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ALTONA MINING LIMITED ASX:AOH A STRONG BUY



Altona Mining Limited ASX:AOH is well on the way to \$1 according to Shayne Heffernan. The company has been upgraded to a strong buy with a 2012 price target of \$1.50 issued today.

ROSEBY RESOURCE PASSES ONE MILLION TONNES OF CONTAINED COPPER

- 1.1 million tonnes of contained copper at Roseby
- The new global resource estimate for Roseby is 177 million tonnes at 0.6% copper and 0.06g/t gold for 1.1 million tonnes of copper and 296,000 ounces of gold
- 20% increase in contained copper metal from upgrade of Little Eva Resource
- Little Eva is now the largest deposit at Roseby, with further resource upgrades expected as drilling progresses

Altona Mining Limited ("Altona") is pleased to announce a resource upgrade for the 100% owned Roseby Project in Queensland, Australia. The global resource estimate for the project has increased to:

177 million tonnes at 0.6% copper and 0.06g/t gold for 1.1 million tonnes of copper and 296,000 ounces of gold.

This compares to 132.5 million tonnes at 0.68% copper and 0.06g/t gold in the previous estimate. The new estimate represents a 20% increase in contained copper metal.

The increase is a result of a new estimation of resources at the Little Eva copper-gold deposit. The prior estimate for Little Eva was 30.4 million tonnes at 0.78% copper and 0.14g/t gold above a 0.3% cut-off grade. The revised Little Eva resource is:

74.7 million tonnes at 0.52% copper and 0.1g/t gold for 388,000 tonnes of copper and 205,000 ounces of gold above a cut-off grade of 0.2% copper

Some 57% of this estimate is in the Measured and Indicated categories. Further resource upgrades are expected at Little Eva, as only 11 of 53 holes drilled in the current drill programme have been included in this estimation.

Little Eva is now the largest deposit at Roseby. The deposit has been drilled to depths of 200-250 metres, is steeply dipping, is 1.3 kilometres long and ranges from 20 to 360 metres wide. Images of the new resource block model are attached as Figures 3 to 8 to illustrate the geometry of the deposit. The deposit is not fully defined along the western edge and remains open to the southeast.

Drilling and re-estimation has yet to commence at the other Roseby deposits which currently contain over 100 million tonnes at approximately 0.60% copper and 0.05g/t gold (see Appendix).

Little Eva is a typical IOCG (iron-oxide copper-gold) deposit. It is a large and simple copper-gold deposit which has excellent metallurgical recoveries of copper (95%) and gold (94%) to concentrate. Prior studies indicate that processing will be via an industry standard flotation plant to produce a copper-gold sulphide concentrate. A 15-30 metre thick cap of oxide copper mineralisation (goethite, malachite, etc) overlies primary mineralisation (feldspar-quartzhematite-carbonate-chalcopyrite).

1 Little Eva has been reported above a cut-off grade of 0.2% copper and all other deposits reported above a cut-off grade of 0.3% copper.

The new resource is informed by a range of new information acquired since the prior estimate which was updated in 2005. This includes metallurgical and geotechnical diamond drill holes, some of which were not assayed, the first 11 RC drill holes of a current drill programme, a new geological model utilising a geologically relevant cut-off grade and improved estimation techniques. The results reported in the release dated 28 June 2011 are incorporated in this estimate and further drilling indicates that the estimate will increase.

The difference in the estimate is largely due to the extension of prior resource boundaries and the application of lower cut-off grades, commensurate with increased commodity prices since the last estimate. The new resource has been reported at a 0.2% copper cut-off after geological boundary analysis and consideration of marginal costs indicated that this was appropriate. A tabulation of the Resource at a 0.3% copper cut-off grade has been provided to allow comparison with prior estimates.

The new estimate is detailed in the attached tables and appendices. A description of the assessment and reporting criteria used in the Little Eva estimation reflects those detailed in Table 1 of The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) and is also provided in the appendices.

The existing resource estimates are disclosed here with an extract from the original resource report. The reason for this disclosure for the deposits other than Little Eva is that disclosures of that work were not made in full in prior ASX announcements made by the Company.

Altona Mining Limited (Altona), formerly Universal Resources Limited, is engaged in development, evaluation and exploration of its base metal mining projects in Finland and Australia. The Company's projects include Outokumpu and Roseby. Outokumpu is located in Eastern Finland. On August 2, 2010, the Company announced the completion of the definitive feasibility study of the Outokumpu Copper Project together with its intent to develop this project. The Company's 100% owned project is Roseby, near Cloncurry in Queensland, Australia. The Roseby project covers an area of 2,000 square kilometers adjacent to the Dugald River zinc project.

Roseby is the copper resource in Australia. Roseby contains 132 million tons of ore grading 0.7% copper and 0.1 grams per ton gold for 906,000 tons of copper metal and 254,000 ounces of gold. On February 4, 2010, Vulcan Resources Limited and Universal Resources Limited announced the completion of their merger.

