ALTONA MINING LTD (AOH:ASX)

8 November 2011

Altona Mining Limited (ASX: AOH) is a base metals and gold company with assets in Finland and Australia. AOH's two key projects are the Outokumpu copper-gold project in Finland and the Roseby copper-gold project in the Mount Isa region of northwest Queensland.

Company Data	
ASX Code	AOH
Share Price (A$)	0.28
Shares on issue (m)	518.7
Options @ $1.50 exercise (m)	4.0
Share rights on issue (m)	14.1
Market Cap (Fully diluted, A$m)	143.9

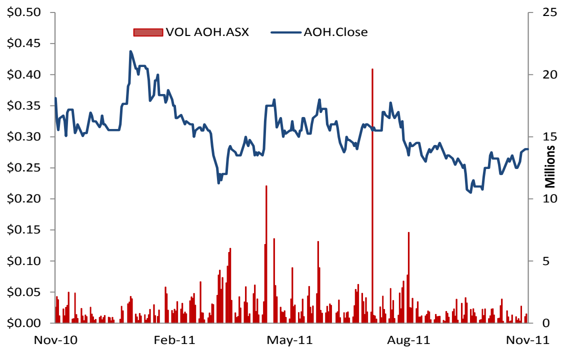
Financials (A$m)	
Cash (est)	45
Loans and Convertible Notes (est)	10

Resources (Cu Mt)	
Measured & Indicated	0.74
Inferred	0.53
Total	**1.26**

Board	
Kevin Maloney	Exec. Chairman
Alistair Cowden	Managing Director
Peter Ingram	Non Exec. Director
Heikki Solin	Non Exec. Director
Fiona Harris	Non Exec. Director

Top Shareholders	
L1 Capital	8.4%
Kevin Maloney	6.8%
Perpetual Investments	5.7%
Clearstream Luxemburg	5.2%

Share price performance



Analyst

Juan Pablo Vargas de la Vega — +61 2 9993 4472
Research Analyst — jp@helmsec.com.au
Helmsec Global Securities — www.helmsec.com.au

RECOMMENDATION: SPECULATIVE BUY

- Emerging copper producer with first ore delivery in 2012. AOH has a current JORC resource of 1.26 Mt of contained copper.
- The stock is trading at a >81% discount to its peer average based on EV/t Cu Resource. **Our valuation is A$0.61 per share.** AOH has considerable upside potential from its projects in Australia and Finland.
- AOH's value catalyst will be production at the Outokumpu project in Finland expected in February/March 2012 and new JORC resource upgrade at Roseby**.**

KEY POINTS

- **Near Production mine:** Outokumpu is expecting to produce its first copper concentrate in 1Q 2012. Annual production of 8,000t of copper and 8,000ozs of gold, at an average cash cost of US$1.33/lb (after gold credits), is anticipated.
- **Fully funded:** AOH is fully funded to bring Outokumpu into production and to continue exploration at Roseby, with a cash position of $45m, a line of credit from Credit Suisse of US$10m and a grant of €4.32m from the Finnish government.
- **Xstrata option to buy 51% of Roseby by 30 June 2012:** Given the precedent of Xstrata's purchase of Exco's Cloncurry copper project and the significant increase in resource size at Little Eva, we believe potential remains for Xstrata to exercise this option. We believe that Roseby is likely to be developed regardless of the option.
- **What if no Xstrata? AOH still a possible target:** If the option is not exercised we see AOH as an attractive target for companies that are looking to develop a copper project or consolidate a copper portfolio.
- **Growing resource inventory:** A recent 20% JORC resource increase to 1.26Mt of contained copper and 400koz of contained gold, with potential to increase the current resource due to an aggressive Roseby exploration campaign.
- **Potential to become an Australian mid-tier copper producer:** We believe AOH's strategy is on track to become a mid-tier Australian producer by 2015, with an ultimate objective of producing 64ktpa of copper and 26kozpa of gold.
- **Large inventory to sustain production:** Outokumpu's mine life is expected to be nine years and the previous DFS at Roseby indicated a mine life of 10 years, based on a smaller resource.
- **Commanding ground position:** The Company is strategically located in the Mount Isa region adjacent to major players, with access to roads and infrastructure in a world-class base metals region that hosts George Fisher-Hilton, Century, Cannington, Dugald River, and Ernest Henry deposits.
- **Exploration Upside:** Multiple exploration targets remain in Finland for copper and nickel and in Australia the exploration upside potential remains strong for copper, uranium and zinc.

COMPANY BACKGROUND

Altona Mining Limited ("Altona" or "AOH") is an ASX-listed company with imminent copper and gold production from its project in South East Finland. The company is also an advanced explorer for copper and gold in the Mount Isa Region of NW Queensland, where it controls 2,000km^2 of tenements. Roseby is located close to major players in the area, including BHP, Xstrata, Ivanhoe and MMG.

AOH is the result of the merger of Vulcan Resources and Universal Resources in February 2010. Vulcan was the owner of the Outokumpu project and Universal owned the Roseby project.

The Company has successfully increased it resource size by 20% since the merger last year. AOH currently manages a combined resource inventory of 1.26Mt of contained copper and 400koz of contained gold.

