

8 July 2014

ASX: AOH, FSE: A2O

ALTONA SELLS FINNISH ASSETS FOR US\$95 MILLION (A\$101 MILLION)

Altona Mining Limited (“Altona” or the “Company”) has entered into an agreement for the sale of all of its Finnish operations and most of its exploration assets in Finland to Boliden Mineral AB (Publ) (“Boliden”), a Swedish base metal miner and smelter (“Transaction”). Boliden (www.boliden.com) currently buys all of Altona’s concentrate products.

The Transaction

The consideration for the Transaction will be US\$95 million for the assets together with adjustments for working capital, net debt and net capital expenditure during the settlement period. Based upon current estimates the total consideration will be approximately US\$100 million in cash. This equates to A\$106 million at an exchange rate of AUD:USD 0.94. Closing is expected to occur on 1 October 2014. At closing US\$10 million will be held in an escrow account pending the determination of the final consideration which will be adjusted to reflect the actual movements in working capital, net debt and net capital expenditure during the settlement period.

The Transaction is conditional upon, amongst other things, the approval of Altona shareholders at a General Meeting to be held on or about 14 August 2014. A simple majority of those voting in person or by proxy is required to pass the resolution. The Transaction is also dependent on the approval of Finnish competition authorities. The Company does not expect this to be withheld given the relatively small volume of Altona’s concentrate relative to the European market size.

The material terms of the Share Purchase Agreement are set out in the appendix to this release.

Upon closing of the Transaction it is expected that Altona will have between A\$120 and A\$125 million in cash after all costs. It is anticipated that the Company will have sufficient tax losses to cover any tax liability arising from the Transaction.

Return to Shareholders

The Company intends to make a cash payment to shareholders of 15 cents per share, which equates to approximately A\$80 million in total. The payment will be comprised of a combination of an equal capital reduction, a buy back of shares or a dividend. The relative proportions of equal capital return, share buy back or dividend will be determined by the Directors after the receipt of a ruling from the Australian Taxation Office.

Should the Transaction be approved at the General Meeting to be held on or about 14 August 2014, and if required, shareholders will be asked to approve the capital management initiatives proposed to be undertaken by Directors at a further General Meeting to be called after the tax ruling is received. Any cash return to shareholders is conditional on the Transaction being completed.

Transaction Benefits

If completed, it is envisaged that the Transaction may deliver a number of benefits to shareholders, including:

- consideration approximately equivalent to 20 cents per share;
- a proposed 15 cent per share cash return to shareholders which is slightly below Altona's volume weighted average share price of 16 cents for the three months prior to this announcement; and
- the optionality of further returns through the partnering or sale of the Little Eva Project which is retained in a strong and simple company focussed on its Australian assets.

Strategy for Altona

Should shareholders approve the Transaction and the capital management initiatives are made, Altona will retain between A\$40 and A\$45 million in cash, 100% ownership of the Little Eva Project at Cloncurry in Queensland and an interest in the adjacent Chinalco Yunnan Roseby exploration joint venture. It will have limited continued involvement in Finland.

The strategy for the Company after the closing of the Transaction and implementation of capital management initiatives is as follows:

- strive to realise value from the Little Eva Project through the pursuit of a strategic partnership or sale of the asset;
- enhance Little Eva through resource definition drilling at the satellite deposits Turkey Creek and Lady Clayre, testing of high prospectivity targets at Greenhills and Airport, re-optimisation of reserves and other activities;
- reduce corporate overheads to reflect the reduction in activities of the Company and to minimise cash burn; and
- consider corporate or asset transactions which deliver shareholder value.

Retained Assets in Finland

Altona will retain the Hautalampi Project near Outokumpu but has granted Boliden an option to either mine the Hautalampi deposit in exchange for payment of a 2% Net Smelter Royalty or to purchase the project outright for US\$3 million. The option has a 10 year term. Altona will also retain the Sarkiniemi nickel mine.

Provisional Timetable

- By week ending 18 July 2014: Notice of Meeting and Explanatory Memorandum dispatched to shareholders.
- 14 August 2014: General Meeting of shareholders to approve the Transaction.
- 1 October 2014: Completion of the Transaction.
- October - November 2014: General Meeting of shareholders to approve the return of capital.
- December 2014: Proposed cash distribution to shareholders.

All dates are approximate.

Credit Suisse is acting as Financial Advisor to Altona for this Transaction. Gilbert + Tobin is acting as Legal Adviser to Altona.

For personal use only

Please direct enquiries to:

Alistair Cowden
Managing Director
Altona Mining Limited
Tel: +61 8 9485 2929
altona@altonamining.com

James Harris
Professional Public Relations
Perth
Tel: +61 8 9388 0944
james.harris@ppr.com.au

Jochen Staiger
Swiss Resource Capital AG
Tel: +41 71 354 8501
js@resource-capital.ch

About Altona

Altona's core mining asset if the Transaction is approved will be the Cloncurry Copper Project near Mt Isa in Queensland which 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 is fully permitted with proposed annual production¹ of 38,800 tonnes of copper and 17,200 ounces of gold for a minimum of 11 years. A Definitive Feasibility Study was updated in March 2014. 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.

¹Refer 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 or 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.

Appendix - Material Terms of Share Purchase Agreement

The Transaction will be effected by the sale of all of the issued Shares held by the Company's subsidiary, Vulcan Resources Pty Ltd ("Vulcan") in Kuhmo Nickel Limited ("Kuhmo").

