

Ref: AOH0129

15 March 2011

Company Announcements Office  
Australian Securities Exchange  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Sir/Madam

**31 December 2010 Half Year Report**

Please find attached Altona Mining Limited Half Year Report for the period ended 31 December 2010.

***Competent Person Statement***

*The information in the attached Financial Report for the Half Year Ended 31 December 2010 that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG and Mr Maurice Hoyle BSc (Hons), FAusIMM, MSEG who are full time employees of the Company and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Alistair Cowden and Mr Maurice Hoyle consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

Yours faithfully

A handwritten signature in black ink that reads "Alistair Cowden". The signature is written in a cursive style and is underlined.

**ALISTAIR COWDEN**  
**Managing Director**

**ALTONA MINING LIMITED**  
**ABN 35 090 468 018**

**REPORT FOR THE  
HALF-YEAR ENDED  
31 DECEMBER 2010**

## CONTENTS

	<b>Page No.</b>
Corporate Directory	1
Directors' Report	2
Financial Statements	6
Declaration by Directors	18
Declaration of Independence	19
Independent Auditor's Review Report	20

## Corporate Directory

### Directors:

Mr Kevin Maloney  
*Non-Executive Chairman*

Dr Alistair Cowden  
*Managing Director*

Mr Jason Brewer  
*Non-Executive Director*

Ms Fiona Harris  
*Non-Executive Director*

Mr Peter Ingram  
*Non-Executive Director*

Mr Heikki Solin  
*Non-Executive Director*

### Company Secretaries:

Mr Eric Hughes  
Ms Ann Nahajski

### Principal & Registered Office:

Ground Floor, 1 Altona Street  
West Perth 6005, Western Australia  
Telephone: +61 8 9486 8400  
Facsimile: +61 8 9486 4933  
Email: [altona@altonamining.com](mailto:altona@altonamining.com)

### Finnish Office:

Kummunkatu 34  
FIN- 83500 Outokumpu  
Finland  
Telephone: +358 (10) 271 0090  
Facsimile: + 358 (13) 830 228  
Email: [finland@altonamining.com](mailto:finland@altonamining.com)

### Auditor:

#### **Australia**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco 6008, Western Australia  
Telephone: +61 8 6382 4600  
Facsimile: +61 8 6382 4601

#### **Finland**

Ernst & Young  
Elielinaukio 5B  
FIN – 00100 Helsinki  
Telephone: +358 9 172 771  
Facsimile: + 358 9 172 77700

### Solicitors:

Blakiston & Crabb  
1202 Hay Street  
West Perth 6005, Western Australia  
Telephone: +61 8 9322 7644  
Facsimile: +61 8 9322 1506

### Bankers:

Westpac Banking Corporation  
Corner South Street and Bannister Road  
Canning Vale 6155, Western Australia

### Share Registry:

Computershare Registry Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth 6000, Western Australia  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

### Stock Exchanges:

Australia Stock Exchange Limited  
Frankfurt Stock Exchange  
Norwegian OTC

### Company Codes:

ASX: AOH  
FSE:A20  
NOTC:ALTM

### Issued Capital:

245,277,417	Fully paid ordinary shares
80,000	\$1.50, 5 September 2011, options
100,000	\$1.50, 12 March 2012, options
500,000	\$1.50, 27 December 2012, options
365,000	\$1.50, 30 June 2013, options
500,000	\$1.50, 16 December 2013, options
2,500,000	\$0.44, 18 November 2013, options
5,000,000	5 August 2013, share rights
139,500	30 June 2011, converting notes

### Website:

[www.altonamining.com](http://www.altonamining.com)

## Directors' Report

Your directors submit the financial statements on the consolidated entity (referred to hereafter as 'the Group') for the half-year ended 31 December 2010. The Group consists of Altona Mining Limited ('the Company') and its controlled entities.

