



Albany and Great Southern Weekender

Thursday 2/06/2011

Page: 60
 Section: General News
 Region: Albany WA, AU
 Circulation: 19759
 Type: Regional
 Size: 279.81 sq.cms.



press clip



Good prospects for Altona

Altona Mining Limited (AOH) Recommendation: Speculative buy

IN EARLY 2010, Altona Mining Ltd (AOH) was formed through the merger of Vulcan Resources Limited and Universal Resources Limited.

AOH is a copper explorer and developer with a strategy to build production from its two 100 per cent assets, Outokumpu in Finland and Roseby in Australia.

The Outokumpu project in Finland is located 400km north-east of Helsinki.

The project has low capital costs of A\$46m, is fully funded, and has good potential to extend the planned eight-year mine life by inclusion of regional satellite deposits.

The project involves the refurbishment of an existing processing plant at Luikonlahti and the development of an underground mine at Kylylahti.

AOH recently completed a \$70m capital raising at 31cps.

Therefore, this



project is fully funded and is currently progressing on schedule.

Kylylahti is a sulphide deposit containing an 8.4Mt resource at 1.25 per cent Cu, 0.54 per cent Zn and 0.68g/t Au as well as 0.2 per cent Ni and 0.24 per cent Co, of which 4.3Mt are reserves running at 1.56 per cent Cu.

AOH expects to commence production at Outokumpu from early 2012 at the rate

of 8ktpa, with annual production building towards 35ktpa Cu and 15koz Au by 2014.

The Roseby project in Queensland is situated 95km NE of Mt Isa and covers over 1,400km². The project contains total resources of 133Mt at an average of 0.68 per cent Cu and 0.06g/t Au, for 900kt Cu and 250koz Au.

The resource is spread across 11 deposits with current

and ongoing drilling providing potential to expand resources at depth and along strike – Altona's target is a 50 per cent resource increase to 200Mt by mid 2011.

A DFS for the project was published in 2010 and estimated capital costs of A\$217m based on open pit mining and a 5Mtpa conventional flotation concentrator operation.

The company has recently announced that it will update this study to include a larger resource size and an increased production rate of 8Mtpa.

We see AOH becoming a mid-tier copper producer over the next three years and given the significant discount to its peers based on an EV/resource metric (A\$50/t vs \$150/t), we will continue to monitor its progress toward achieving its production targets which could see a significant re-rating of the stock.

We rate AOH as a "speculative buy".

- Charles Johnson, Representative, Patersons Securities Ltd.

* This document is intended to provide general securities advice only, and has been prepared without taking account of anyone's objectives, financial situation or needs and therefore before acting on information contained in this document you should consider its appropriateness having regard to all your personal circumstances. * The writer declares a beneficial interest in Altona Mining Ltd.