

21 December 2010

ASX: AOH, FSE: A2O

END OF YEAR UPDATE – LETTER TO SHAREHOLDERS

Dear Fellow Shareholder

The year has been one of major transition and growth for the group.

We completed the merger of Vulcan and Universal with the merged company being re-launched as Altona Mining Limited (Altona). We purchased the Luikonlahti processing plant in Finland. We completed a DFS at Outokumpu and subsequently commenced underground mine development and plant refurbishment.

At our Australian copper project, Roseby, we completed a review of the project which indicated the potential to significantly increase resources. We also considered taking a 'bulk mining' approach, which may result in an uplift to the production profile of 26,000 tonnes per annum that was envisaged in the 2009 detailed feasibility study.

We have activity progressing on a number of fronts:

Financing activities

On October 27, Altona provided an update of progress on the financing of the Outokumpu Copper project and indicated our intention to select a financing partner by the end of the year. This has been achieved. The details of the financing arrangements remain commercial in confidence and will be released to market once due diligence has been completed.

Outokumpu Project operations

Decline tunnelling operations have commenced with contractor YIT now on site. Despite unseasonably cold weather in Europe, operations are proceeding to establish a box cut and decline tunnel to the planned timeline.

A detailed design of mill modifications is nearing completion and the process to amend the current granted permit for the Luikonlahti operations is proceeding well.

Roseby Project - Xstrata drilling

Xstrata advise they have completed four diamond drill holes of approximately 700m length beneath the very large Blackard deposit. The drilling is designed to test for the presence of a mineralised system, which may be the source of the near surface secondary mineralisation that comprises the Blackard resource. Xstrata also completed one drill hole testing an exploration target south of the Scanlan deposit. Results are expected in late January or February.

Roseby Project - Altona drilling

Altona has completed some 4,127 metres of RC drilling at the Legend, Scanlan and Blackard deposits. Validated assay results will be available in January or February.

At Legend, 1,116 metres of drilling was completed testing the potential to improve the strike and dip extensions and continuity of shallow native copper resources. Visual indications are that results will be as expected. Legend is a modest grade Inferred resource, (6Mt at 0.6% copper) and an excellent test case for the resource expansion opportunity. It has not been drilled by the company with the last drilling completed by CRA in 1992.

At Blackard, 1,687 metres of drilling was completed. The drilling tested the continuity of mineralisation of a potential 0.5km extension of the shallow native copper resources to the north. Visual indications are encouraging with one drill hole returning coarse native copper nuggets. Blackard shallow resources are open in many directions. Drilling also addressed the connection between secondary native copper mineralisation and shallow sulphide mineralisation previously drilled by Xstrata.

At Scanlan, 1,324 metres of drilling tested the continuity of mineralisation over a 0.3km strike extension of the shallow native copper mineralisation to the north and was also directed to determine extensions to and the presence of sulphide mineralisation beneath the deposit.

Outlook for 2011

The Company is now in its strongest position ever with construction of a mine underway and having a major copper inventory in its two major projects. While we have a lot of work ahead of us and in some ways the biggest challenges are still to come, we are proud of the accomplishments achieved over the past calendar year and look forward to providing further positive and exciting updates for our shareholders as we continue down the path towards becoming a mid-tier miner.

Thank you for your continued support and interest in Altona.

Kind regards

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Competent Persons Statement

The information in this report 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 who is 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 Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Alistair Cowden consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.