### Directors

The names of the Company's Directors in office during the financial period and until the date of this report are:

- Mr Kevin Maloney (appointed 20 July 2009) (Chairman)
- Dr Alistair Cowden (appointed 19 February 2010) (Managing Director)
- Mr Jason Brewer (appointed 1 October 2007) (Non-Executive Director)
- Ms Fiona Harris (appointed 19 February 2010) (Non-Executive Director)
- Mr Peter Ingram (appointed as an Executive Director 8 November 1999 and relinquished his executive role on 19 February 2010. He remains as a Non-Executive Director)
- Mr Heikki Solin (appointed 19 February 2010) (Non-Executive Director)

Mr Maloney has had an extensive career in retail banking, finance and resources. He joined Elders Resources in 1981 after spending twenty years with the ANZ Bank. During his time at Elders Resources, Mr Maloney held numerous positions including Chief Executive Officer. Mr Maloney has a wealth of experience in the resources and finance industries and has been involved with a number of public companies as an executive and non-executive director. He was the founder and Executive Chairman of the MAC Services Group Limited. Mr Maloney is also currently a Non-Executive Director of Northern Energy Corporation Limited.

Dr Cowden has degrees in Geology from the Universities of London and Edinburgh and has spent twenty nine years in the Australian mining industry, initially with majors and in the last fifteen years with junior companies. Dr Cowden spent six years with WMC at Kambalda in both nickel and gold.

Dr Cowden was part of the discovery and development teams for several large gold mines in Australia and platinum mines in Zimbabwe whilst with Delta Gold and was subsequently instrumental in the listing of a number of junior companies which made discoveries in Asia and Australia.

Dr Cowden was founding Chairman of Vulcan Resources Limited and subsequently Managing Director until the merger with Universal Resources Limited. Dr Cowden has held no other directorships of ASX listed companies in the last three years.

Mr Brewer has over sixteen years international experience in the natural resources sector and in investment banking. He is a mining engineer with a masters degree in mining engineering with honours from the Royal School of Mines, London. He has experience in gold and base metals mines, having worked at the Kidd Creek Copper and Zinc mine in Canada for Falconbridge, the Lanfranchi Nickel Mine in Western Australia for WMC and the Kinross Gold Mine in South Africa for Gencor. Mr Brewer is also currently a Board member of Continental Coal Limited and De Grey Mining Limited.

Ms Harris has been a professional non-executive director for the past fifteen years. She began her career with chartered accountants KPMG and was a partner in their Sydney office when she left that organisation in December 1994. During her fourteen years with KPMG, Ms Harris worked in Perth, San Francisco and Sydney specialising in financial services and superannuation. Ms Harris was also involved in capital raisings, due diligence, initial public offerings, capital structuring of transactions and litigation support.

## Directors' Report (continued)

Ms Harris is a member of the national board of the Australian Institute of Company Directors and was previously Western Australian State President. She is non-executive Chairman of Barrington Consulting Group Pty Ltd, a company providing consulting services in the areas of strategic and business planning. Ms Harris is also currently a Board Member of Perron Group Limited (and PG Holdings Ltd), Territory Resources Limited, Aurora Oil & Gas Limited and Sundance Resources Limited.

Mr Solin has over forty years experience in the international mining industry which he has served in various capacities, mainly for Finland's mining major Outokumpu, but also as an independent business consultant.

Mr Solin is widely travelled and except for a period of fourteen years in the United Kingdom, has been based in the Helsinki area of Finland, his native country, where in addition to his mining related activities he spearheaded national initiatives in areas of cross-border licensing, international contract practices and Finnish-Latin American trade relations.

He is Honorary Chairman of Finnish-Latin American Chamber of Commerce, Past President and Honorary Member of Industrial Lawyers Association in Finland and the first President of Licensing Executives Society, Scandinavia Region. Heikki is also a member of The Finnish Institute of Mining and Metallurgy.

Mr Ingram is a geologist with over forty years experience in the mining and mineral exploration industries within Australia, including over thirty years experience in public company management. In addition to previously being the Managing Director of Metana Minerals NL, Chairman of Glengarry Resources NL and a director of Dragon Mining NL, Eastmet Limited and Australia Oriental Minerals NL, Mr Ingram was a founding councillor of the Association of Mining and Exploration Companies (AMEC). He is an Honorary Life Member and past President of AMEC.

### **Dividends**

No dividends were paid or declared during the half year or in the period to the date of this report.

### **Principal activities**

The principal activities of the Company and its subsidiaries during the course of the half-year were the exploration, evaluation and development of mineral resources.

