28 August 2014

ASX: AOH, FSE: A2O

2014 ANNUAL REPORT

Altona Mining Limited is pleased to release its 2014 Annual Report.

Highlights are:

- Profit before tax of A$19.7 million for FY2014.
- Finnish operations sold to Boliden Mineral AB in July 2014 for US$95 million plus approximately US$5 million in adjustments.
- Board announces intention to return 15 cents per share of sale proceeds to shareholders.
- US$20 million of debt attached to the Outokumpu operations paid back two years early.
- Sales of 10,344 tonnes of copper, 10,087 ounces of gold and 4,711 tonnes of zinc exceeded guidance of 9,000-10,000 tonnes.
- C1 cash costs of production for the year of US$1.89 per pound of copper.
- Discussions with potential partners to develop the Little Eva deposit in progress.

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About Altona

Altona Mining Limited is an ASX listed company which recently sold its successful Outokumpu mine in Finland and is now focussed on a major copper development project in Australia.

The Cloncurry Copper Project near Mt Isa in Queensland 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 production[1] of 38,800 tonnes of copper and 17,200 ounces of gold for a minimum of 11 years. A Definitive Feasibility Study was completed in May 2012, and a review of costs was published in March 2014. Total resources contain some 1.5 million tonnes of copper and 0.41 million ounces of gold. 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.

[1]*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 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.*

ALTONA
MINING LIMITED

ANNUAL REPORT 2014

Corporate Directory

Directors:
Mr Kevin Maloney
Chairman

Dr Alistair Cowden
Managing Director

Mr Paul Hallam
Non-Executive Director

Mr Peter Ingram
Non-Executive Director

Mr Steve Scudamore
Non-Executive Director

Company Secretaries:
Mr Eric Hughes
Ms Carmen Lunderstedt

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Auditor:
Deloitte Touche Tohmatsu
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Stock Exchanges:
Australian Securities Exchange Limited (ASX)
Frankfurt Stock Exchange
Norwegian OTC

Company Codes:
ASX: AOH
FSE: A20
NOTC: ALTM

Issued Capital:
532,579,704 Fully paid ordinary shares
14,381,749 Employee share rights

Annual Report of Directors to Shareholders and Financial Statements

Contents

This document comprises the reports required to be provided to shareholders in accordance with Section 317 of the Corporations Act 2001. The reports refer to the "Group" which consists of Altona Mining Limited ("Altona" or "the Company") and its subsidiaries.

www.altonamining.com

Message from the Chairman

Dear fellow shareholder

The year has been an outstanding one for the Company. We exceeded copper production guidance at Outokumpu, paid back Outokumpu related debt two years early, and in July 2014 just after the close of the financial year, we sold our Finnish operations for US$95 million plus approximately US$5 million in adjustments to Boliden Mineral AB. We are also delighted to report a profit before tax of A$19.7 million.

The Kylylahti mine exceeded design production rate of 550,000 tonnes per annum during the year and the Luikonlahti mill routinely achieved or exceeded its design parameters. Drilling success has resulted in all copper metal depleted by mining being replaced and reserves now exceed those available at project start up in 2012.

The majority of the proceeds of the sale of our Finnish assets, being approximately A$80 million, will be returned to shareholders as a combination of a return of capital, unfranked dividend or buy back. The combination will be decided on the receipt of a tax ruling.

The sale of Outokumpu and the return of proceeds to shareholders highlights our approach to business. We have taken an asset in Finland and matured it through drilling, studies, financing, construction and production. Value was crystallised through Boliden, who are a credible mid-tier base metal miner.

Altona will retain between A$40-45 million in cash on closing of the transaction which gives the Company sufficient financial strength to pursue a partner or sale of the Little Eva Project.

Our copper assets in Australia at Cloncurry near Mt Isa represent a substantial asset. A Definitive Feasibility Study has been completed on the Little Eva deposit, environmental permitting completed and mining licences have been granted. Cloncurry hosts resources of 1.5 million tonnes of contained copper and 0.38 million ounces of contained gold and some 800 square kilometres of lightly explored exploration tenure. Cloncurry hosts one of Australia's most strategically placed copper development opportunities.

The Company has engaged with the markets to seek to realise value to shareholders from Cloncurry. Since the release of the update to the Little Eva study in March 2014, we have pursued sale, partnering, corporate and financing opportunities, particularly in Asia. Discussions are underway with a number of parties. Exploration activity at Cloncurry was reduced this past year but has now resumed given the Company now has a sole focus on this asset.

Last year when I wrote to you, your company had a market value of A$80 million, today after the sale of Outokumpu it stands at A$122 million. This valuation simply reflects our cash backing. Our challenge is to have value for Cloncurry reflected in the share price and is our target for this year.

Last year the Company received a 'first strike' with a 26% vote against accepting the Remuneration Report. The Board has not paid a short term incentive or offered a pay rise to the Australian Senior Executive this year. On completion of the Finnish transaction a bonus will be offered to the Senior Executive, however their ongoing salaries and that of the Board will be significantly reduced to reflect the smaller continuing company.

Kevin Maloney
Chairman

Highlights

Profit before tax of A$19.7 million for FY2014.

Finnish operations sold to Boliden Mineral AB in July 2014 for US$95 million plus approximately US$5 million in adjustments.

Board announces intention to return 15 cents per share of sale proceeds to shareholders.

US$20 million of debt attached to the Outokumpu operations paid back two years early.

Sales of 10,344 tonnes of copper, 10,087 ounces of gold and 4,711 tonnes of zinc exceeded guidance of 9,000-10,000 tonnes.

C1 cash costs of production for the year of US$1.89 per pound of copper.

Discussions with potential partners to develop the Little Eva deposit in progress.

Company Overview and Strategy

This is the Directors' Report for the period 1 July 2013 to 30 June 2014.

Altona is an ASX listed mining company which operates an underground copper-gold-zinc mine and processing plant near Outokumpu in Finland and the Cloncurry Copper Project ("Cloncurry") near Mt Isa in Queensland, Australia. These are Altona's principal activities, however upon closing of the transaction to sell its Finnish operations ("the Transaction"), Altona will be solely focussed on its Cloncurry Project.

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

The Transaction was approved at a General Meeting held on 20 August 2014. Once the tax ruling is received and if required, shareholders will be asked to approve any equal capital return proposed to be undertaken by Directors at a further General Meeting, likely to be the Annual General Meeting. Any cash return to shareholders is conditional on the Transaction being completed which is scheduled for 1 October 2014.

Should the capital management initiatives be approved by shareholders, Altona will retain between A$40 to A$45 million in cash, 100% ownership of the Cloncurry Copper Project including the Little Eva Project ("Little Eva") at Cloncurry in Queensland and an interest in the 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 Little Eva through the pursuit of a strategic partnership or sale of the asset.
- Enhance Little Eva through resource definition drilling at satellite deposits, testing of high prospectivity targets, re-optimisation of reserves and other activities.
- Reduce corporate overheads to reflect the reduction in activities of the Company and to minimise cash burn.
- Consider corporate or asset transactions which deliver shareholder value.
- To grow copper production through the acquisition of another copper project in the medium term.

Delivery of strategy, likely developments and expected results

Outokumpu

The key objectives this year were to meet or exceed production targets and generate sufficient cash flow at Outokumpu to meet capital expenditure and to pay down debt.

Financial performance indicators for Outokumpu for FY2014 were:

- Copper metal sales volumes: 10,344 tonnes up from 8,012 tonnes
- Revenue from sale of concentrates: A$85.1 million up from A$64.1 million
- Earnings before interest and tax (EBIT): A$30.4 million up from A$18.3 million

Outokumpu exceeded guidance in volume of metal produced and slightly exceeded cost guidance. No guidance is provided for the forthcoming year as the project is subject to the completion of the Transaction.

Company Overview and Strategy

Cloncurry

A Definitive Feasibility Study was completed on the Little Eva Project which comprises the Little Eva deposit and three nearby and smaller copper-gold deposits in 2012 and updated for current costs in March 2014. The project is technically straightforward and economic. Environmental approval for development at Little Eva has been secured and mining licences have been granted. Only minor approvals are required to commence production.

