

31 January 2011

ASX: AOH, FSE: A2O

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## ENTITLEMENT OFFER AND INSTITUTIONAL PLACEMENT

Altona Mining Limited (“Altona”) today announced a fully underwritten A\$70 million equity raising to be completed by way of an accelerated non-renounceable pro-rata entitlement offer and institutional share placement. The offer will be fully underwritten by Credit Suisse (Australia) Ltd.

Over the past 13 months, Altona has completed the purchase of a processing plant in Finland, merged with Vulcan Resources Limited, completed a Definitive Feasibility Study on the Outokumpu Project, approved the Outokumpu Project for development, commenced construction of the mine and is revisiting the Roseby Definitive Feasibility Study published in 2009.

The Chairman of Altona, Mr Kevin Maloney said “An equity raising was selected as the best choice to fund the development of Outokumpu and a major drilling campaign at Roseby. Looking forward, it will maximise our flexibility in mid-2012 by enabling us to apply potential positive cash flow towards the development of, what is expected to be a very large, Roseby Project.

The raising comprises an entitlement issue in which all shareholders can participate and an institutional placement that improves liquidity and broadens the institutional ownership.

Altona has also mandated Credit Suisse to provide a project facility for Outokumpu of up to A\$20 million, which can be applied to additional opportunities as needed. The Company has a variety of other opportunities to help drive additional shareholder value, including the development of a cobalt-nickel product at Outokumpu.”

Mr Maloney also commented that his private company, Tulla Resources (“Tulla”), would be taking up its entitlement in full and that subject to shareholder approval, Tulla would seek to increase its holdings in the Company to 7.5%. All other Directors are taking up their entitlement in full or in part.

Further details are provided in the investor presentation released separately to ASX today.

The fully underwritten equity offer comprises two elements:

1. A\$30.4 million 2 for 5 accelerated non-renounceable pro-rata entitlement offer (“Entitlement Offer”) at an issue price of A\$0.31 per new share; and
2. A\$39.6 million institutional share placement (“Institutional Placement”) where the price will be determined via an Institutional Bookbuild with an underwritten floor price of A\$0.31.

The issue price under the Entitlement Offer represents a 22% discount to the volume weighted average price of Altona shown over the last five trading days and a 12% discount to the theoretical ex-entitlement price<sup>1</sup>.

The Institutional Placement is being undertaken in two tranches: the first of \$16.0 million will be completed on 1 February 2011; the second of \$23.6 million is subject to shareholder approval at a General Meeting to be held on 11 March 2011.

<sup>1</sup> The theoretical ex-entitlement price (TERP) is A\$0.352 per share based on the last closing price of Altona shares on 28 January 2011 of A\$0.39 and includes the impact of the Institutional Placement at the underwritten floor price of A\$0.31 per share.

The Entitlement Offer is being made to selected existing Institutional Shareholders on an accelerated basis, where those shareholders are required to accept or reject their Entitlement Offer prior to the closing of the Institutional Placement on 1 February 2011.

Full details of the retail component of the Entitlement Offer ("Retail Entitlement Offer") will be set out in a Retail Entitlement Offer booklet which is expected to be lodged with the ASX and dispatched to shareholders on or around 8 February 2011. Any shareholder who wishes to acquire new shares under the Retail Entitlement Offer will need to apply in accordance with the personalised Entitlement and Acceptance Form that will accompany the Retail Entitlement Offer booklet. Shareholders who have any questions about the Offer should contact their professional advisor or the Company.

New shares issued under the Entitlement Offer and Placement will rank equally with existing shares.

### Key Dates

Institutional Entitlement Offer opens	31 January 2011
Institutional Entitlement Offer closes	1 February 2011
Institutional Entitlement Offer Shortfall Bookbuild and Institutional Placement	1 February 2011
Record date for Entitlement Offer	3 February 2011 7.00pm Perth Time
Retail Entitlement Offer opens	8 February 2011
Allotment date for the Institutional Entitlement Offer and Institutional Placement and commencement of normal trading on ASX for shares issued under the Institutional Entitlement Offer and Institutional Placement	11 February 2011
Retail Entitlement Offer closes	25 February 2011 7.00pm Perth Time
Allotment date for the Retail Entitlement Offer	9 March 2011
Commencement of normal trading on ASX for shares issued under the Retail Entitlement Offer	10 March 2011

### 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 a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person 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 his information in the form and context in which it appears.

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