### **Operating results**

The Group's loss after income tax for the half year was \$5,241,894 (2009 loss: \$3,436,066).

### **Review and results of operations**

Altona Mining Limited achieved a number of major milestones during the reporting period.

In August 2010, shareholders approved the change of name to Altona Mining Limited, reflecting a new start and exciting growth phase following the merger of Universal and Vulcan in February 2010.

Significantly, the Company announced the results of the Outokumpu Project Feasibility Study and a decision to proceed with project development.

## Directors' Report (continued)

The Outokumpu project is considered technically and financially robust giving a low risk project scheduled to produce concentrates containing an average of 8,000 tonnes per annum of copper, 8,400 ounces per annum of gold and 1,600 tonnes per annum of zinc. Production is targeted to commence in the first half of 2012 for a minimum of nine years.

Subsequent to the decision to proceed, the Company commenced earthworks at the Kylylahti mine site, completing the box cut, portal and commenced development of the decline. The decline is now well underway with 90m of decline tunnelling being completed at the reporting date. Some 1600m is to be completed prior to encountering first ore in mine development in late 2011.

Detailed engineering of the Luikonlahti mill refurbishment commenced during the reporting period and is nearing completion with construction activity due to commence in the first quarter of 2011.

Considerable progress was also made towards securing funding for the development of the Outokumpu Project and other group activities. During the reporting period an Information Memorandum was provided to selected International Financial Institutions for the provision of funding. At the reporting date, Term Sheets from these institutions had been received. Negotiations on those Term Sheets resulted in the Group selecting an International Financial Institution to provide a component of the required funding for group activities. Discussions with this institution are now well advanced with the institution appointing Independent Technical Experts in January 2011 to review the Group's Outokumpu Definitive Feasibility Study as an element of bank internal approval processes.

A review of the Roseby Resources by independent consultants Optiro highlighted the potential for infill drilling, extension drilling and re-estimation of Resources at lower cut-off grades to deliver a step change in the size of the Resources. As a result, Altona completed 4,127m of RC drilling at the shallow Scanlan, Blackard and Legend Resources. The drilling confirmed that none of the eleven deposits at Roseby have been adequately closed off, good continuity in areas of widely spaced drilling and the potential to apply lower cut-off grades to materially improve Resource tonnages.

Very thick intersections were returned at a 0.15% copper cut-off:

- 219m at 0.55% copper from 2m deep
- 139m at 0.60% copper from surface

Better drill intercepts at a 0.30% copper cut-off grade are:

- 31m at 0.8% copper from 72m
- 34m at 0.7% copper from 27m
- 23m at 1.1% copper from 176m
- 43m at 0.7% copper from 62m
- 70m at 0.9% copper from 3m
- 93m at 0.8% copper from 54m  
(inc. 40m at 1.3% copper)
- 59m at 0.6% copper from 17m
- 70m at 0.7% copper from surface
- 63m at 0.6% copper from 22m
- 48m at 0.6% copper from 56m
- 21m at 1.1% copper from 88m

## Directors' Report (continued)

One intersection of **28m at 0.9% copper** from 189m (BCR879) highlighted the potential to develop a Resource in fresh rock at open pit depth below the current Blackard Resource.

Xstrata, who have an option to purchase 51% of the Roseby project, also completed 4 reconnaissance diamond drill holes testing for sulphide mineralisation below the Blackard Resource. One material intersection of **13m at 1.1% copper** was intersected 250m below previous substantive hits in fresh rock.

In order to focus on building these two major copper assets, Altona divested non-core exploration licences in the Mt Isa area to Syndicated Metals for shares in that company, subject to a number of conditions.

Under the terms of the sale agreement, Altona will transfer ownership of its 100% interest in the Bushy Park, Marumba and Malbon Vale Projects and the Company's 51% share in the existing Joint Venture with Syndicated at Dronfield.

The total consideration is 1.5 million shares in Syndicated. Following this transaction, Altona will become a top ten shareholder in Syndicated. Syndicated shares last traded on 10 March 2011 at A\$0.18.

Syndicated has a large ground holding immediately west of Roseby including a growing copper resource at Barbara.

### **Significant changes in state of affairs**

In the opinion of the Directors there are no significant changes in the state of affairs of the Company that occurred during the half year period under review not already disclosed in this report, the financial statements or notes attached thereto.