The Agreement sets out the terms upon which Vulcan is to sell all of the Shares in Kuhmo in order to effect the sale of Kuhmo and the Transferring Subsidiaries to Boliden. Altona will guarantee the performance of Vulcan's obligations.

A summary of the key terms of the Agreement are as follows. Please refer to Section 7 below for defined terms used in this Appendix.

1) Transfer of Shares and Group Debt

Boliden will acquire the Shares and the Group Debt as at the Closing Date.

2) Consideration

The consideration payable for the Shares including the Group Debt is US\$95 million, as adjusted for:

- a) net capital expenditure incurred by Kuhmo and the Transferring Subsidiaries less depreciation between the date of the Share Purchase Agreement and the Closing Date;
- b) the difference between cash and third party debt (excluding operating equipment leases and the Group Debt on the Closing Date); and
- c) the difference between net working capital for Kuhmo and the Transferring Subsidiaries as at the Closing Date and normalised net working capital of US\$1,480,728 (being the average net working capital during the 12 months preceding 31 May 2014).

At closing, Boliden will pay Vulcan an estimated amount of the consideration minus an amount of US\$10 million which will be paid into escrow. The final consideration will be calculated after closing based on closing accounts and a closing statement to be prepared by Boliden after closing in accordance with Australian accounting standards and accounting principles applied consistently by Altona in group accounts over the past 12 months, and to be reviewed by Kuhmo's auditor. The escrow amount will be released upon the agreement or determination of the final consideration to Vulcan or Boliden depending on whether the initial cash payment made at closing is less or more than the final consideration.

3) Conditions

Closing of the Transaction is subject to and conditional upon:

- a) the clearances and consents from the Finnish Competition and Consumer Authority required for closing of the Transaction having been obtained by Boliden;
- b) the shareholders' of Altona having approved the Transaction;
- c) a reorganisation of the Altona group of companies being completed so that the Non-Transferring Subsidiaries remain with the Altona group after closing of the Transaction;
- d) Altona and Vulcan Finland (BVI) Ltd assigning all debts owed to them by Kuhmo and the Transferring Subsidiaries to Vulcan;
- e) Vulcan having delivered audited consolidated financial statements of Kuhmo, the Transferring Subsidiaries and the Non-Transferring Subsidiaries for the period ended on 30 June 2014 ("2014 Accounts");

- f) Vulcan Kotalahti Oy having taken all steps necessary for the permits, licenses and claims ("Kotalahti Claims") to be transferred to Kuhmo. If these claims are not transferred prior to closing, US\$2 million will be retained in the escrow account pending completion of the transfer;
- g) Vulcan having obtained permission from the landowners of the land covered by the Kotalahti Claims for Kuhmo, or any other Transferring Subsidiary, to carry out exploration activities on such land during the application process for the pending Kotalahti Claims and during the validity period of the Kotalahti Claims; and
- h) Boliden not becoming aware of any new information between the date of the Agreement and the Closing Date which constitutes or is reasonably likely to result in a material adverse change (including any information related to the 2014 Accounts when compared to the interim financial statements for Kuhmo, the Transferring Subsidiaries and the Non-Transferring Subsidiaries, such as the Auditor not having issued an unqualified auditor's report for the 2014 Accounts, any material assets included in the interim financial statements having been deemed not owned by Kuhmo or any of the Transferring Subsidiaries or any liabilities not included in the interim financial statements having been deemed incurred by Kuhmo or any of the Transferring Subsidiaries).

4) Indemnities and warranties

Vulcan indemnifies Boliden for any breach of the Agreement, including a breach of the warranties contained in the Agreement, environmental liabilities and for any taxes that should have been paid before closing.

Vulcan provides warranties which are standard for an agreement of this nature.

5) Altona Guarantee

Altona guarantees the performance of Vulcan's obligations under the Agreement, including its payment and indemnity obligations.

6) Termination

If closing of the Transaction does not take place by 31 December 2014, the Agreement will terminate and none of the parties will be liable to the other unless closing does not occur because of a failure to satisfy a Condition because of a breach by any of the parties.

7) Option Agreement

At closing, the parties must enter into an option agreement under which Boliden will have the option to access the Hautalampi Project to carry out mining in return for a 2% Net Smelter Royalty. Alternatively, Boliden can purchase the Hautalampi Project for US\$3 million at any time. The option term is 10 years.

8) Definitions

For the purposes of this Appendix, the following definitions apply (except as where otherwise internally defined in this document):

Agreement means the Share Purchase Agreement dated 7 July 2014 between Vulcan and the Transferring Subsidiaries.

Boliden means Boliden Minerals AB.

Closing Date means the date of closing of the Transaction.

Group Debt means the intercompany debts of Kuhmo and the Transferring Subsidiaries owed to Vulcan and Altona.

Non-Transferring Subsidiaries means Vulcan Hautalampi Oy and Vulcan Kotalahti Oy.

Shares means all of the issued shares in Kuhmo.

Transaction means the sale of the Shares and the transfer of the Group Debt by Vulcan to Boliden under the Agreement.

Transferring Subsidiaries means the following subsidiaries of Kuhmo: Kylylahti Copper Oy; Vulcan Exploration BV and Kuhmo Metals Oy.