Altona Mining Cu-Au Only	Measured & Indicated Tonnes (Mt)	Measured & Indicated Copper (%)	Measured & Indicated Gold (g/t)	Inferred Tonnes (Mt)	Inferred Copper (%)	Inferred Gold (g/t)
Outokumpu Project	10.4	1.06	0.5	7.4	0.7	0.0
Roseby Project	102.5	0.61	0.0	74.5	0.6	0.1
Total	112.9	0.65	0.1	81.9	0.6	0.07

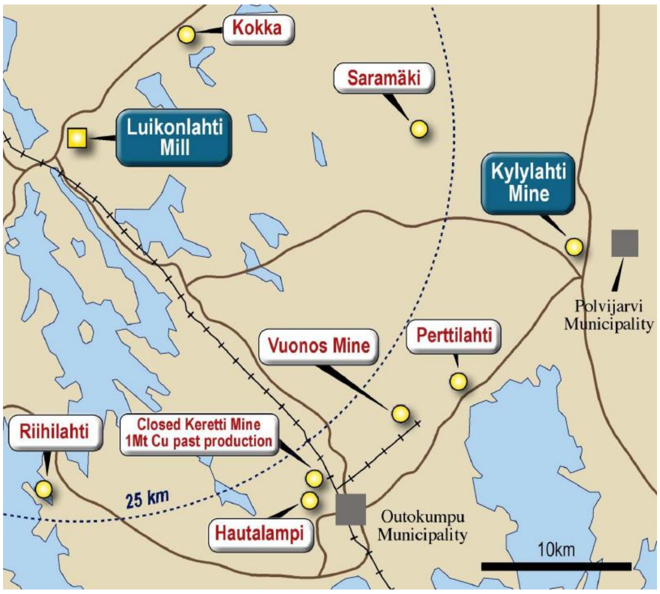
Altona Mining Cu-Au Only	Tonnes (Mt)	Copper (%)	Gold (g/t)
Outokumpu Project	17.79	0.91	0.32
Roseby Project	177.0	0.6	0.05
Total Resources	194.8	0.65	0.08

AOH's resources (Source: AOH)

AOH is well funded to deliver on both projects having $45m in cash, €4.32m undrawn funding from the Finnish government and a US$20m line of credit from Credit Suisse (US$10 already drawn down in Oct 2011).

The Company's priority is to develop the Outokumpu project and to increase the resource size at the Roseby project which the company expects to increase to a 200Mt resource within the next 12 months. The Company also has a nickel project in Finland with more than 33kt of contained metal.

We previously visited AOH's projects in Finland, and came away impressed with the management team's effort to refurbish the Luikonlahti Mill and the development of the new Kylylahti mine.



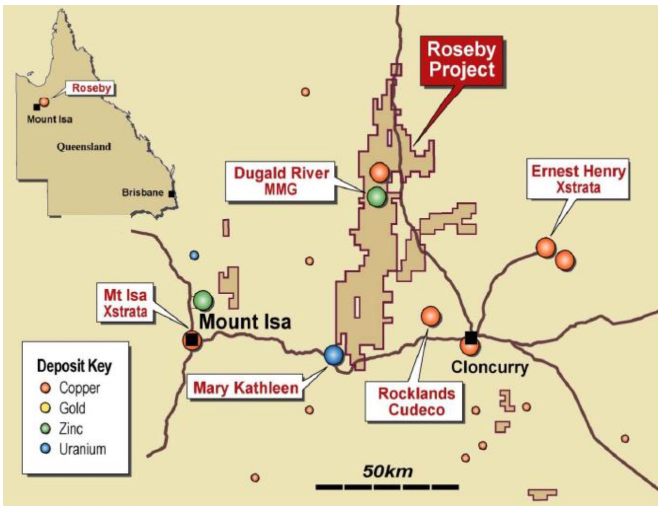
AOH projects in Finland (Source: AOH)

Xstrata has a purchase option to earn an interest of up to 51% in an area beneath and around the large copper resources at Roseby by 30 June 2012 by:

- Spending $15m on exploration, or
- Spending $10m on exploration and conducting a Definitive Feasibility Study (DFS), or
- Bidding directly for 51% of Roseby.

If Xstrata chooses any of the above actions, it is obliged to purchase 51% of Roseby, at a value agreed by both parties or otherwise at value determined by an independent expert.

AOH has a healthy portfolio of exploration targets due to its large land holding, especially in Australia.



AOH projects in the Mount Isa region (Source: AOH)

OUTOKUMPU - PROJECT OVERVIEW

Project Overview	
Ownership	100%
Location	South East Finland
Licence Area	35km^2
Status	Development

The Outokumpu Project consists of two major assets, the Luikonlahti mill which will be fed by the Kylylahti underground mine located around 42km by sealed road from the mill.

The project is located approximately 400 kilometres northeast of the Finnish capital Helsinki in a district with more than 70 years of mining history and production of ~2Blbs of copper and ~1Mozs of gold. The project is located close to infrastructure and has water and power readily available. All required permits have been granted and are current.

Finland is a developed country which fully supports new mining development. AOH has to date received €4.3m for the Outokumpu Project as the government tries to fight local unemployment, estimated to be around 15%.

The country company tax rate is 26% with no mineral royalties and a well serviced mining industry through companies such as Outotec and Metso. Neighbouring Sweden and Norway are also well established in providing services, spares and equipment for the mining industry.

Vulcan Resources (AOH) bought the Luikonlahti mill from Finn Nickel for ~$6m in January 2010. The Kylylahti mineral deposit was discovered in 1984 and purchased by Vulcan (AOH) from Dragon Mining in 2005.

Of major benefit to AOH is the fact that previous studies had been conducted on both the undeveloped deposit and the mill. A DFS on a plant refurbishment was carried out on the Luikonlahti mill in 2009. The Kylylahti deposit was discovered by Outokumpu Oy, who carried out almost 65,000m of diamond drilling. The 2008 Kylylahti DFS recommended the construction of a standalone processing plant.

Resources

Outokumpu resources are very well defined, with 17.8Mt containing 162kt of copper, 185koz of gold and 79kt of zinc. Almost 60% of the total JORC resource is in the measured and indicated categories, as described in the tables below.