### **Significant events after balance date**

In the opinion of the Directors no significant post balance date event other than the fund raising as detailed in note 9 of the Financial Statements has occurred.

### **Auditor's review and independence declaration**

Section 307 of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of Altona Mining Limited with an Independence Declaration in relation to the review of this Half-Year Financial Report. The Auditor's Independent Declaration on page 19 forms part of the Directors' Report for the period ended 31 December 2010.

Signed in accordance with a resolution of the Directors.



**KEVIN MALONEY**  
Chairman

Perth, Western Australia  
Dated this 15th March 2011

## Consolidated Statement of Comprehensive Income

For the half-year end 31 December 2010

	Notes	31 December 2010 \$	31 December 2009 \$
Revenue	3	182,022	44,589
Other income		13,173	19,045
Employee benefit expense	4a	(829,907)	(455,861)
Depreciation and amortisation expense		(80,291)	(31,994)
Exploration and evaluation expense		(1,749,577)	(1,297,997)
Finance costs	4b	(1,223,994)	(1,132,234)
Office and administration expenses	4c	(1,284,562)	(581,614)
Plant care and maintenance		(270,065)	-
Gain on foreign exchange		1,307	-
<b>Profit/(loss) before income tax</b>		<b>(5,241,894)</b>	<b>(3,436,066)</b>
Income tax benefit/(expense)		-	-
<b>Profit/(loss) for the year</b>		<b>(5,241,894)</b>	<b>(3,436,066)</b>
<b>Profit/(loss) attributable to members of the Group</b>		<b>(5,241,894)</b>	<b>(3,436,066)</b>
<b>Other comprehensive income/ (loss)</b>			
Net fair value gain on available-for-sale-financial assets		494,520	-
Foreign currency translation		(892,442)	-
<b>Total comprehensive income/ (loss) for the year attributable to members of the Group</b>		<b>(5,639,816)</b>	<b>(3,436,066)</b>
Basic and diluted profit/(loss) (not including comprehensive loss) per share in cents		(2.13)	(0.24)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position  
As at 31 December 2010

	Notes	31 December 2010 \$	30 June 2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	5,913,532	12,699,818
Trade and other receivables		525,007	413,353
Other assets		95,145	98,260
Total current assets		6,533,684	13,211,431
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets		1,653,717	1,159,197
Property, plant and equipment		14,965,750	13,643,245
Exploration and evaluation assets		25,636,168	25,691,828
Other assets		1,327,310	1,359,683
Total non-current assets		43,582,945	41,853,953
<b>TOTAL ASSETS</b>		<b>50,116,629</b>	<b>55,065,384</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,596,868	1,346,818
Borrowings	7	13,370,503	12,855,082
Provisions		129,843	207,954
Total current liabilities		15,097,214	14,409,854
<b>NON-CURRENT LIABILITIES</b>			
Provisions		1,252,110	1,335,126
Total non-current liabilities		1,252,110	1,335,126
<b>TOTAL LIABILITIES</b>		<b>16,349,324</b>	<b>15,744,980</b>
<b>NET ASSETS</b>		<b>33,767,305</b>	<b>39,320,404</b>
<b>EQUITY</b>			
Contributed equity	8a	78,588,098	78,588,098
Reserves	8b	(292,685)	18,520
Accumulated losses		(44,528,108)	(39,286,214)
<b>TOTAL EQUITY</b>		<b>33,767,305</b>	<b>39,320,404</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flow  
For the half-year ended 31 December 2010

	Notes	31 December 2010 \$	31 December 2009 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(4,235,682)	(2,173,075)
Interest received		246,069	44,589
Security deposit recouped/(paid)		(65,288)	20,000
Tax offset received		162,260	337,400
<b>Net cash outflows from operating activities</b>		<b>(3,892,641)</b>	<b>(1,771,086)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,943,892)	(42,898)
<b>Net cash outflows from investing activities</b>		<b>(1,943,892)</b>	<b>(42,898)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and other equity securities		-	3,960,002
Costs of share issues		-	(136,157)
Repayment of borrowings		(708,573)	(711,626)
<b>Net cash outflows (used in)/from financing activities</b>		<b>(708,573)</b>	<b>3,112,219</b>
Net (decrease)/increase in cash and cash equivalents		(6,545,106)	1,298,235
Cash and cash equivalents at the beginning of period		12,699,818	2,251,458
Effects of exchange rate changes on cash and cash equivalents		(241,180)	-
<b>Cash and cash equivalents at end of the financial year</b>	5	<b>5,913,532</b>	<b>3,549,693</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2010