Altona believes that current market circumstances do not permit a conventional debt/equity financing to be completed by Altona in a manner which would add value to shareholders and is pursuing a non-dilutive transaction to crystallise value for shareholders. The Company has had discussions with various parties to either sell, finance or partner the project. Discussions commenced in 2013 but were delayed pending the release of the Definitive Feasibility Study update in March 2014 and are now progressing well.

Business environment

Altona's business and financial performance is dependent on world markets for copper, gold and other metals, the Euro/US dollar and the Australian dollar/US dollar exchange rates. Performance is also dependent upon the fiscal regime and input costs such as labour and power in Finland and Australia.

Community

Altona's Finnish operations are located in the municipalities of Polvijärvi, Kaavi and Outokumpu in south-eastern Finland. During the last few years Altona has built good relationships with these communities.

Altona Board at the Kylylahti mine. Steve Scudamore, Peter Ingram, Kevin Maloney, Alistair Cowden and Paul Hallam.

Cloncurry Copper Project

Introduction

Cloncurry contains one of Australia's largest undeveloped copper resources. The project is in a strategic location 90 kilometres north-east of Mt Isa in Queensland, Australia. It is 11 kilometres north of MMG's Dugald River zinc mine and is 65 kilometres north-west of Xstrata Copper's Ernest Henry copper-gold mine. Dugald River is a A$1.2 billion development with up to A$250 million already invested in mine development. The infrastructure to be put in place by MMG upon final development can only assist any development at Little Eva. The Roseby-Dugald mineral field has the potential to become a major mining camp with two major mines now envisaged being Altona's Little Eva copper-gold mine and MMG's Dugald River zinc mine.

Since the formation of Altona in 2010, the Company has been working to ensure the project is development and transaction ready. Key focus areas have been:

- Simplifying and rationalising tenements and their holding costs.
- Completing a Definitive Feasibility Study for Little Eva and three other copper-gold deposits.
- Identifying prospective exploration targets and conducting initial investigations.
- Search for counterparties to a joint venture or sale transaction with a focus on Asia.

The Company is managing the project such that value is maintained, statutory obligations are met and major development expenditure is deferred until the path to development or value realisation is resolved.

Little Eva Project

The first development envisaged at Cloncurry is at Little Eva.

The Little Eva Project is a proposed low-risk large copper-gold open pit mine and processing plant similar to other current and past mines in the Mt Isa-Cloncurry area in Queensland. A Definitive Feasibility Study was published in May 2012 and refreshed in March 2014.

The project comprises the large Little Eva open pit and three smaller satellite pits which will deliver copper-gold sulphide ore to a new 7 million tonnes per annum processing plant. Little Eva is a typical IOCG (iron-oxide copper-gold) deposit similar to Ernest Henry, Osborne, Selwyn and others in the area.

The Little Eva deposit has been intensively drilled over the last three years and resources have increased three-fold allowing for the definition of a simple, technically straightforward and low risk operation treating copper-gold sulphide ore.

Little Eva Project is the first stage of development of the larger Cloncurry Project. The other deposit types at Cloncurry contain approximately 800,000 tonnes of copper and were not considered in the Definitive Feasibility Study but will be considered as an opportunity to expand mine life post the development of Little Eva.

The scale of annual production that is envisaged of 7 million tonnes of ore for 38,800 tonnes of copper and 17,200 ounces of gold would make Little Eva one of Australia's larger base metal developments. The project capital cost, including pre-strip, of A$294 million is very competitive when compared to other proposed copper projects of a similar size.

Cloncurry Copper Project

The project comprises the following components:

- Pre-strip of oxidised rock and copper oxide mineralisation.
- Stockpile of copper oxide mineralisation for potential later treatment.
- Construction of a 7 million tonnes capacity process plant.
- Power via a substation at Dugald River and 33kV overland HV power line.
- Open pit mining of 7 million tonnes per annum of ore.
- Stockpile of low grade ore.
- Delivery of ore to a Run-of-Mine pad or direct tip to a primary crusher.
- Single stage crushing of ore.
- Two stage grinding via a primary semi-autogenous grinding mill and ball mill to 210 microns.
- Flotation of copper-gold concentrate.
- Thickening and filtration of concentrate.
- Trucking of concentrates in containers to a rail siding at Cloncurry.
- Flatbed rail to Townsville port for concentrate unloading and export.
- An onsite power station will be employed should the Dugald River power line not be available.

The Little Eva Project is effectively fully permitted. Mining leases are granted and the Company also has an agreement in place with the Native Title Holder, the Kalkadoon people. The remaining permitting activities required before construction and production are the submission of a Plan of Operations and amendments to the Environmental Management Plan to reflect the final development option chosen.

The processing plant is technically simple resulting in the estimated capital cost to construct the processing plant and associated infrastructure being only A$168 million. It will be similar to Xstrata Copper's nearby Ernest Henry operation and will produce approximately 160,000 tonnes per annum of readily marketable, clean copper-gold concentrate. Metal recoveries are high at 96% copper and 85% gold and the mill feed averages 0.6% copper and 0.1 grams gold per tonne.

Key metrics for the Little Eva Project		Units
Project Life	11	Years
Throughput	7,000,000	Tonnes per annum
Copper Grade	0.6	%
Gold Grade	0.1	g/t
Copper Production	38,800	Tonnes per annum (years 1 to 5)
Gold Production	17,200	Ounces per annum (years 1 to 5)
Capital Expenditure	294	A$ millions
Life of Mine Revenue (NSR)	2,931	A$ millions
NPV (7.5% pre-tax real)	346	A$ millions
Internal Rate of Return	29	%
C1 Cash Cost	1.65	US$ per pound copper
All-in Cash Cost	1.96	US$ per pound copper

For further details on these metrics see ASX release dated 13 March 2014.

The exploration potential at Cloncurry was highlighted by the discovery of a new deposit at Turkey Creek in 2012 and delineation of a number of high value prospects. These discoveries have potential to add to copper-gold sulphide reserves. Our 800 square kilometres of exploration tenure has not been systematically explored and we look forward to the possibility of further discoveries.

Cloncurry Copper Project

Mineral Resources and Ore Reserves

The Mineral Resources and the Ore Reserves for Little Eva and other Mineral Resources at Cloncurry are tabulated on page 9. The initial ASX disclosure for these Resources is given in the footnotes to the individual tables. Other than for the Little Eva Mineral Resource, there has been no change to these Resources and Reserves from the disclosure in the 2013 Annual Report.

The Company conducts regular reviews of Resource and Reserve estimates. An updated Little Eva Resource Estimate was completed in May 2014. The new estimate reflects an increased understanding of geological control following extensive re-logging of previous drilling samples generating a more sophisticated 3D geological model.

Independent consultants are engaged to mentor and assist our employees with resource and reserve estimations. In addition, the Company undertakes internal audits as part of its internal control program.

For details of the most recent resource estimates and for full details of resource estimation methodology and attributions please see ASX release of 27 May 2014, 26 July 2011, 23 April 2012, 3 July 2012 and 22 August 2012. The Little Eva deposit has a Table 1 disclosure in compliance with the 2012 JORC Code. Estimates for Scanlan, Bedford, Ivy Ann, Lady Clayre, Legend and Blackard deposits were disclosed prior to the adoption of JORC 2012 but have full Table 1 disclosure and comply with that edition of the Code. The remainder of the deposits are compliant with 2004 Edition of the JORC Code.

Chinalco Yunnan Copper

Altona entered into an exploration joint venture with Chinalco Yunnan Copper Resources Ltd ("CYU") (ASX:CYU) in September 2013 where CYU may earn up to a 70% interest in the southern tenements at Cloncurry.