	Measured & Indicated					
Outokumpu Project	Tonnes (Mt)	Copper (%)	Gold (g/t)	Ni (%)	Zinc (%)	Cobalt (%)
Kylylahti	8.09	1.3	0.7	0.2	0.5	0.2
Huatalampi	2.26	0.4	-	0.4	0.1	0.1
Saramaki	-	-	-	-	-	-
Vuonos	-	-	-	-	-	-
Riihilahti	-	-	-	-	-	-
Valkeisenranta	-	-	-	-	-	-
Sarkiniemi	-	-	-	-	-	-
Sarkalahti	-	-	-	-	-	-
Niinimaki	0.1	0.3	-	1.1	-	0.0
Total	10.43	1.1	0.5	0.3	0.4	0.2

	Inferred					
Outokumpu Project	Tonnes (Mt)	Copper (%)	Gold (g/t)	Ni (%)	Zinc (%)	Cobalt (%)
Kylylahti	0.31	1.0	0.6	0.2	0.7	0.2
Huatalampi	0.90	0.3	-	0.4	0.1	0.1
Saramaki	3.40	0.7	-	0.1	0.6	0.1
Vuonos	0.76	1.8	-	-	1.3	0.1
Riihilahti	0.14	1.7	-	0.2	-	0.0
Valkeisenranta	1.54	0.3	-	0.7	-	0.0
Sarkiniemi	0.10	0.4	-	0.7	-	0.1
Sarkalahti	0.19	0.3	-	1.0	-	-
Niinimaki	0.02	0.3	-	0.9	-	0.0
Total	7.36	0.7	0.0	0.2	0.5	0.1

Outokumpu resources (Source: AOH)

Production

Outokumpu's development was based on the previous studies at Luikonlahti and Kylylahti. As a result, AOH was able to utilise the data from these projects to quickly complete a DFS of its own in 2010. AOH's Outokumpu's current mining plan envisages the treatment of 550,000tpa of ore to produce 8,000t of copper, 8,400 ounces of gold and 1,600t of zinc annually over a 10 year mine life. AOH expects its first production of Cu-Au and Zn concentrate in 1Q 2012 with the Outokumpu project being on time and within budget.

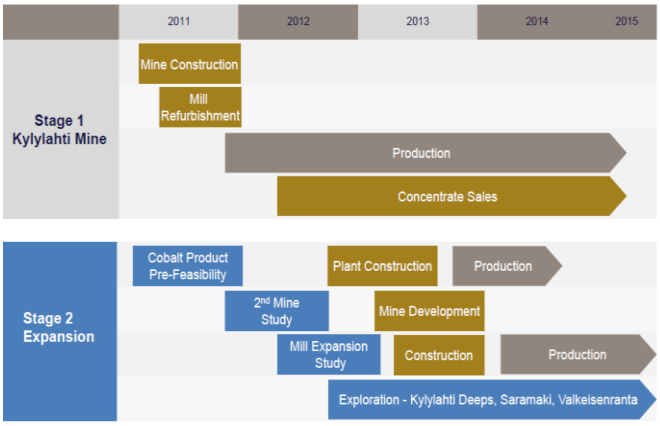
The estimated capital cost to restart the Luikonlahti mill and the Kykylahti mine is €36m ($A49m), to be spent during 2011 and Q1 2012. We believe that the refurbishment of the Luikonlahti mill makes commercial sense; operational risk is reduced as the plant has previously treated similar ore types. By contrast, the estimated cost of building a new processing plant is $100m, before taking into account the usual time delays and capital cost over-runs.

The mineralisation at Kylylahti comprises disseminated and semi-massive sulphides, mainly chalcopyrite and pyrite. Strong visual contacts should reduce dilution. Metallurgical recoveries are expected to be in the 90% to 95% range.

The Luikonlahti Mill in Finland (Source: AOH)

Underground development at the Kylylahti underground mine has already reached 1,300 metres of development and is close to intersect ore at the mine upper level. Overall, the mine decline, which is being developed by contract mining, has encountered no major problems. The mining method for ore extraction will be long hole stoping with cemented waste fill from depths of ~100 metres to ~800 metres. AOH's studies on rock competence indicate that there are unlikely to be any problems operating to the designed depth.

The Luikonlahti mill is an existing plant which is currently being refurbished and automated. To date, 80% of the task has been completed.



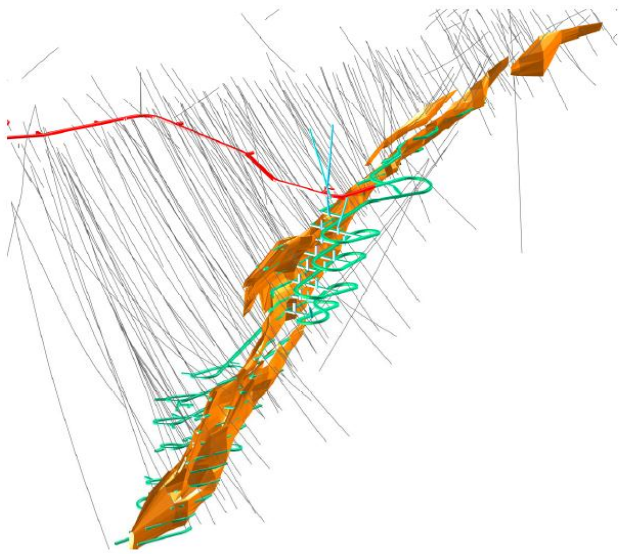
Outokumpu Project Growth Plan (source: AOH)

The filling material (cement) to be used initially will come from waste rock extracted from the current decline, and is expected to last for the first two years of the mine. AOH is examining the possibility of using existing tailings from the processing plant as backfill material for the rest of the mine life and in this way fully utilise the truck fleet.

