonnes LCE for battery grade Lithium Hydroxide and 10,000 tonnes LCE for battery grade Lithium Carbonate.

Phase 1 design was completed in early 2020 and was undertaken specifically around Altura's lithium concentrate as feedstock. Phase 1 construction commenced in April 2020 with a ground-breaking ceremony held on 29 April 2020. Phase 1 is due for completion in late 2020/early 2021 with ramp up to full production expected by April 2021. Phase 2 of the Lithium Chemical plant will commence construction in 2021 and will add a further 20,000 tonnes LCE of capacity.

**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.

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