CYU is 43% owned by Yunnan Copper Industry (Group) Co Ltd, a subsidiary of Aluminium Corporation of China ("Chinalco"). The principal terms of the agreement are:

- CYU must spend a minimum of A$1 million on exploration activities in the next 2 years.
- CYU can earn a 30% interest by spending A$2 million (inclusive of the A$1 million above).
- CYU can earn a 60% interest by spending A$4 million within 5 years.
- CYU can earn a 70% interest by funding and completing a Definitive Feasibility Study along with a decision to mine on a substantive mining project.

CYU has commenced exploration within the joint venture area. Work has included RC drilling, soil sampling and mapping at the priority targets of Millenium and Native Companion.

Altona is concentrating its efforts at the Little Eva development. The joint venture with CYU allows the Company to focus on its extensive northern leases whilst retaining what is essentially a 30% free-carried interest to a decision to mine in the southern tenements, should CYU complete the joint venture earn-in.

Cloncurry Copper Project

Little Eva Project Resources and Reserves

	Tonnes (m)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
RESOURCES					
Measured	37.1	0.60	0.09	222,000	112,000
Indicated	55.3	0.49	0.09	273,000	158,000
Inferred	36.7	0.51	0.12	189,000	138,000
Total	**129.1**	**0.53**	**0.10**	**684,000**	**409,000**
RESERVES					
Proven	31.2	0.64	0.08	198,000	85,000
Probable	28.1	0.53	0.10	149,000	90,000
Sub Total	59.3	0.59	0.09	347,000	174,000
Probable (stockpile)	15.3	0.18	0.06	28,000	31,000
Total	**74.7**	**0.50**	**0.08**	**375,000**	**205,000**
Mining Inventory	1.9	0.51	0.23	10,000	14,000

See ASX release of 14 May 2012 for full details of Reserve estimation methodology and attribution and 27 May 2014 (Little Eva), 26 July 2011 (Longamundi, Great Southern, Caroline and Charlie Brown), 23 April 2012 (Bedford, Ivy Ann and Lady Clayre), 03 July 2012 (Blackard and Scanlan), 22 August 2012 (Legend) for full details of Resource estimation methodology and attributions. Little Eva Project comprises Little Eva, Bedford, Lady Clayre and Ivy Ann.

Mineral Resource estimate for all deposits at Cloncurry at August 2014

	TOTAL			MEASURED			INDICATED			INFERRED		
DEPOSIT	**Million tonnes**	**Cu (%)**	**Au (g/t)**	**Million tonnes**	**Cu (%)**	**Au (g/t)**	**Million tonnes**	**Cu (%)**	**Au (g/t)**	**Million tonnes**	**Cu (%)**	**Au (g/t)**
COPPER-GOLD DEPOSITS												
Little Eva	105.9	0.52	0.09	37.1	0.60	0.09	45.0	0.46	0.08	23.9	0.50	0.10
Ivy Ann	7.5	0.57	0.07	-	-	-	5.4	0.60	0.08	2.1	0.49	0.06
Lady Clayre	14.0	0.56	0.20	-	-	-	3.6	0.60	0.24	10.4	0.54	0.18
Bedford	1.7	0.99	0.20	-	-	-	1.3	1.04	0.21	0.4	0.83	0.16
Sub-total	129.1	0.53	0.10	37.1	0.60	0.09	55.3	0.49	0.09	36.7	0.51	0.12
COPPER ONLY DEPOSITS												
Blackard	76.4	0.62	-	27.0	0.68	-	6.6	0.60	-	42.7	0.59	-
Scanlan	22.2	0.65	-	-	-	-	18.4	0.65	-	3.8	0.60	-
Longamundi	10.4	0.66	-	-	-	-	-	-	-	10.4	0.66	-
Legend	17.4	0.54	-	-	-	-	-	-	-	17.4	0.54	-
Great Southern	6.0	0.61	-	-	-	-	-	-	-	6.0	0.61	-
Caroline	3.6	0.53	-	-	-	-	-	-	-	3.6	0.53	-
Charlie Brown	0.7	0.40	-	-	-	-	-	-	-	0.7	0.40	-
Sub-total	136.7	0.61	-	27.0	0.68	-	25.0	0.64	-	84.7	0.59	-
TOTAL	**265.8**	**0.57**	**0.05**	**64.1**	**0.63**	**0.05**	**80.3**	**0.54**	**0.06**	**121.4**	**0.56**	**0.04**

See ASX release 27 May 2014 (Little Eva), 26 July 2011 (Longamundi, Great Southern, Caroline and Charlie Brown), 23 April 2012 (Bedford, Ivy Ann and Lady Clayre), 03 July 2012 (Blackard and Scanlan), 22 August 2012 (Legend) for full details of Resource estimation methodology and attributions.

Note: All figures may not sum exactly due to rounding.

Little Eva is reported above a 0.2% copper lower cut-off grade, all other deposits are above 0.3% lower copper cut-off grade.

Outokumpu Copper Project

Introduction

Outokumpu is 100% owned by Altona and is situated within Finland's premier mining district some 400 kilometres north-east of Helsinki. The Outokumpu area has 100 years of mining history with three major base metal mines in the area producing from 1914 to 1989.

The project comprises an underground mine at the Kylylahti copper-gold-zinc deposit with ore transported by truck some 43 kilometres on public roads to Altona's Luikonlahti processing plant.

Altona has entered into an agreement for the sale of its Finnish operations including the Outokumpu Copper Project and most of its exploration assets in Finland to Boliden Mineral AB (Publ) ("Boliden"), a Swedish base metal miner and smelter. Boliden currently buys all of Altona's concentrate products.

The consideration 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.

The benefits to shareholders of the Transaction are:

- 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 the announcement of the Transaction; and
- the optionality of further returns through the partnering or sale of Little Eva which is retained within a strong and simple company focussed on its Australian assets.

Safety

During the year, Outokumpu achieved 342 lost time incident ("LTI") free days at the mill and 128 LTI free days at the mine. A total of 7 LTIs occurred resulting in a disappointing high frequency rate of 16.5 lost days per million man hours worked. Improving safety performance remains a key priority for the operation.

Environmental performance

Altona operates in Finland under a number of statutes governing environmental matters. All permits and conditions have been complied with and there have been no reportable incidents.

Kylylahti mine

Access to the Kylylahti mine is via a 5.5 metre by 5.5 metre decline tunnel named the Vesanto Decline after Jarmo Vesanto who was the Manager of our operations in Finland until January 2014. Mining is via long hole open stoping with voids filled by a mixture of waste rock and cemented waste rock. Ore is transported to surface by modified road trucks to a ROM pad where road trucks transport the ore to the Luikonlahti mill for processing.

Decline development, ore and waste mucking and haulage is undertaken by contractors whereas mining ore drives and level development is undertaken by Altona. The decline has advanced to 620 metres below surface as of July 2014 and the main decline tunnel is now some 4.2 kilometres long. During the year some 3,500 metres of lateral and decline development were completed.

Outokumpu Copper Project

Major infrastructure at the mine has been completed and capital expenditure during the year was largely upon the decline and horizontal waste development, the extension of the fresh air ventilation shafts and the complimentary exhaust air ventilation shafts.

Ore production delivered to the mill in FY2014 was 74% from stoping and 26% from ore development drives and is summarised below.

Kylylahti mine production statistics		Year to 30 June 2014	Year to 30 June 2013
Mined	Ore tonnes	656,121	544,249
	Waste tonnes	248,688	361,575
Mined grade	Copper (%)	1.70	1.63
	Gold (g/t)	0.66	0.61
	Zinc (%)	0.70	0.58

A new life of mine plan has been developed incorporating a change of mining method for the lower Wombat ore body. Transverse mining permits lower risk mining, more flexibility in stope sequencing and better conversion of resources to reserves.

There has been a continuous effort to drill the deposit in advance of mine development and stoping. This has seen a consistent theme of under estimation of high-grade massive ore and over estimation of low-grade disseminated ore. This has led to a lift in resources and reserves after accounting for depletion by mining.