	Contributed Equity	Share Based Payment Reserve	Converting Notes Equity Reserve	Foreign Currency Translation Reserve	Asset Revaluation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>At 1 July 2010</b>	<b>78,588,098</b>	<b>706,637</b>	<b>581,102</b>	<b>(1,509,455)</b>	<b>240,236</b>	<b>(39,286,214)</b>	<b>39,320,404</b>
Loss for the period	-	-	-	-	-	(5,241,894)	(5,241,894)
Other comprehensive income	-	-	-	(892,442)	494,520	-	(397,922)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(892,442)</b>	<b>494,520</b>	<b>-</b>	<b>(397,922)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity (net of issue costs)	-	-	-	-	-	-	-
Share based payment expense	-	86,717	-	-	-	-	86,717
<b>At 31 December 2010</b>	<b>78,588,098</b>	<b>793,354</b>	<b>581,102</b>	<b>(2,401,897)</b>	<b>734,756</b>	<b>(44,528,108)</b>	<b>33,767,305</b>
<b>At 1 July 2009</b>	<b>46,764,640</b>	<b>657,431</b>	<b>581,102</b>	<b>-</b>	<b>-</b>	<b>(44,753,422)</b>	<b>3,249,751</b>
Loss for the period	-	-	-	-	-	(3,436,066)	(3,436,066)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,436,066)</b>	<b>(3,436,066)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity (net of issue costs)	3,823,845	-	-	-	-	-	3,823,845
Share based payment expense	-	49,206	-	-	-	-	49,206
<b>At 31 December 2009</b>	<b>50,588,485</b>	<b>706,637</b>	<b>581,102</b>	<b>-</b>	<b>-</b>	<b>(48,189,488)</b>	<b>3,686,736</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

## **1: Basis of preparation and accounting policies**

### **Basis of preparation**

These general purpose consolidated financial statements for the half-year ended 31 December 2010 have been prepared in accordance with the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

The Half-Yearly Financial Statements do not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the Financial Performance, Financial Position and Cashflows of the Group as in the Annual Financial Report.

It is recommended that the Half-Yearly Financial Statements be read in conjunction with the Annual Financial Report for the year ended 30 June 2010 and considered together with any public announcements made by Altona Mining Limited during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations of the Corporation Act 2001.

The accounting policies and methods of computation are the same as those adopted in the most recent Annual Financial Report.

### **Changes in accounting policies – New accounting standards and interpretations**

The Group has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

## **2: Segment information**

The Group has identified its reportable operating segments based on the internal reports that are used by the Managing Director (chief operating decision maker) and management team in assessing performance and determining the allocation of resources.

The Group has identified its operating segments to be Australia and Finland, on the basis of geographical locations, different risk profiles and regulatory environments.

Discrete financial information about each of these operating segments is reported to the Board and Executive Management Team on at least a monthly basis.

# Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

## 2: Segment information (continued)

31 December 2010	Australia \$	Finland \$	Unallocated \$	Total \$
<b>(a) Segment performance</b>				
Revenue				
Interest revenue	-	-	182,022	182,022
Other income	-	-	13,173	13,173
<b>Total</b>	-	-	<b>195,195</b>	<b>195,195</b>
Depreciation and amortisation	-	(15,888)	-	(15,888)
Exploration and evaluation expenditure	(470,550)	(330,430)	-	(800,980)
Other expenditure	(948,597)	(939,314)	-	(1,887,911)
<b>Segment (loss) before income tax</b>	<b>(1,419,147)</b>	<b>(1,285,632)</b>	-	<b>(2,704,779)</b>
Unallocated items:				
Corporate costs			(1,358,503)	(1,358,503)
Financial costs			(1,223,994)	(1,223,994)
Depreciation and amortisation			(64,403)	(64,403)
Share based payments			(86,717)	(86,717)
Loss on sale of fixed assets			-	-
Gain on foreign exchange			1,307	1,307
<b>Total unallocated</b>			<b>(2,732,310)</b>	<b>(2,732,310)</b>
<b>(Loss) after tax as per Statement of Comprehensive Income</b>				<b>(5,241,894)</b>

Altona Mining Limited is domiciled in Australia. The Group currently does not derive revenues from external customers.