AOH has a small hedge of 5.5kt Cu @ €5,574/t, 14koz Au @ €1,190/oz and 2.1kt Zn @ €1,475/t all lasting 5 years from July 2012. Hedging was required by Credit Suisse to meet the loan (US$20m) conditions, the rest of production remains unhedged. The Company has signed a contract with Boliden's Harjavalta copper smelter for the treatment of its copper concentrate on normal commercial terms. The Harjavalta smelter is located approximately 470km by road and the Kokkola Port, a distance of 350km by rail. The second option will however require a rail spur upgrade at Luikonlahti.

Outokumpu Upside

Given the current positive long term outlook for copper, the Company contracted GR Engineering in assessing the possibilities of increasing the plant capacity to 700-750ktpa (initial study for refurbishing indicated 800ktpa) and up to 1Mtpa. GR Engineering concluded that a 45% increase in mill capacity to 800,000tpa could be achieved for an expenditure of approximately €5M. The main features of the plant upgrade consisted of improved comminute efficiency by the addition of grinding balls to the pebble mills, and an increase in flotation capacity which can be accommodated within the mill footprint. A larger motor and gearbox will be required for pebble mill 1 required to facilitate this expansion and this will be fitted during the current refurbishment. In order to expand production, AOH would need to increase the current 4.3Mt ore reserve at Kylylahti. The deposit is open at depth, and with an indication that grade increases with depth. Recent drilling has shown that the satellite deposits (Saramaki, Hautalampi and Valkeisenranta), up to 110km by road, could be developed as satellite mines. This provides a solid base for a potential expansion without the need to compromise mine life.



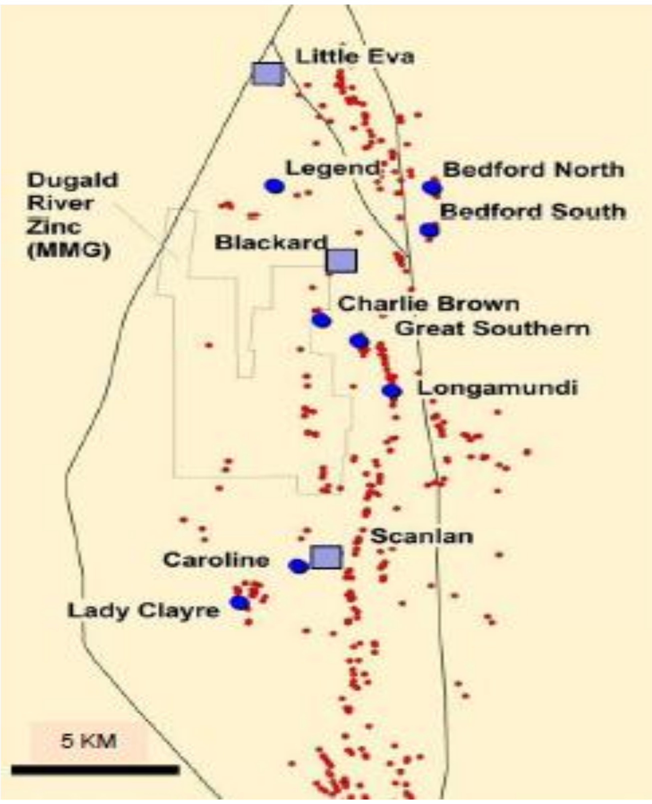
A 3D view of the proposed Kylylahti underground mine development (source: AOH)

ROSEBY – PROJECT OVERVIEW

Project Overview	
Ownership	100%
Location	North West Queensland
Licence Area	2,000 km^2
Status	Advanced Exploration

The Roseby project is a copper and gold deposit located approximately 95km northeast of Mount Isa, 65km northwest of Cloncurry and 100km from Xstrata's Ernest Henry copper-gold mine and smelter. The project borders MMG's Dugald River (zinc and lead) project.

The Roseby project consists of 11 known deposits, mostly at or near surface, on a structural corridor 30km by 2-3km in width. The deposits are categorised into two groups: copper only and copper and gold deposits.



Roseby deposits (source: AOH)

Roseby is well located in a mining district close to regional infrastructure. The project can be easily accessed and serviced from Cloncurry through existing roads. A water pipe line from Lake Julius to Xstrata's Ernest Henry mine crosses the project area, providing a possible water supply. The project is near an abandoned railway; Cloncurry has rail links to Townsville (650km) and power and gas are within a 60km radius.

Roseby was discovered by CRA (Rio Tinto) in 1990. More than 230,000 metres of diamond and RC drilling were conducted, with expenditure of approximately $100m on drilling and engineering. The Roseby project was purchased by Universal Resources from Pasminco in 2000. Since then, several pre-feasibility and definitive feasibility studies have been conducted. The positive legacy from these studies is that the ore properties are very well understood.

Resources

Roseby's resource is 177Mt at 0.6% Cu and 0.06 g/t Au. Approximately 57% of the Roseby resource is already in the measured and indicated categories (see table below), providing AOH with a reasonable confidence level. Currently AOH has two dedicated RC rigs operating at Roseby.

Given the current drill program at Roseby, and with current data available, we estimate that by the end of June 2012 the resource could be in excess of 200Mt with similar grade to the current resource.