Ore Reserves and Mineral Resources for the Kylylahti mine

Tabulated below are the Mineral Resources and Ore Reserves for the Kylylahti Mine. Disclosure for these estimates according to the 2012 Edition of the JORC Code was made to the ASX on 26 March 2014 and 7 May 2014. The Company publishes updates to Resources and Reserves at the mine in conjunction with full year and half year reporting. This year, due to the sale of the mine the July 2014 update is not available.

Kylylahti mine Mineral Resource and Ore Reserve estimates, December 2013

	Tonnes (m)	Copper (%)	Gold (g/t)	Zinc (%)	Cobalt (%)	Nickel (%)
Mineral Resources						
Measured	1.2	1.19	0.48	0.56	0.22	0.19
Indicated	7.2	1.35	0.77	0.53	0.24	0.23
Inferred	0.5	1.38	1.71	0.54	0.27	0.24
Total	**8.8**	**1.33**	**0.78**	**0.54**	**0.24**	**0.22**
Contained metal (tonnes)		117,480	222,600oz	47,400	21,350	19,680
Ore Reserves						
Proven	0.57	1.43	0.66	0.66	0.23	0.15
Probable	3.98	1.70	0.86	0.61	0.27	0.16
Total	**4.55**	**1.66**	**0.83**	**0.62**	**0.26**	**0.16**
Contained metal (tonnes)		75,651	122,000oz	28,032	11,956	7,373

See ASX releases dated 26 March 2014 and 7 May 2014 for JORC 2012 Compliance. Mineral Resources are inclusive of Ore Reserves.

Outokumpu Copper Project

Estimation methodology is given in Table 1 of the 26 March 2014 and 7 May 2014 ASX release. Altona's estimation methodology has been subject to various positive external independent reviews since 2010 and the most recent update has also been subject to internal audit by Altona's resource specialist in Australia. The principal internal control on resource and reserve estimation is reconciliation to production which is generally excellent.

Ore Reserves at Kylylahti are depleted for production and the updated estimate for both Reserves and Resources as of 31 December 2013 is tabulated on the previous page.

The changes between this estimate and that disclosed in the 2013 Annual Report are as follows:

- Mining depletion of 335,000 tonnes at 1.66% copper.
- Reserve tonnes increased from 4.2 to 4.55 million tonnes.
- Contained copper metal increased from 66,700 tonnes to 75,651 tonnes.
- Grade of reserves increased from 1.60% copper to 1.66% copper (4%).

Luikonlahti processing plant

The Luikonlahti plant was constructed in 1968 to process ore from the adjacent Luikonlahti copper-cobalt-nickel-zinc deposit which was virtually identical in grade and metallurgical characteristics to the Kylylahti deposit. The mill was comprehensively refurbished during the second half of 2011 with commissioning commencing in January 2012 and design throughput and recoveries being routinely achieved by 30 June 2012.

The plant is configured as a primary rod mill and two secondary pebble mills which was designed to provide a throughput of 550,000 tonnes per annum. Valuable metals occur in sulphide minerals which are easily recovered by flotation into two products; a copper-gold concentrate and a zinc concentrate. Concentrates are transported by truck to Boliden's Harjavalta copper smelter and Kokkola zinc smelter approximately 400 kilometres by road. The simple logistics chain is a key advantage of the operation.

Production exceeded initial guidance and met upgraded guidance which is a very pleasing performance. Details are in the table below.

Luikonlahti production statistics		Year to 30 June 2014	Year to 30 June 2013
Ore milled	Tonnes	654,779	542,704
	Copper (%)	1.68	1.61
	Gold (g/t)	0.62	0.64
	Zinc (%)	0.72	0.64
Recovery	Copper (%)	93.0	91.1
	Gold (%)	77.1	73.2
	Zinc (%)	49.3	43.4
Copper concentrate produced	Tonnes	48,746	37,012
	Copper (%)	21.1	21.5
	Gold (g/t)	6.5	6.9
Zinc concentrate	Tonnes	4,852	3,131
	Zinc (%)	47.8	48.1
Contained metal in concentrates	Copper (t)	10,253	7,955
	Gold (oz)	10,117	8,192
	Zinc (t)	2,319	1,508

Outokumpu Copper Project

During the year the flotation circuit was re-configured and initial results indicate an improvement of copper recoveries from 91-92% to 93-96% and of gold recoveries from 68-78% to 79-85%.

Zinc recovery improved during the year but remained below target and zinc concentrate sales attracted penalties for high iron and cobalt levels.

Reconciliation between resources, reserves, mill deliveries and concentrates sold has been very pleasing indicating that stope design and mining dilution and ore loss are largely well controlled in what is a very new operation.

The mill also produces a low grade cobalt-nickel-copper concentrate for storage in a lined storage dam pending sale or further processing. Some 480,000 tonnes of concentrate have been produced to date and the existing storage dam will be filled in mid 2015 and a new dam is under construction.

A new permit for an annual throughput of up to 800,000 tonnes per annum was received in July 2014. The new permit will allow the plant to process material in future years sourced from satellite deposits in the region owned by Altona. Resource estimates for these are overleaf. With the exception of Kylylahti, these are unchanged from prior years.

Other assets

The Company holds a number of assets in Finland outside the immediate area of Outokumpu and all of these other than Hautalampi and Särkiniemi have been sold as part of the Transaction.

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 Särkiniemi nickel mine.

Environmental regulations

The Company carries out mining and processing activities at its operations in Finland and carries out mining and exploration activities in Australia which are subject to extensive environmental regulation and detailed environmental management plans. During the financial year there has been no significant breach of these regulations or plans.

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. The Group is currently only exploring within Australia and consequently has only minimal energy usage.

The National Greenhouse and Energy Reporting Act 2007 require the Group to report its annual greenhouse gas emissions and energy use. The Group is not subject to the reporting requirements as this Group does not meet the current greenhouse gas thresholds.

Outokumpu Copper Project

Outokumpu Resource estimates, December 2013

Deposit	Classification	Million tonnes	Copper (%)	Gold (g/t)	Zinc (%)	Cobalt (%)	Nickel (%)
Kylylahti	Measured	1.20	1.19	0.48	0.56	0.22	0.19
	Indicated	7.20	1.35	0.77	0.53	0.24	0.23
	Inferred	0.50	1.38	1.71	0.54	0.27	0.24
	Sub-total	8.80	1.33	0.78	0.54	0.24	0.22
Saramäki	Inferred	3.40	0.71	-	0.63	0.09	0.05
Vuonos	Inferred	0.76	1.76	-	1.33	0.14	-
Hautalampi	Measured	1.03	0.47	-	0.06	0.13	0.47
	Indicated	1.23	0.30	-	0.07	0.11	0.42
	Inferred	0.90	0.30	-	0.10	0.10	0.40
	Sub-total	3.16	0.36	-	0.07	0.11	0.43
Riihilahti	Indicated	0.14	1.69	-	-	0.04	0.16
Valkeisenranta	Indicated	1.54	0.29	-	-	0.03	0.71
Särkiniemi	Indicated	0.10	0.35	-	-	0.05	0.70
Total		**17.94**	**0.97**	**0.39**	**0.45**	**0.16**	**0.26**

See Vulcan ASX Release of 16 November 2009 for JORC 2004 compliance for deposits other than Kylylahti. This release can be found on the Finland Resource and Reserve estimates page of Altona's website. There has been no annual review of the Outokumpu area resources other than Kylylahti.

Kuhmo Resource estimates

Location	Classification	Million tonnes	Nickel (%)	Copper (%)	Cobalt (%)	Platinum (g/t)	Palladium (g/t)
Vaara	Indicated	2.62	0.49	0.04	0.01	0.11	0.28
	Inferred	0.14	0.45	0.04	0.01	0.10	0.24
	Sub-total	2.76	0.49	0.04	0.01	0.11	0.27
Peura-aho	Indicated	0.40	0.63	0.29	0.04	0.28	0.62
	Inferred	0.09	0.48	0.23	0.03	0.21	0.42
	Sub-total	0.49	0.60	0.27	0.04	0.27	0.58
Hietaharju	Indicated	0.85	0.85	0.44	0.06	0.53	1.25
	Inferred	0.24	0.59	0.27	0.04	0.34	0.89
	Sub-total	1.09	0.80	0.40	0.05	0.49	1.17
Sika-aho	Inferred	0.17	0.66	0.01	n/a	n/a	n/a
Arola	Inferred	1.50	0.46	n/a	n/a	n/a	n/a
Total		**6.01**	**0.55**	**Contained nickel 33,200 tonnes**			

See Vulcan ASX Release of 23 October 2009. This release can be found on the Finland Resource and Reserve estimates page of Altona's website.