In the table below the total of non-current assets located in Australia is \$14,986,440 (30 June 2010: \$14,986,440), and the total of the non-current assets located in Finland is \$26,565,513 (30 June 2010: \$25,367,048). Segment assets are allocated to countries based on where the assets are located.

31 December 2010	Australia \$	Finland \$	Unallocated \$	Total \$
<b>(b) Assets</b>				
Segment assets	14,986,440	26,565,513	-	41,551,953
Unallocated items				
Cash and cash equivalents			5,913,532	5,913,532
Trade and other receivables			525,007	525,007
Available-for-sale financial assets			1,653,717	1,653,717
Property, plant and equipment			285,145	285,145
Other assets			187,275	187,275
<b>Total assets</b>	<b>14,986,440</b>	<b>26,565,513</b>	<b>8,564,676</b>	<b>50,116,629</b>

Asset additions included above during the period:

Property, plant and equipment	-	1,286,497	36,007	1,322,504
Exploration and evaluation	-	(55,660)	-	(55,660)

# Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

## 2: Segment information (continued)

31 December 2009

### (a) Segment performance

	Australia \$	Unallocated \$	Total \$
Revenue			
Interest revenue	-	44,589	44,589
Other income	-	19,045	19,045
<b>Total</b>	<b>-</b>	<b>63,634</b>	<b>63,634</b>
Exploration and evaluation	(1,297,997)	-	(1,297,997)
<b>Segment (loss) before income tax</b>	<b>(1,297,997)</b>	<b>-</b>	<b>(1,297,997)</b>
Unallocated items:			
Corporate Costs		(988,269)	(988,269)
Finance Costs		(931)	(931)
Depreciation and amortisation		(31,994)	(31,994)
Share Based Payments		(49,206)	(49,206)
Loss on issue of converting notes		(1,131,303)	(1,131,303)
<b>Total unallocated</b>		<b>(2,201,703)</b>	<b>(2,201,703)</b>
<b>(Loss) after tax as per Statement of Comprehensive Income</b>			<b>(3,436,066)</b>

30 June 2010

### (b) Assets

	Australia \$	Finland \$	Unallocated \$	Total \$
Segment assets	14,986,440	25,367,048	-	40,353,488
Unallocated items:				
Cash and cash equivalents			12,699,818	12,699,818
Trade and other receivables			413,353	413,353
Available-for-sale financial assets			1,159,197	1,159,197
Property, plant and equipment			249,138	249,138
Other assets			190,390	190,390
<b>Total assets</b>	<b>14,986,440</b>	<b>25,367,048</b>	<b>14,711,896</b>	<b>55,065,384</b>

Asset additions included above during the period:

Property, plant and equipment	-	13,394,107	32,501	13,426,608
Exploration and evaluation	-	10,859,303	-	10,859,303

# Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

	31 December 2010 \$	31 December 2009 \$
<b>3: Revenue</b>		
<b>Revenue</b>		
Interest revenue	182,022	44,589
	<b>182,022</b>	<b>44,589</b>
<b>Other income</b>		
Other revenue	13,173	19,045
	<b>13,173</b>	<b>19,405</b>
<b>4: Expenses</b>		
Profit/ (Loss) before income tax includes the following specific expenses:		
<b>(a) Employee benefits expense</b>		
Employee benefit	743,190	406,655
Share based payments	86,717	49,206
	<b>829,907</b>	<b>455,861</b>
<b>(b) Finance costs</b>		
Converting notes interest	1,218,653	1,131,303
Bank fees	5,341	931
	<b>1,223,994</b>	<b>1,132,234</b>
<b>(c) Office and administration expenditure</b>		
Corporate expenses	1,223,434	513,410
Rental expenses operating leases	61,128	68,204
	<b>1,284,562</b>	<b>581,614</b>
	<b>31 December 2010 \$</b>	<b>30 June 2010 \$</b>
<b>5: Cash and cash equivalents</b>		
Cash at bank on hand	1,333,798	1,818,908
Deposits at call	4,579,734	10,880,910
	<b>5,913,532</b>	<b>12,699,818</b>
<b>6: Trade and other payables</b>		
Trade payables	564,167	580,993
Other payables	1,032,701	765,825
	<b>1,596,868</b>	<b>1,346,818</b>

# Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

	<b>31 December 2010</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
<b>7: Borrowings</b>		
Current- unsecured converting notes	13,370,503	12,855,082
	<b>13,370,503</b>	<b>12,855,082</b>

The Borrowings represent 139,500 converting notes, originally part of the 220,000 \$100 converting notes issued in mid 2006 with a coupon rate of 5% and a three year term.

On 1 January 2009 the Company reached an agreement with Note holders holding 139,500 converting notes to extend the maturity date to 30 June 2011 and increase the coupon rate to 10%. The remaining notes matured on 27 June 2009 and were converted to 78,903,187 ordinary shares at a variable weighted average price of \$0.014.

## Reconciliation of converting note liabilities :

Converting note liability brought forward	12,855,082	11,945,987
	12,855,082	11,945,987
Interest expense	1,218,653	2,304,095
Interest paid	(703,232)	(1,395,000)
	<b>13,370,503</b>	<b>12,855,082</b>
Current Liability	13,370,503	12,855,082
Non Current Liability	-	-
	<b>13,370,503</b>	<b>12,855,082</b>

Interest expense is calculated by applying the effective interest rate of 10% (2009: 5-10%) to the liability component.

## 8: Contributed equity and reserves

### (a) Contributed equity

<i>(i) Movements in fully paid ordinary shares on issue:</i>	<b>Number of shares</b>	<b>Total \$</b>
Balance at 1 Jan 2010	892,341,800	50,588,485
Shares issued	1,560,423,980	28,087,632
Capital raising cost	-	(88,019)
Re-organisation of share capital	(2,207,488,363)	-
<b>Balance at 30 June 2010</b>	<b>245,277,417</b>	<b>78,588,098</b>
Balance at 1 July 2010	245,277,417	78,588,098
Shares issued	-	-
<b>Balance at 31 December 2010</b>	<b>245,277,417</b>	<b>78,588,098</b>

# Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

## 8: Contributed equity and reserves (continued)

	31 December 2010 \$	30 June 2010 \$
<b>(b) Reserves</b>		
<b>Share based payments reserve</b>		
Balance at the beginning of the financial year	706,637	657,431
Share based payments expense	86,717	49,206
	<u>793,354</u>	<u>706,637</u>
<b>Converting notes equity reserve</b>		
Balance at the beginning of the financial year	581,102	581,102
	<u>581,102</u>	<u>581,102</u>
<b>Foreign currency translation reserve</b>		
Balance at beginning of the financial year	(1,509,455)	-
Foreign currency translation movement	(892,442)	(1,509,455)
	<u>(2,401,897)</u>	<u>(1,509,455)</u>
<b>Asset revaluation reserve</b>		
Balance at beginning of the financial year	240,236	-
Asset revaluation reserve movement	494,520	240,236
	<u>734,756</u>	<u>240,236</u>
<b>Total reserve</b>	<b><u>(292,685)</u></b>	<b><u>18,520</u></b>

## 9: Events subsequent to balance date

On 31 January 2011 the Company announced a fully underwritten A\$70 million equity raising to be completed by way of an accelerated non-renounceable pro-rata entitlement offer and institutional share placement. The offer will be fully underwritten by Credit Suisse (Australia) Ltd.

The fully underwritten equity offer comprises two elements:

1. A\$30.4 million 2 for 5 accelerated non-renounceable pro-rata entitlement offer ("Entitlement Offer") at an issue price of A\$0.31 per new share; and
2. A\$39.6 million institutional share placement ("Institutional Placement") where the price will be determined via an Institutional book build with an underwritten floor price of A\$0.31.

The issue price under the Entitlement Offer represented a 22% discount to the volume weighted average price of Altona shown over the last five trading days prior to the launch of the placement and a 12% discount to the theoretical ex-entitlement price of \$0.352.