	Measured & Indicated			Inferred		
Roseby Project	Tonnes (Mt)	Copper (%)	Gold (g/t)	Tonnes (Mt)	Copper (%)	Gold (g/t)
Copper Only Deposits						
Blackard	44.2	0.64	-	2.1	0.6	-
Legend	-	-	-	6.1	0.6	-
Longamundi	-	-	-	10.4	0.7	-
Great Southern	-	-	-	6.0	0.6	-
Scalan	15.4	0.65	-	4.2	0.8	-
Charlie Brown	-	-	-	0.7	0.4	-
Caroline	-	-	-	3.6	0.5	-
Sub total	59.6	0.64	-	33.10	0.6	-
Copper-Gold Deposits						
Little Eva	42.9	0.57	0.09	31.9	0.6	0.08
Ivy ann	-	-	-	4.00	0.7	0.12
Lady Clayre	-	-	-	3.70	0.9	0.51
Bedford	-	-	-	1.80	0.9	0.24
Sub total	42.9	0.57	0.09	41.40	0.6	0.13
Total	102.5	0.61	0.04	74.50	0.6	0.07

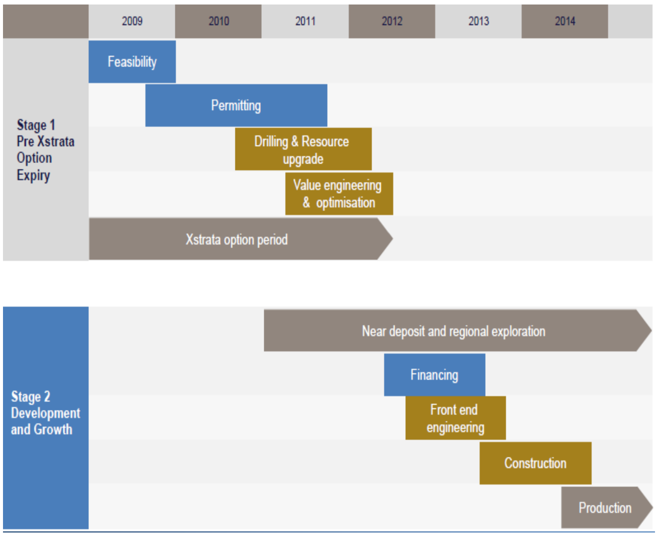
Roseby resources (Source: AOH)

Production estimation

AOH's latest resource update in July 2011 increased the Roseby resource by around 20%. What is clear from this resource update is that Little Eva, an iron ore copper and gold deposit (IOCG) and Roseby's largest deposit, is now big enough to be developed as a stand-alone project with a resource of 74.5Mt @ 0.52% Cu and 0.1 g/t Au.

This new resource update will assist the company in determining the oxide/sulphide balance in the design of the processing plant. The 2009 DFS indicated significant differences in copper recoveries, from 65% for oxides to 96% for sulphides.

AOH now believes that a new DFS for Little Eva should be completed by April 2012 and is simultaneously progressing the mining licence and environmental permitting. AOH has indicated a likely production scenario for Little Eva would involve an open pit development, processing 5-6Mtpa ($250m capex) with an average strip ratio less than 2.2:1. Metallurgical recoveries for copper and gold are expected to be approximately 95% for Cu and 90% for Au, with the production of 120,000tpa of copper concentrate containing 30-35ktpa of contained copper and 10-15kozpa of gold by 2014.



Roseby Copper Growth Plan (source: AOH)

The remaining copper and gold deposits, which represent approximately 9.5Mt at 0.82% Cu and 0.27 g/t Au, could be considered as satellite mines providing additional feed for a central plant at Little Eva.

Roseby Upside

We see the potential for increasing resources by June 2012 from the current drilling at Little Eva, and the under-explored Ivy Ann, Lady Clayre and Bedford copper and gold deposits. If the resources in these deposits were to increase in size, we believe that AOH would have sufficient inventory to treat more than the currently-envisaged 5-6Mtpa.

AOH has also identified another opportunity within Little Eva. Oxide ore exists from surface to average depths of 15-30m metres, followed by a transitional zone before sulphide ore is reached. AOH intends to examine the possibility of treating the oxide ore through solvent extraction/electrowinning (SX-EW) in order to increase the return on initial capital expenditure. We see this as of economic relevance since if this proposal is viable, then material initially considered as "waste" in the sulphide project can now become "ore" in the oxide project, reducing the working capital requirements for pre-stripping and at the same time increasing cash flow generation at an earlier stage than initially thought.

In addition to Little Eva, studies are continuing on the development of the copper-only deposits (92.7Mt at 0.64% Cu), which make up more than 50% of the total Roseby resource.

There are good longer term exploration opportunities for copper at Roseby at depth, as most of the drilling conducted to date has been relatively shallow (averaging 250 metres). There is also a very large tenement footprint (2,000km^2), which includes zinc and uranium potential.

Xstrata option purchase agreement

On March 2005, AOH entered into an option agreement with Xstrata to earn an interest of up to 51% in an area beneath and around the large copper resources at Roseby by 30 June 2012 by:

- Spending $15m on exploration, or
- Spending $10m on exploration and conducting a Definitive Feasibility Study (DFS), or
- Bidding directly for 51% of Roseby.

To September 2011 Xstrata has spent $8.9m.

If Xstrata chooses any of the above actions, it is obliged to purchase 51% of Roseby, at a value agreed by both parties or otherwise at value determined by an independent expert. The larger Roseby becomes the bigger the benefit will be for AOH if this option is exercised.

We believe that AOH has successfully added value by increasing the Roseby resource and also by providing a better understanding of the project, either to feed ore to Mt Isa or Ernest Henry or develop its own plant at Roseby.

The precedent of Xstrata purchasing Exco's Cloncurry Copper Project for $175m (resource of 52Mt at 0.77% Cu and 0.23 g/t gold) last April, has shown a plausible case for Xstrata exercising the option on Roseby. If Xstrata does not exercise the option, we believe that AOH can develop Roseby into a mining project in its own right. We also see the attractiveness of AOH's resource inventory and low share price for potential acquirers looking for an entry copper project or to consolidate a copper portfolio. This would be particularly true of companies operating in close proximity to Roseby.