Commentary on Financial Results

Financial Position

Profitability

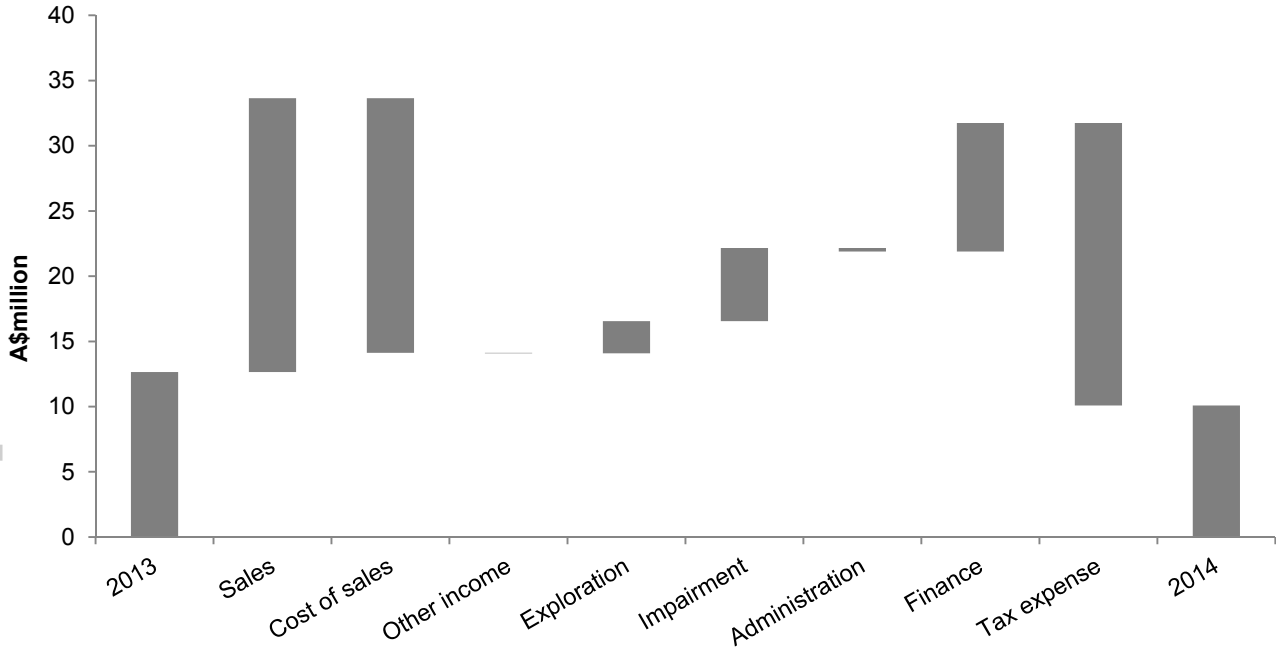
Altona has recorded a profit before tax of A$19.7 million for the year ended 30 June 2014 compared to a profit before tax of A$0.6 million for the year ended 30 June 2013. The key drivers for this performance are:

- excellent production for the Outokumpu project with a total production of copper equivalent metal being 12,501 tonnes;
- C1 cash cost of production slightly higher at US$1.89/lb compared to US$1.69/lb in the prior year, reflecting higher metres of operating development and increased depth as the operations mature;
- the sale of the majority of the Company's gold and copper hedging in December and March contributed A$14.6 million to the current year result; and
- exploration and evaluation expense is down on the prior year due to no impairment charge being recorded in the current year and a reduction in exploration.

The profit after income tax expense is A$10.1 million and has reduced from the A$12.6 million recorded in the prior year. This is primarily due to the initial recognition of accumulated tax losses in Finland worth A$12.1 million in the prior year.

The following chart illustrates the effects of these drivers on the reported profit after tax for the year in comparison to the previous year.

Comparison of profit after tax in FY2013 to profit after tax in FY2014



Commentary on Financial Results

Revenue

Altona sells its concentrates to Boliden in Finland and receives revenues for copper, gold, zinc and silver contained in these concentrates. Revenue for the year reflects the delivery and sale of the following metals:

	Payable metal sold	Average realised price US$/unit*	Sales in US$ million*
Copper	7,621t	$3.24/lb	70.09
Gold	7,143oz	$1,362/oz	11.49
Zinc	1,392t	$0.85/lb	3.47
Silver	32,775oz	$20.90/oz	0.60
Total			**85.65**

* *Amounts before treatment and refining charges.*

Assets

Total assets have reduced by 4% during the financial year primarily as a result of the early repayment of the Credit Suisse Senior Debt Facility. The Company's cash balance stood at A$18.1 million at 30 June 2014.

The increase in property, plant and equipment to A$84 million reflects the investment of A$20 million during the year at Outokumpu which is offset by our depreciation and amortisation expense of A$15.2 million. The funds were applied to decline development, ventilation and tailing storage facilities.

The Company holds two investments in listed companies as a result of prior asset sales of tenements. The Company owns 10 million shares in Nortec Minerals, a TSX.V listed explorer with assets in Finland. It also owns 1.5 million shares in Syndicated Metals which owns copper and molybdenum exploration assets adjacent to Altona's Cloncurry Copper Project. The value of these assets at the time of writing was A$0.5 million.

Liabilities

Trade and other payables have remained constant when compared to 30 June 2013 reflecting stable operations during the year. Interest bearing liabilities are for finance leases for underground equipment (A$3.0 million). The Credit Suisse Senior Debt Facility was repaid in full two years early on 31 March 2014.

Equity

3.24 million shares were issued as a result of conversion of employee share rights during the current year. The net assets of the Group increased by A$15 million or 14.5% primarily as a result of profitable operations for the period.

Shareholder returns and delivering value

Share price performance in companies such as Altona is significantly influenced by external factors such as equity and commodity markets. On 8 July 2014 the Company announced the sale of its Finnish operations together with a return of A$0.15 to shareholders. Should Altona complete the sale of its sole cash generating business, the Company will have a significantly different financial and operating profile in the immediate future.

The share price at 30 June 2013 was A$0.13 and at close on 30 June 2014 was A$0.16. Upon notification of the Transaction to the market on 8 July 2014, the share price was A$0.215 at market close.

Commentary on Financial Results

Shareholder returns for the past six years are tabulated below.

	2014	2013	2012	2011	2010	2009
Profit/(loss) (A$'000)	10,128	12,647	(25,046)	(12,210)	5,467	(15,297)
Basic earnings per share (cents)	1.90	2.40	(4.82)	(3.83)	2.46	(1.54)
Dividends paid	nil	nil	nil	nil	nil	nil
Share price (A$) as at 30 June	0.16	0.135	0.24	0.28	0.096	0.16

Profit/loss amounts for 2009-2014 have been calculated in accordance with Australian Accounting Standards, and the Group's policy of expensing exploration expenditure.

Dividends

No amounts have been paid or declared by way of dividend since the end of the previous financial year and up until the date of this report. The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2014.

Subsequent events

On 7 July 2014, the Group entered into a Share Purchase Agreement ("SPA") with Boliden for the sale of the Group's Finnish mining operations and certain exploration properties for US$95 million plus adjustments for working capital and capital expenditure adjustments to give an expected total consideration of US$100 million (approximately A$106 million). The Transaction will be effected through the sale of the shares in subsidiary company Kuhmo Nickel Limited.