Valuation Ratios

	Company	Industry	Sector	S&P 500
P/E Ratio (TTM)	91.92	43.10	22.94	17.62
P/E High – Last 5 Yrs.	3.77	105.43	123.93	100.59
P/E Low – Last 5 Yrs.	3.77	41.20	26.76	12.63
Beta	1.93	0.89	1.26	1.26
Price to Sales (TTM)	11.33	25.62	2.38	2.43
Price to Book (MRQ)	2.55	3.10	2.98	13.19
Price to Tangible Book (MRQ)	5.07	3.40	3.13	15.75
Price to Cash Flow (TTM)	44.91	23.03	19.70	9.25
Price to Free Cash Flow (TTM)	–	94.89	26.50	19.09
% Owned Institutions	–	–	–	–

Dividends

	Company	Industry	Sector	S&P 500
Dividend Yield	–	0.93	1.11	1.86
Dividend Yield – 5 Year Avg.	0.00	1.49	1.46	2.40
Dividend 5 Year Growth Rate	–	0.00	16.21	-2.84
Payout Ratio(TTM)	0.00	20.21	16.66	29.82

Growth Rates

	Company	Industry	Sector	S&P 500
Sales (MRQ) vs Qtr. 1 Yr. Ago	206.77	48.12	23.30	8.93
Sales (TTM) vs TTM 1 Yr. Ago	21,054.94	60.41	21.35	10.28
Sales – 5 Yr. Growth Rate	156.47	24.22	13.47	7.83
EPS (MRQ) vs Qtr. 1 Yr. Ago	44.69	1,318.03	39.98	2.08
EPS (TTM) vs TTM 1 Yr. Ago	102.79	–	–	–
EPS – 5 Yr. Growth Rate	–	10.32	23.95	5.51
Capital Spending – 5 Yr. Growth Rate	-12.57	22.59	15.50	3.80

Financial Strength

	Company	Industry	Sector	S&P 500
Quick Ratio (MRQ)	–	1.76	1.16	0.65
Current Ratio (MRQ)	0.43	3.30	1.57	1.01
LT Debt to Equity (MRQ)	0.00	28.87	19.51	125.71
Total Debt to Equity (MRQ)	39.60	29.95	37.83	163.20
Interest Coverage (TTM)	–	11.48	0.25	19.11

Profitability Ratios

	Company	Industry	Sector	S&P 500
Gross Margin (TTM)	–	30.75	27.45	33.71
Gross Margin – 5 Yr. Avg.	–	30.33	25.42	32.02
EBITD Margin (TTM)	40.10	–	–	–
EBITD – 5 Yr. Avg	-145.37	2.37	19.07	20.24
Operating Margin (TTM)	23.15	-88.29	15.52	–

Operating Margin – 5 Yr. Avg.	-239.88	-10.26	13.99	15.29
Pre-Tax Margin (TTM)	23.15	-83.65	15.52	14.70
Pre-Tax Margin – 5 Yr. Avg.	-239.88	-5.12	13.78	14.81
Net Profit Margin (TTM)	24.23	-87.68	11.51	10.99
Net Profit Margin – 5 Yr. Avg.	-232.67	-10.73	10.05	10.95
Effective Tax Rate (TTM)	-4.64	24.03	23.97	22.38
Effective Tax Rate – 5 Yr. Avg.	–	26.97	27.72	24.91

Efficiency

	Company	Industry	Sector	S&P 500
Revenue/Employee (TTM)	–	904,630	1,228,156,758	745,293
Net Income/Employee (TTM)	–	350,859	138,827,603	95,014
Receivable Turnover (TTM)	49.23	22.90	7.31	7.98
Inventory Turnover (TTM)	–	3.93	5.69	7.16
Asset Turnover (TTM)	0.44	0.44	1.14	0.57

Management Effectiveness

	Company	Industry	Sector	S&P 500
Return on Assets (TTM)	10.62	7.01	12.99	6.36
Return on Assets – 5 Yr. Avg.	-28.65	6.08	10.98	6.07
Return on Investment (TTM)	14.70	7.94	20.38	8.30
Return on Investment – 5 Yr. Avg.	-34.64	7.18	16.38	7.94
Return on Equity (TTM)	19.55	10.72	20.95	18.25
Return on Equity – 5 Yr. Avg.	-39.75	8.99	19.74	15.64

Shayne Heffernan

Shayne Heffernan oversees the management of funds for institutions and high net worth individuals.

Shayne Heffernan holds a Ph.D. in Economics and brings with him over 25 years of trading experience in Asia and hands on experience in Venture Capital, he has been involved in several start ups that have seen market capitalization over \$500m and 1 that reach a peak market cap of \$15b. He has managed and overseen start ups in Mining, Shipping, Technology and Financial Services.

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For More Information Contact

Petchada Kingwattanakul

Business Development Director

Heffernan Capital Management

Info@Heffcap.com

www.heffcap.com

Suite 53 Athenee Tower 63 Wireless Road, Lumpini, Pathumwan, Bangkok 10330 THAILAND

Tel: +66 2 126 8045

Fax: +66 2 126 8080

Mobile: +66 8 5997 0635

Email : info@heffcap.com

New York

347 5th Avenue, Suite 1402-508 NY, NY 10016

Tel: +1 646-403-9881

Fax: +1 646-403-8014

Singapore

3 Raffles Place #07-01 Bharat Building Singapore 048617

Tel: +65 6329 6408

Fax: +65 6329 9699

Info@Heffcap.com

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