VALUATION

Our valuation of AOH is **$0.61/share**, reflecting a 118% premium to current market price.

We have used different techniques for valuing AOH's assets. The Outokumpu Project has been valued on a DCF basis. Basic assumptions include utilising the current reserves of 4.3Mt at 1.56% Cu, 0.65 g/t Au and 0.55% Zn, processing an average of 550ktpa over a 9 year period. Our recovery assumptions are 91% for copper, 70% for gold and 90% for zinc. As a result, our derived NPV (13% discount rate pre-tax) valuation of Outukumpu is $133m or **$0.25/share** fully diluted, with a payback of less than two years including sunk capital from 2011. In our view the market is only valuing AOH for the Outokumpu project.

We highlight that Outukumpu is fully financed to production. AOH's cash position is $45m or **$0.08/share** and the company also has a line of credit with Credit Suisse for US$20m which US$10m or **-$0.02/share** were drawn down in October 2010.

We have valued Roseby on an EV/t basis for simplicity. A DCF valuation was considered inappropriate, given the possible changes in production size, costs and short term resource increase which could change the scope of the project.

We have valued AOH by benchmarking it against its copper explorers and developer peers. We have averaged the EV/t Cu of these companies using their JORC resources as a base. We have then applied the average peer multiple of $130 EV/t resource to the Roseby project to derive a value of $142m or **$0.27/share**. For our Cu Eq calculations we have used a long term copper price of US$2.75/lb, gold price of USD$1,200/oz and a A$/US$ exchange rate of 0.90.

We have not applied any discounts to Outokumpu or Roseby given that the Company has a good understanding of the ore bodies and metallurgy from previous studies.

We estimate that if Xstrata exercises its option purchase on Roseby, paying the same $481 EV/t implied by the $175m on Exco's Cloncurry project then, the 51% value of Roseby would be $271m or **$0.51/share**. If Xstrata lets its option lapse, we still see AOH being an attractive takeover target.

Our cash flow estimations indicate that despite the healthy cash flow from Outukumpu, this would not be sufficient to cover the capital development cost of Roseby. AOH would require external financing to fund the cost difference. However if Xstrata exercises its purchase option on Roseby, then AOH should have sufficient funds to finance a 49% capital participation on developing Roseby for a 6-8Mtpa plant.

We believe that there is exploration upside for the assets in Finland and Australia. We have assumed a nominal amount of $30m or **$0.06/share** for exploration, including the Khumo nickel project in Finland and also accounting for new discoveries and resource upgrades.

With further resource upgrades and exploration success AOH should trade at levels significantly higher than the implied EV of $80/t of contained copper equivalent.

The key catalysts for a significant re-rating will be:

- The Outokumpu project first ore production expected in 1Q 2012
- New resource upgrade from the current drilling campaign at Roseby.
- Xstrata exercising its purchase option on the 51% of Roseby

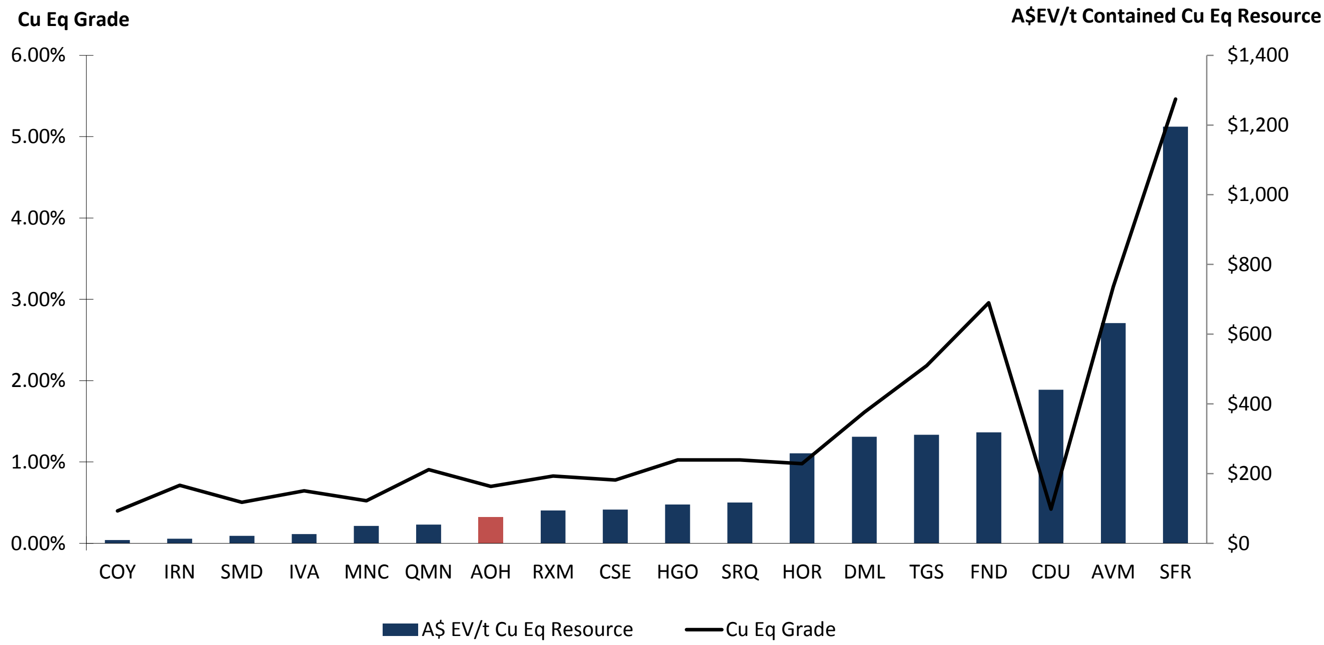
Table 1: AOH Sum of Parts Valuation Summary