The Group will retain some exploration properties in Finland and will enter into a 10 year option with Boliden to explore the Hautalampi area with a Net Smelter Return royalty payable to the Company in the event of development. The Transaction is subject to a number of conditions precedent including obtaining the necessary shareholder and regulatory approvals. Settlement is expected to occur on 1 October 2014. The assets to be disposed of comprise the Outokumpu project segment and the Finnish projects segment. The ASX announcement released on 8 July 2014 has further information on the Transaction.

Other than the item above, there has not been any event or circumstance since the end of the financial year that would significantly affect the operations of the Group, or the state of affairs of the Group in future periods.

Liquidity and capital resources

The principal source of liquidity as at 30 June 2014 is cash of A$18.1 million (2013: A$26.1 million) of which A$0.8 million (2013: A$18.5 million) has been placed on short term deposit with major banks, the balance is held in transaction cash accounts with major banks.

The Credit Suisse Senior Debt Facility was repaid in full during the current financial year and stood at US$20 million at 30 June 2013.

Share capital

At 30 June 2014 Altona had 532,234,704 fully paid shares on issue and 14,726,749 unissued shares under share rights. As at the date of this report, Altona had 532,579,704 fully paid shares on issue and 14,381,749 unissued shares under share rights. During the year 3,242,000 ordinary shares were issued as a consequence of conditions relating to performance share rights being achieved. No shares were issued as a consequence of options being exercised. Since the end of the year ended 30 June 2014 a further 345,000 shares were issued as a consequence of conditions relating to performance share rights being achieved.

Governance

The following material is available for shareholder review in the "Corporate Governance" section of Altona's website:

- Board Charter
- Audit and Risk Management Committee Charter
- Remuneration and Nomination Committee Charter
- Code of Conduct
- Disclosure and Communications Policy
- Diversity Policy
- Policy and procedure for selection and (re)appointment of directors
- Procedure for the selection, appointments and rotation of external auditor
- Risk Management Policy
- Trading in Company Securities

Composition of the Board

There are five directors of the Company. The Non-Executive Chairman is Mr Kevin Maloney and the Lead Independent Non-Executive Director is Mr Peter Ingram. The Chairman of the Audit and Risk Management Committee is Mr Steve Scudamore. The Chairman of the Remuneration and Nomination Committee is Mr Paul Hallam. Both committee chairmen are independent directors. Dr Alistair Cowden is the Managing Director. The Company Secretaries are Ms Carmen Lunderstedt and Mr Eric Hughes.

The composition of the Board is determined using the following principles:

- A majority of independent non-executive directors.
- A majority of directors having extensive knowledge of the mining industry, combined with expertise in auditing and financial reporting, and risk management.
- A non-executive director as Chairman.
- Sufficient directors to serve on various committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities.
- Have the capability to enhance shareholder value and form our strategic objectives.

The qualifications and experience of directors and officers of the Company during or since the end of the financial year are given below:

Mr Kevin Maloney (appointed 20 July 2009, Non-Executive Chairman)

Mr Maloney has had an extensive career in retail banking, finance and resources. He joined Elders Resources in 1981 after spending twenty years with the ANZ Bank. During his time at Elders Resources, Mr Maloney held numerous positions including Chief Executive Officer of Elders Resources Finance Ltd. Mr Maloney has a wealth of experience in the resources and finance industries and has been involved with a number of public companies as an executive and non-executive director.

Mr Maloney is a member of the Remuneration and Nomination Committee.

Other directorships of listed companies held by Mr Maloney in the past three years:

Current: Norseman Gold PLC (appointed 13 July 2012)
THEMAC Resources Group Limited (Canadian listed entity) (appointed 2 September 2005)
Former: The MAC Services Group Limited (appointed 5 June 1991, resigned 31 December 2011)

Governance

Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG (appointed 19 February 2010, Managing Director)

Dr Cowden was founding Chairman of Vulcan Resources Limited in 2002 (company delisted 23 February 2010 after merger) and subsequently Managing Director until the merger with Altona Mining Limited when he assumed the position of Managing Director. Dr Cowden has held no other directorships of listed companies in the last three years.

Dr Cowden has degrees in geology from the Universities of London and Edinburgh and has spent over thirty years in the Australian mining industry, initially with majors and in the last nineteen years with junior companies. Dr Cowden spent six years with WMC at Kambalda in both nickel and gold.

Dr Cowden was part of the discovery and development teams for several large gold mines in Australia and platinum mines in Zimbabwe whilst with Delta Gold and was subsequently instrumental in the listing of a number of junior companies which made discoveries in Australia.

Mr Peter Ingram BSc, FAusIMM, MGSA, FAICD (appointed 19 February 2010 Non-Executive Director, and Lead Independent Non-Executive Director 18 March 2013)

Mr Ingram is a geologist with over forty years' experience in the mining and mineral exploration industries within Australia, including over thirty years' experience in public company management. He was the founding Chairman and Managing Director of Universal Resources Limited (now Altona Mining Limited).

Mr Ingram was a founding councillor and past President of the Association of Mining and Exploration Companies (AMEC) and has been made an Honorary Life Member in recognition of his services to AMEC. He was also a founding director of the Australian Gold Mining Industry Council. He has served on the board of management of the WA School of Mines at Curtin University and was instrumental in the establishment of the Chair of Mineral Economics and Mine Management within that institution.

Mr Ingram is a member of the Audit and Risk Management Committee and Remuneration and Nomination Committee.

Other directorships of listed companies held by Mr Ingram in the past three years:

Current: Azure Minerals Limited (appointed 12 October 2011)
Former: None

Mr Paul Hallam BE (Hons) Mining, FAICD, FAUSIMM (appointed 18 March 2013, Independent Non-Executive Director)

Mr Hallam is a qualified mining engineer. He has a wealth of industry experience and over fifteen years' experience as a director of various publicly listed companies, government and industry bodies.

His former executive roles include Director of Operations for Fortescue Metals Group Ltd, Executive General Manager Development and Projects for Newcrest Mining Ltd, Director Victorian Operations for Alcoa and Executive General Manager Base and Precious Metals for North Ltd. Mr Hallam also held senior mine management/development roles for Battle Mountain Gold Company in Chile, Bolivia and Australia, and for Alcoa, Newmont and North Ltd in Australia in both underground and surface mining operations.

Mr Hallam is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

Governance

Other directorships of listed companies held by Mr Hallam in the past three years:

Current: Gindalbie Metals Group Limited (appointed 13 December 2011)
Sandfire Resources NL (appointed 21 May 2013)
Former: *Enterprise Metals Limited (appointed 15 November 2011, resigned 13 May 2014)*

Mr Steve Scudamore FCA, MA (Oxon), FAICD, SF Fin (appointed 18 March 2013, Independent Non-Executive Director)

Mr Scudamore is a Chartered Accountant. Mr Scudamore's career includes twenty eight years as a partner at international accounting and financial services firm KPMG, where he served as a member of KPMG's Global Energy and Natural Resources Group, a Member of the KPMG Australian Corporate Finance Executive and Board, and Chairman of Partners in Western Australia.

He currently serves as a director on the board of Aquila Resources Limited, MDA Insurance Pty Ltd, and holds board positions on industry, government and community boards, including as a Trustee of the Western Australian Museum, Chairman of Amana Living Incorporated (formerly Anglican Homes), and a Member of Council at Curtin University. Mr Scudamore is also a senior advisor to Lazard Australia.

Mr Scudamore is Chairman of the Audit and Risk Management Committee.

Other directorships of listed companies held by Mr Scudamore in the past three years:

Current: Aquila Resources Limited (appointed 10 December 2012)
Former: None

Mr Eric Hughes CPA, BBus (appointed 19 February 2010, Company Secretary)

Mr Hughes is an accountant with some twenty years' experience in both corporate, corporate secretarial and practice environments. During the last fifteen years he has been directly involved in the management of petroleum and mining companies as a senior manager, executive and non-executive director of listed companies. Mr Hughes is experienced in the evaluation, development, funding and operation of resource projects and companies both in Australia and overseas.

