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Alufer Mining Limited

Restart plans for the Bel Air mine, Guinea, West Africa

Alufer Mining Limited ('Alufer' or 'the Company') provides an update on the Bel Air bauxite mine in Guinea, West Africa.

Following discussions with the Guinean Government, operations at Bel Air have been temporarily suspended as from the 1st May 2021 as a result of challenging market conditions. The decision to instigate a pause at Bel Air came as a result of a significant decline in the bauxite price, which had fallen well below breakeven levels despite Bel Air being a low cost operation, coupled with historically high freight rates and a substantial oversupply in the market which materially impacted sales. As an independent producer, Alufer was more exposed to these dynamics than other integrated players and fundamental shifts meant that continuing to operate was not sustainable. It was also not beneficial for the Company or its stakeholders to mine the resource at uneconomic rates and this temporary suspension was implemented in order to preserve the resource asset and protect its future value.

This temporary pause is under constant review and the Company intends to recommence operations as soon as volume and pricing fundamentals improve to profitable levels. The mine and its infrastructure remain valuable assets but production has to match sales in order for it to remain economic. Whilst mining, hauling and loading have currently stopped, site is still manned and operated on a skeleton basis and all mobile and fixed equipment is maintained on a daily basis to ensure it is production ready. Alufer remains committed to fulfilling its social and environmental obligations and is maintaining close contact with host communities, the unions and contractors to ensure transparent communication throughout this period.

Alufer's marketing team continue with offtake discussions with a range of potential customers. Concurrent to these efforts, the Company is also proactively looking for strategic partners and value accretive solutions for the business going forward. Alufer is working with an international investment bank on this process and at the time of writing there are a number of interested parties from China, America, the Middle East and Europe in discussions with the Company.

Restarting operations and reaching full production will take up to four months during which time the production and maintenance teams will be re-established to their full capacity. Once production resumes the full benefits of the improvements made recently to core areas of the project infrastructure, most notably resurfacing the full length of the haul road, will also provide positive efficiencies.

Alufer CEO Bernie Pryor commented, "The Bel Air mine is an excellent asset but prudent operations dictate mining the resource at maximum value. As a responsible operator we had to take the decision to temporarily pause operations to look to preserve the asset, which still has a significant mine life, and restart when we are able to ensure positive economic outcomes which we intend will include strategic alliances. We would like to thank our key shareholders for their ongoing funding and we are also very grateful for the support we have received from the Guinean Government. Despite the challenges we have faced, we remain very much open for business and we are pursuing a number of different avenues as we consider the next steps for the Company."