

10 April 2014

ASX: AOH, FSE: A20

## COMPANY UPDATE

Dear fellow Shareholder

I would like to take this opportunity to provide an update on how we plan to move the Company forward and generate shareholder value.

Altona Mining Limited ("Altona") has commenced the 2014 calendar year with a series of positive announcements relating to our projects in Finland and Australia.

As at 31 March 2014, Altona had A\$16 million in cash, no debt and an enviable business at Outokumpu in Finland focused on production and profit growth. Furthermore, we continue to progress towards an outcome from our discussions with a number of miners, copper consumers and financial groups on both a partial or complete sale of our wholly owned Little Eva Project at Cloncurry in Queensland.

We take pride in our track record of building and operating a profitable, low cost and cashflow positive mine in Finland which still retains a seven year mine life after more than two years of production and continues to outperform our original expectations. This performance will be enhanced even further with annual production guidance increased to 9,000-10,000 tonnes of copper and 9,000-10,000 ounces of gold for the 2014 financial year. We also expect to focus on costs while continuing to grow our resources and reserves with further drilling.

Our recent cost review of Little Eva in Queensland highlights a very competitive capital cost for a large-scale copper project in a highly skilled and low risk environment. This marked improvement in operating costs for our project where all up costs are below US\$2.00 per pound will enhance the likelihood of sourcing a partner and financing a solution to unlock significant value for our shareholders while avoiding financing structures with excessive risk and significantly diluting current shareholders.

We view copper markets very positively. Most market commentators recognise a looming structural deficit in the copper market and upward pressure on copper prices at the time a Little Eva development would likely come into production.

We are aware of the desire of shareholders to have more communication on the Little Eva partnering process. Shareholders will understand that such negotiations are in confidence and that others have been damaged by premature announcements that are uncertain and incomplete. Patience is hard in these circumstances but the asset is still 100% owned and there are few other permitted large scale copper opportunities available in Australia. Be assured, our advisors in China and Australia, together with your executive team, are working hard to deliver value.

Your Directors are all shareholders in Altona and share your frustration with the share price performance. We believe that Altona's share price is currently trading at a value less than that justified by our Finnish operation alone, meaning that our Queensland copper project is ascribed no value at all. Therefore, we remain confident that there is considerable upside in the share price providing we continue to perform at Outokumpu and can deliver a transaction on Little Eva.

I would like to reaffirm to shareholders that Altona remains committed to generating value from the Company's Finnish and Australian projects. Our strategy is:

- enhance profitability, cashflow and mine life at Outokumpu,
- complete a transaction that demonstrates the unrecognised value at Little Eva, and
- ensure minimal dilution or call on shareholders in any Little Eva development.

We will continue to keep shareholders regularly informed of progress on this strategy.

Yours faithfully



**Kevin Maloney**  
**Chairman**

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**About Altona**

Altona Mining Limited is a copper producer in Finland and has a major copper development project in Australia.

The Company's Outokumpu Project in south-east Finland commenced production in early 2012. The project comprises the 600,000 tonnes per annum Kylylahti underground decline mine and the Luikonlahti mill. The annual production rate averages 9,000 tonnes of copper, 9,000 ounces of gold and 1,600 tonnes of zinc with potential to expand production under consideration. Regional resources are hosted in 2 closed mines and 4 unmined resources, all within 30 kilometres of the Luikonlahti mill. Finland is a Eurozone country and has a long history of mining, an attractive corporate tax regime (20%) and no royalties.

Altona's other core asset is the Roseby Copper Project near Mt Isa in Queensland and is one of Australia's largest undeveloped copper projects. The first development envisaged is the 7 million tonnes per annum Little Eva open pit copper-gold mine and concentrator. Little Eva's proposed annual production<sup>1</sup> is 38,800 tonnes of copper and 17,000 ounces of gold for a minimum of 11 years. A Definitive Feasibility Study has been completed and the project is fully permitted. Altona is engaged in discussions with potential partners to enable the funding of this major development.

Altona Mining is listed on the Australian Securities Exchange and the Frankfurt Stock Exchange.

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<sup>1</sup>Refer to the ASX release 'Cost Review Delivers Major Upgrade to Little Eva' dated 13 March 2014 which outlines information in relation to this production target and forecast financial information derived from this production target. The release is available to be viewed at [www.altonamining.com](http://www.altonamining.com) or [www.asx.com.au](http://www.asx.com.au). The Company confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target referred to in the above-mentioned release continue to apply and have not materially changed.

**Competent Persons Statement**

Information in this ASX Release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG, Managing Director of Altona and 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 a Competent Person as defined in the 2012 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.