Ms Carmen Lunderstedt AGIA, BCom (appointed 27 September 2012, Company Secretary)

Ms Lunderstedt is a Chartered Secretary with more than ten years' experience in the fields of corporate governance, legal compliance and risk management. Prior to joining Altona, Ms Lunderstedt was Company Secretary at Community First International Limited, and prior to that, Assistant Company Secretary at iSOFT Group Limited. In addition to being an Associate of the Governance Institute of Australia, Ms Lunderstedt holds a BCom (Corporate Administration and Management).

Governance

Directors interests

As at 15 August 2014, the direct and indirect interests of the current Directors in the shares and share rights of Altona were as follows:

Directors' shares and share rights

Director	Ordinary shares	Share rights
K. Maloney	35,348,000	-
A. Cowden	10,010,960	4,666,667
P. Ingram	1,219,662	-
P. Hallam	100,000	-
S. Scudamore	200,000	-
	46,878,622	**4,666,667**

This combined shareholding represents 8.8% of the shares on issue. There are no options on issue.

Meetings

The Board holds at least eight scheduled meetings each year including a meeting dedicated to strategy. Additional meetings are held as required. The agenda for meetings is prepared by the Chairman, Managing Director and Company Secretary. Standing items include the Managing Director's report, financial reports, Chief Operating Officers report, risk management, governance and compliance. Board papers are circulated in advance. The Senior Executive are involved in board discussions and directors have other opportunities, including visits to operations, for contact with a wider group of employees.

The Board has two committees; a Remuneration and Nomination Committee and an Audit and Risk Management Committee. All directors are invited to committee meetings.

Tabulation of directors' meetings and attendance

Director	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
K. Maloney	12	12	-	-	4	4
A. Cowden	12	12	-	-	-	-
P. Ingram	11	12	3	4	3	4
P. Hallam	11	12	4	4	3	4
S. Scudamore	11	12	4	4	-	-

Independence

In accordance with Altona's policy on assessing the independence of directors, the Board considers the following factors to determine whether a director is independent:

- Is the Director a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company?
- Is the Director employed, or has previously been employed in an executive capacity by the Company or another group member, within three years between ceasing such employment and serving on the Board?
- Has the Director within the last three years been a principal of a material* professional advisor or a material consultant to Altona, or an employee materially associated with the service provider?

Governance

- Is the Director a material* supplier or customer of Altona, or associated directly or indirectly with a material supplier or customer?
- Does the Director have a material* contractual relationship with the Company other than as a Director?

* *The Board considers 'material' in this context, to be where any Director-related business relationship is, or is likely to represent, at least 5 percent of the Director-related business's revenue.*

As Mr Kevin Maloney's interests in Altona (6.6%) exceed 5 percent of the issued capital of the Company he does not satisfy the independence guidelines as set out above. The Board is of the opinion that Mr Maloney's interest in the Company did not restrict his ability to act in good faith, in an independent manner and in the best interests of the Company.

The role of the Board

The Board's primary role is to act on behalf of shareholders to set the Company's strategic goals and objectives and to oversee management and company performance. In particular the Board is responsible for:

- Formulating strategic direction.
- Approving and monitoring the progress of major capital expenditure, capital management initiatives, acquisitions and divestitures.
- Setting remuneration of the Senior Executive.
- Appointing, removing and creating succession policies for directors and the Managing Director.
- Monitoring management's activities in pursuing the Company's goals.
- Monitoring and reviewing the Company's risk management process.
- Approving and monitoring financial and other reporting.
- Setting the ethical tone and standards of the Company at the highest levels.

The Board delegates responsibility for operations and administration to the Managing Director and to the Senior Executive. Responsibilities are delineated by formal authority delegations.

Altona educates new directors and senior executives about its business, strategy, values, and expectations concerning performance of directors. The induction programme includes reviewing the Company's structure, strategy, operations, financial position and risk management policies.

Each Director has the right of access to all relevant information and to the Senior Executive and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Company's expense.

Indemnification and insurance of directors, officers and auditors

During the year insurance premiums were paid to insure the directors and specified senior executives against certain liabilities arising out of their conduct while acting as a director or an officer of Altona. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Ethical standards

All directors, managers and employees are expected to act with integrity and objectivity, striving to enhance our reputation and performance. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board reviews the Code of Conduct annually and processes are in place to promote and communicate these policies.

Governance

The Group has advised each director, manager and employee that they must comply with the Group's Code of Conduct. The Code has been made available to each employee and covers the following:

- Aligning the behaviour of the Board and management with the Code of Conduct by maintaining appropriate core group values and objectives.
- Fulfilling responsibilities to shareholders by delivering shareholder value.
- Employment practices such as occupational health and safety.
- Responsibilities to the individual, such as privacy and use of privileged or confidential information.
- Compliance with legislation.
- Responsibility of the Group to the community.
- Managing actual or potential conflicts of interest.
- Corporate opportunities such as preventing directors and employees from taking improper advantage of property, information or position for personal gain.
- Procedures for reporting a breach of compliance with the Code of Conduct.

Conflict of interest

Directors must keep the Board advised of any interest that could potentially conflict with those of Altona. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a board matter, the director concerned is not present at the meeting whilst the item is considered. Details of director related transactions are set out in Note 20 to the financial statements.

Trading in Altona shares by directors and employees

The key elements of the policy for Trading in Company Securities by directors and employees are:

- All employees, directors, officers and key management personnel are prohibited from dealing in the Company's securities:
  - during closed periods between the close of the Company's half-year (31 December) and annual reporting (30 June) periods and the release of those results to the ASX, or
  - during prohibited periods whilst in possession of price sensitive information not yet released to the market.
- Transactions that limit economic risks related to unvested share rights or options are prohibited.
- Directors, officers and key management personnel require approval to trade from the Managing Director, in the case of officers and key management personnel; by the Board Chairman, in the case of Directors; or by the Audit and Risk Management Committee, in the case of the Board Chairman.
- Written clearance by the Chairman is required before entering into transactions such as margin loans or share loan arrangements. Details are to be provided of intended trading in the Company's shares and subsequent confirmation of the trade.

Communication with shareholders

The Company's website contains all public disclosure made to ASX.

Every effort is made to post such information on the website as soon as possible after release on the ASX platform. Altona provides regular briefings to the market through video updates and powerpoint presentations. Technical information relating to our activities is also posted on the site.

Governance

We encourage investors to register with us to receive electronic broadcasts of releases and video updates. Material releases are broadcast to those who have registered with us to receive electronic notifications.

Altona conducts regular briefings of shareholders and investors at conference forums, one on one meetings and all presentation materials for such briefings are lodged in advance with ASX and posted on our website.

Records of meetings with investors and analysts are maintained, including where possible details of what was discussed, the persons present at the time and location of the meeting.

The Managing Director and the Company Secretaries are responsible for ensuring compliance with the ASX Listing Rule disclosures and legal requirements, and related Altona policies and procedures, authorising the release of ASX announcements and calling a trading halt as needed.

The external auditor attends the Annual General Meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with our strategy and goals. Important issues are presented to the shareholders as single resolutions.

Shareholders are requested to vote on the appointment of directors, the aggregate remuneration of directors, the granting of options, share rights and shares to directors, the Remuneration Report and changes to the Constitution. A copy of the Company's Constitution is available to any shareholder who requests it.

Diversity

The Group strives to be an equal opportunity employer and we will not discriminate against prospective employees based on non-skill related characteristics including gender. We pride ourselves on the diversity of our staff and encourage suitably qualified young people, women, people from cultural minorities and people with disabilities to apply for positions. We aim where possible to be flexible in working arrangements and to improve the skills of our people through training and education.

To achieve our strategic objectives, we need to recruit, develop and retain a talented and motivated workforce operating in a physical and cultural environment where all employees feel comfortable, included and are valued. The Company has a relatively low number of employees. Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation nor detailed policies in this regard.

The Board has established a policy regarding diversity.