The Institutional Placement is being undertaken in two tranches: the first of \$16.0 million being completed on 1 February 2011; the second of \$23.6 million is subject to shareholder approval at a General Meeting to be held on 11 March 2011.

The Entitlement Offer is being made to selected existing Institutional Shareholders on an accelerated basis, where those shareholders are required to accept or reject their Entitlement Offer prior to the closing of the Institutional Placement on 1 February 2011. Key dates associated with the Entitlement Offer and Placement as set out below.

## Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

### 9. Events subsequent to balance date (continued)

#### Key Dates

Institutional Entitlement Offer opened	31 January 2011
Institutional Entitlement Offer closed	1 February 2011
Institutional Entitlement Offer Shortfall Bookbuild and Institutional Placement	1 February 2011
Record date for Entitlement Offer	3 February 2011 7.00pm Perth Time
Retail Entitlement Offer opens	8 February 2011
Allotment date for the Institutional Entitlement Offer and Institutional Placement and commencement of normal trading on ASX for shares issued under the Institutional Entitlement Offer and Institutional Placement	11 February 2011
Retail Entitlement Offer closes	25 February 2011 7.00pm Perth Time
Allotment date for the Retail Entitlement Offer	9 March 2011
Commencement of normal trading on ASX for shares issued under the Retail Entitlement Offer	10 March 2011

New shares issued under the Entitlement Offer and Placement will rank equally with existing shares. Full details of the Entitlement Offer and Placement are available on the Group's web page.

### 10: Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

### 11: Commitments

	31 December 2010 \$	30 June 2010 \$
<b>Lease commitments</b>		
Commitments in relation to operating leases for office premises contracted for at the reporting date but not recognised as liabilities, payable:		
No Later than one year	212,947	172,164
Later than one year but not later than five years	777,767	888,989
	<b>990,714</b>	<b>1,061,153</b>
<b>Exploration tenements</b>		
The Group accepts there may be a liability for minimum annual expenditure commitments in relation to maintaining exploration licenses over mineral tenements in good standing. Quantifiable amounts for granted tenements or those with some certainty are disclosed below.		
<b>Commitments required to maintain licenses</b>		
No Later than one year	2,737,282	1,548,160
Later than one year but not later than five years	11,898,184	10,033,283
Later than five years	-	1,610,740
	<b>14,635,466</b>	<b>13,192,183</b>

## Notes to and forming part of the Financial Statements

For the half-year ended 31 December 2010

### 11. Commitments (continued)

Expenditure commitments contain amounts that have been proposed to be spent but not yet approved by the Department of Mines and Natural Resources.

#### Capital expenditure commitments

The Group has agreed to capital expenditure commitments in relation to agreements for purchase of mineral tenements as follows:

#### **Downmill Pty Ltd ('Downmill') and Nosebi Mining and management Pty Ltd ('Nosebi')**

Pursuant to the terms of the agreements to purchase EL's 5812 (Collector), 5759 (Archer) and 5692 (Burra) from Downmill and Nosebi (the 'Vendors'), the Vendors retain a 10% interest in each tenement, free carried in each case by the Group to the point where a decision to mine is made. Altona Mining Limited must meet the applicable expenditure commitment required to maintain the tenements in good standing. Archer has since been fully relinquished. Commitments for expenditure total \$45,000 annually.

## Directors' Declaration

In accordance with a resolution of the directors of Altona Mining Limited, I state that:

In the opinion of directors:

- (a) The financial statements and notes of the Group:
  - (i) give a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the Group; and
  - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**KEVIN MALONEY**  
**Chairman**

Perth, Western Australia

Dated this 15th day of March 2011

15 March 2011

Altona Mining Limited  
The Board of Directors  
Ground Floor  
1 Altona Street  
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF  
ALTONA MINING LIMITED

As lead auditor for the review of Altona Mining Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Altona Mining Limited and the entities it controlled during the period.



Chris Burton



BDO Audit (WA) Pty Ltd  
Perth, Western Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALTONA MINING LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Altona Mining Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Altona Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Altona Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.




## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Altona Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

Bdo Audit  


Chris Burton  
Director

Perth, Western Australia  
Dated this 15<sup>th</sup> day of March 2011