Valuation	A$m	A$/Share
Outokumpu	132	0.25
Roseby In-Situ Valuation	142	0.27
Exploration Upside	30	0.06
Cash (est)	45	0.08
Debt (est)	-10	-0.02
Corporate cost (est)	-15	-0.03
Total Valuation	**324**	**0.61**
Share Premium/(Discount) to valuation		-132.0%

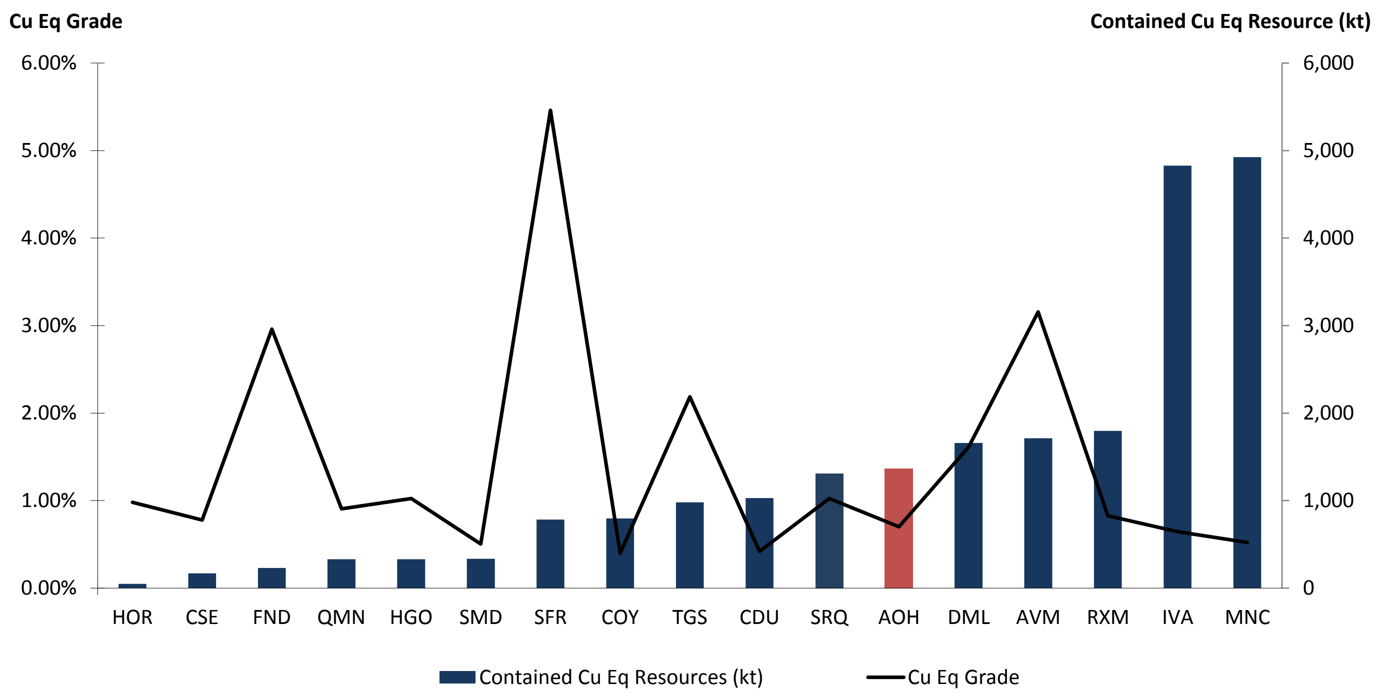
Valuation at Spot Cu/FX*	349	0.65
* Spot Gold Price (US$/oz)		1,799
*Spot A$/US$ rate		1.04
*Spot Copper Price (US$/lb)		3.53

KEY RISKS

- **The Outukumpu project not meeting design criteria:** The Kylylahti mine and/or the Luikonlahti mill fails to perform as per mine/plant specifications. Although we believe the risk to be small, it would nevertheless have a negative impact on cash flows.
- **Approvals and Environmental Licensing:** The approvals and environmental licensing process for AOH could take longer than expected.
- **Copper prices:** A decline in prevailing copper prices would significantly erode profitability and the ability to fund further development of its assets.



AOH peer valuation based on EV/t Cu Eq Resource



AOH peer comparison based on Contained Cu Eq Resources

Altona Mining Limited	Recommendation:	Speculative Buy

Issued Capital:	532.9m	Share price:	$0.28	Market Cap:	$149m	Y/E June, A$m

Assumptions	FY10A	FY11F	FY12F	FY13F	FY14F	FY15F	FY16F	LT	Spot
Copper Price (US$/t)	3.9	3.93	3.66	3.38	3.13	2.75	2.75	2.75	353
Gold Price (US$/oz)		1,371	1,525	1,400	1,300	1,200	1,200	1,200	1799.2
Zinc Price (US$/t)		1.02	1.09	1.15	1.10	0.95	0.95	0.95	0.90
A$/US$ Exchange Rate	0.88	0.99	1.00	0.98	0.95	0.90	0.90	0.90	1.04

