

No rush on deal for Little Eva

Altona Mining Ltd managing director Alistair Cowden is not rushing to sign up a partner for his company's Little Eva copper-gold project in Queensland.

And why would he be in a hurry? Altona's sale of its Finnish operations last year showed the right deal can come along at any time, even if you're not looking to part with the asset.

Altona returned \$80.2 million at 15c/share to shareholders in February following the \$US98.3 million sale of the Outokumpu copper operations in Finland to Swedish base metals miner Boliden Mineral AB.

The sale left the Perth-based junior company with an extremely healthy cash position of \$48.5 million to put towards the development-ready Little Eva project, near Cloncurry.

Debt-free Altona released an updated DFS for Little Eva in March 2014 and despite the technical review greatly reducing a number of costs, the \$294 million project is still far too big for the company to develop on its own.

So for now Cowden is happy to sit back and wait for the right offer to come along instead of "destroying" value for shareholders by trying to raise debt to develop Little Eva in a constrained market.

"Every day we're seeing companies that were former market darlings who raised a bucket load of money from shareholders and raised a bucket load of debt – often aggressive debt – and then had a technical problem and died as a single project company," Cowden told **Paydirt**.

"We don't want to go down that route. We've created a lot of value in the project so preferably we would like to get someone else in to share the risk either through a merger with a larger, stronger balance sheet or a JV with a larger, stronger balance sheet or do like we did in Finland and sell the asset; whatever option realises value for shareholders."

Altona was not looking to sell Outokumpu when first approached by Boliden in February 2014, but Cowden said the surprise offer was too good to refuse and the transaction was settled last November.

Cowden is hoping he can bring the same type of realism to Little Eva and if his own experienc-



Altona concedes the \$294 million Little Eva project is too big for the junior company to develop on its own

es are anything to go by, the right partner for the project will eventually come knocking on his company's doors.

"We've had parties from inside and outside Australia that have shown interest in Little Eva and we've been engaged with them for some time, but you've got to be patient with these things," Cowden said.

"You can go out targeting people for a transaction and never find them, but they always find you. I've never once found the counter party to a transaction by looking, but by being out there and looking they will find you."

"I think the lesson here is there is no such thing as being highly skilled at these things. If you have a compelling deal in front of you, you do the deal because you never know what tomorrow might bring."

Little Eva is fully permitted and has a proposed annual production of 38,800 tpa of copper and 17,200 ozpa of gold for a minimum of 11 years from the 1.5mt contained copper and 410,000oz contained gold resource.

The recent discovery of the Turkey Creek deposit, about 1.5km east of the proposed Little Eva open pit, has taken the global resource of the project to 286.8mt @ 0.57% copper and 0.4 g/t gold for 1.65mt contained copper and 400,000oz contained gold.

Some of the better

intercepts from a drilling programme at Turkey Creek last year were 44m @ 1.09% copper (including 23m @ 1.5% copper), 46m @ 0.61% copper (including 20m @ 0.94% copper) and 42m @ 0.89% copper (including 26m @ 1.22% copper).

The inclusion of Turkey Creek (maiden resource of 21mt @ 0.59% copper for 123,000t contained copper) in the overall resource will force some minor re-jigging of the project design as the proposed tailings dam was to be built directly above the new discovery. Fortunately, Little Eva is within 4km of an existing and fully permitted tailings facility which could be a worthy replacement.

Cowden was insistent the only exploration programmes his company would engage in during these tough economic times were on Altona's current tenement package in Queensland.

"A lot of my reputation is based on exploration success in the past, but I've been involved in enough of it to know that exploration is not a business," Cowden said.

"If you look at the industry as a whole and the cash that is consumed for exploration success, it's a poor return unless you're lucky enough to be a Sirius [Resource NL] or a Sandfire [Resources NL], but for every one of those there's 100 or 200 more where money just gets consumed to no end.

"Exploration dollars are dollars you've got to be prepared to lose and cash is just too valuable now to do that, so we will only devote money to things that directly enhance the Little Eva project."

– Michael Washbourne



Alistair Cowden