Physicals	FY10A	FY11F	FY12F	FY13F	FY14F	FY15F	FY16F	LOM*
Waste/Ore Ratio	-	-	-	-	-	-	-	-
Ore (Mt)	-	-	0.14	0.55	0.55	0.55	0.55	4.30
Copper in Conc (Kt)	-	-	2.0	7.8	7.8	7.8	7.8	61.0
Gold in Conc (Koz)	-	-	2.0	8.0	8.0	8.0	8.0	62.9
Zinc in Conc	-	-	0.7	2.7	2.7	2.7	2.7	21.3
Cash Cost (incl royalties, US$/oz)	-	-	1.32	1.32	1.31	1.26	1.26	1.28

Financials (A$m)	FY10A	FY11F	FY12F	FY13F	FY14F	FY15F	FY16F	LOM*
Sales Revenue	-	-	19.3	73.6	70.2	65.5	65.5	528
Operating Costs	-	-	(8.4)	(33.7)	(33.7)	(33.7)	(33.7)	(263)
Operational Cash Flow	-	-	10.8	39.9	36.5	31.9	31.9	264
Capital/Development	-	-	(15.0)	(1.0)	(1.0)	(1.0)	(1.0)	(22.0)
Pre-tax Cash Flow	-	-	(4.2)	38.9	35.5	30.9	30.9	242
* Outukumpu								

Resources Masured & Indicated	Tonnes (Mt)	Copper (%)	Gold (g/t)	Inferred	Tonnes (Mt)	Copper (%)	Gold (g/t)
Outukumpu	10.4	1.06	0.54		7.4	0.69	0.0
Roseby Copper Only	59.6	0.64	-		33.1	0.63	-
Copper- Gold deposits	42.9	0.57	0.09		41.4	0.64	0.13
Total Roseby	102.5	0.61	0.04		74.5	0.64	0.07
Total	**112.9**	**0.65**	**0.1**		**81.9**	**0.64**	**0.1**
EV/t Reserve	A$141/t			Measured & Indicated/Resource (%)		58%	
EV/t Resource	A$82/t						

Valuation	$m	$/share
Outokumpu	133	0.25
Roseby in ground valuation only	142	0.27
Cash	45	0.08
Debt	-10	-0.02
Company corporate cost	-15	-0.03
Exploration Upside	30	0.06
Total	**324**	**0.61**
Premium/(Discount) to current share price		118%
Valuation at Spot	**349**	**0.65**
Premium/(Discount) to current share price		134%

Valuation Sensitivities		$m	$/share	% change		$m	$/share
Copper Price	+/-10%	32.5	0.06	10%	per 1%	3.3	0.006
Exchange Rate	+/- 5c	4.6	0.01	1%	per 1c	0.9	0.002

Indicative Investment Summary		FY12F	FY13F	FY14F	FY15F	FY16F
EBITDA	A$m	7.8	36.9	33.5	28.9	28.9
EBIT	A$m	5.0	31.6	28.0	23.2	22.9
Normalised NPAT	A$m	5.0	31.6	22.9	17.4	17.2
EPS	$	0.01	0.06	0.04	0.03	0.03
PE Ratio	x	29.6	4.7	6.5	8.6	8.7

DIRECTORS AND MANAGEMENT

Chairman - Mr Kevin Maloney
Mr Maloney has had an extensive career in retail banking, finance and resources. He joined Elders Resources in 1981 after spending 20 years with the ANZ Bank. Kevin is the founder and Executive Chairman of The MAC Services Group Limited. In the past three years he has also served as a Director of various listed companies.

Managing Director - Dr Alistair Cowden, BSc (Hons), PhD, MAusIMM, MAIG
Dr Cowden has over 30 years experience as a geologist and mining company executive in Australia, Africa, Asia, Europe and New Zealand. He was instrumental in the listing of a number of ASX listed companies including Vulcan Resources Limited, Rox Resources Limited, Archaean Gold NL and Magnetic Minerals Limited. Dr Cowden has been involved with major projects and discoveries such as Nimbus silver-zinc, Sunrise Dam gold mine, Kanowna Belle gold mine, Dongara mineral sands deposit, Syerston nickel-cobalt laterite deposit, Hartley platinum mine and Kambalda nickel mines. Dr Cowden has a BSc (Hons), Geology from the University of Edinburgh and a PhD in Geology from the University of London.

Non-Executive Director - Mr Peter Ingram, B.Sc, FAusIMM, MGSA, FAICD
Mr Ingram has over 35 years industry experience, and has been managing listed public exploration and mining companies for most of the past 30 years. He is a founding Councillor and past President of the Association of Mining and Exploration Companies and is an Honorary Life Member of that organisation.

Non-Executive Director - Mr Heikki Solin, Master of Laws, Helsinki
Mr Solin acts as non-executive Chairman of Vulcan's Finnish subsidiary companies, Kylylahti Copper Oy and Kuhmo Metals Oy. Mr Solin has over 40 years experience in the international mining industry which he has served as a corporate lawyer, marketing manager for technology, senior vice president in charge of international mining expansion for Finland's mining major Outokumpu, and since 1995 as an independent consultant. Except for a period of 14 years in United Kingdom Heikki has been based in Helsinki, 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.

Non-Executive Director - Ms Fiona Harris, Bcom, FCA, FAICD
Ms Harris has been a professional non-executive director for the past 12 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 14 years with KPMG, Fiona worked in Perth, San Francisco and Sydney specialising in financial services and superannuation. She was also involved in capital raisings, due diligence, flotations, capital structuring of transactions and litigation support. She is Western Australian State President of the Australian Institute of Company Directors and has been a member of their national board since November 2005. 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 Heytesbury Pty Ltd, Perron Group Ltd (& PG Holdings Ltd), WASO Holdings Ltd, Aurora Oil and Gas Ltd and has previously been a director on the boards of many listed and unlisted companies including Alinta Ltd, Portman Ltd and Burswood Ltd.

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