Gender composition

	30 June 2014		30 June 2013	
	Female	Male	Female	Male
Board	-	100%	-	100%
Senior Executive	-	100%	-	100%
Whole of Company	13%	87%	13%	87%

Governance

The Senior Executive comprises the Managing Director, Chief Operations Officer, Chief Financial Officer and the Managing Director Finland.

ASX Corporate Governance Statement

Altona considers that it has substantially met the best practice recommendations contained within the ASX Corporate Governance Council Principles and Recommendations 2nd Edition during the reporting period. Any departures from particular ASX Recommendations, the reasons for doing so, and the relevant periods are highlighted in the corresponding topics addressed within this report.

Audit and Risk Management

How the Audit and Risk Management Committee operates

All members must be non-executive directors with a majority being independent. The Committee Chairman may not be the Chairman of the Board. The Committee monitors the establishment and maintenance of a framework of risk management, internal control and appropriate ethical standards. The Committee comprises members who are financially literate, at least one member who has relevant financial qualifications and experience, and members who have an understanding of the industry in which the Company operates.

The members of the Audit and Risk Management Committee during the year were Mr Steve Scudamore (Chairman), Mr Peter Ingram and Mr Paul Hallam all of whom were independent, non-executive directors.

The external auditors, the Managing Director and the Chief Financial Officer are invited to committee meetings at the discretion of the Committee. The Committee met four times during the year. Committee members' attendance is disclosed in the table of directors' meetings on page 21.

The Managing Director and the Chief Financial Officer declared in writing to the Board that, for the financial year ended 30 June 2014 the financial records of the Company have been properly maintained and the Company's financial reports comply with accounting standards and present a true and fair view of the Company's financial conditions and operational results. This statement is provided annually.

The responsibilities of the Committee include:

- Reviewing the draft half-year and full-year financial reports and any significant adjustments required as a result of the auditor's findings, and to recommend board approval of these documents prior to lodgement with the ASX.
- Establishing procedures for selecting, appointing and if necessary, removing the external auditor.
- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit review.
- Providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001.
- Reviewing accounting policies and significant financial reporting judgements.
- Assessing whether the financial information is consistent with committee members' information and is adequate for shareholder needs.
- Reviewing the results and findings of the auditor as to the adequacy of accounting and financial controls, and monitor the implementation of any recommendations made.
- Discussing the external audit plans, identifying any significant changes in structure, operation, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed.
- Assessing management processes for external reporting and risk management.
- Reviewing reports on the internal control framework and considering the need for an internal audit function.
- Monitoring the procedures to ensure compliance with the Corporations Act 2001, the ASX Listing Rules, other regulatory requirements in relation to financial reporting and the Company's Code of Conduct.
- Reviewing and making recommendations to the Board in relation to the Company's insurance program.
- Reviewing the performance of the external auditor on an annual basis and meets with them twice during the year without management being present.

Audit and Risk Management

Altona's approach to risk management

The Board oversees the establishment and implementation of the Company's risk management system.

Altona has implemented a risk management system which assesses, monitors and manages risks. The Managing Director has provided assurance in writing to the Board that he believes that the Company's material business risks are being managed effectively. The Managing Director and Chief Financial Officer have also provided assurance in writing to the Board that the Company's financial reporting, risk management and associated compliance and controls have been assessed and are operating effectively so far as they relate to the financial report.

Risk is a standing agenda item at each board meeting as thereby ensuring the Board regularly considers and monitors Altona's most significant risks. Management also regularly report on the risk profile to the Audit and Risk Management Committee. Risk reporting includes changes to the status of risks and actions to be undertaken with the aim of ensuring risks are identified, assessed and appropriately managed.

Material business risks may arise from such matters as government policy change, commodity price movements, exchange rate movements, price of raw materials, occupational health and safety and environment. The Board has an Oversight Group which manages risks in accordance with Altona's Financial and Commodity Risk Management and Hedging Policy. The Oversight Group comprises the Chairman of the Board, one Non-Executive Director, Managing Director and Chief Financial Officer. The Group meets as required.

Our mining and exploration activities in Australia and Finland are subject to environmental regulation and further comment on this is provided later in this report.

Treasury and risk management

The Group's activities expose it to a variety of treasury risks identified through our risk management process. These include liquidity risk, interest rate risk, commodity price risk (copper, gold and zinc), counterparty risk and exchange rate risk. Management of material treasury risks are addressed through a policy approved and monitored by the Board and its committees.

Where possible the Group seeks to benefit from natural hedging, such as borrowing funds in United States Dollars where a project revenue stream is generated from sales of United States denominated currency.

Volatility of interest rates, exchange rates and commodity prices impact upon the Group's liquidity and are assessed and managed via Altona's Financial and Commodity Risk Management and Hedging Policy. This policy requires the Oversight Group to monitor and approve hedging activities in compliance with this policy. A management committee is responsible for the implementing approved transactions.

Counterparty risk is also monitored, for example, the hedging policy limits the parties with whom the Company can contract and the type of contracts that can be entered into.

Remuneration Report

In accordance with Section 308(3C) of the Corporations Act 2001, this Remuneration Report has been audited by Deloitte and forms part of the Directors' Report. It outlines the remuneration arrangements of the Company's directors and key management personnel in accordance with the requirements of the Corporations Act 2001 and its Regulations. All amounts contained in the Remuneration Report are in Australian dollars.

Directors commentary

At the Company's 2013 Annual General Meeting ("AGM"), more than 70% of votes cast on the motion to adopt Altona's Remuneration Report were in the affirmative after a poll was called. However, as more than 25% of the votes cast were against the motion, the Company received its 'first strike'. The effect of this first strike means that should the Company's Remuneration Report receive a 'second strike' at the 2014 AGM, shareholders will immediately be asked to vote on whether the Altona Board should be put up for re-election (Spill Resolution). If the Spill Resolution is passed then the Company is required to hold a Spill Meeting within 90 days of the Spill Resolution. The Managing Director is excluded from the elections.

The Board takes the first strike seriously and acknowledges the necessity to act where appropriate on issues raised by its shareholders. The Board has engaged with shareholders to address any concerns and conducted a confidential survey of key stakeholders to gain an insight into their perception of the Company, including remuneration matters. Stakeholders who participated in the survey included major Altona shareholders, non-Altona shareholders who are significant investors and are familiar with the Company, resource analysts and media.

The survey results have enabled the Board to better understand how external stakeholders perceive the Company, its Board, the Senior Executive, projects, strategies and the adequacy of communications. In particular, the Board reflected on comments received on remuneration matters.

In response to the Remuneration Report's first strike and the results from the market perception survey, the Board has resolved that irrespective of the performance of an individual, there will be:

1. **no short term incentive (bonus)** for the Managing Director, Australian Senior Executive and Australian employees related to performance objectives for FY2014;
2. **no increase in salaries**, for the second concurrent year, of the Managing Director, Australian Senior Executive and Australian employees for FY2015;
3. **no amendment to Non-Executive Director fees** for FY2015, for the second concurrent year;
4. **no vesting of long term incentive performance share rights for the Managing Director** related to performance objectives for FY2014; and
5. **no new issue of long term incentive performance share rights** for any employee in FY2015.

Remuneration Report

Key management personnel

Key management personnel of the Group are defined as those persons that have either directly or indirectly, authority and responsibility for planning, directing and controlling the major activities of the Group. During the reporting period the key management personnel were:

Directors

Mr Kevin Maloney	Non-Executive Chairman
Dr Alistair Cowden	Managing Director (Executive)
Mr Peter Ingram	Non-Executive Director
Mr Paul Hallam	Non-Executive Director
Mr Stephen Scudamore	Non-Executive Director

Senior Executives

Dr Iain Scott	Chief Operating Officer
Mr Eric Hughes	Chief Financial Officer/Company Secretary
Mr Jarmo Vesanto	Managing Director Finland (To 31 January 2014)
Mr Antti Pihko	Managing Director Finland (From 1 February 2014)

Mr Vesanto was a key management person to 31 January 2014. From 1 February 2014 his role changed to Business Development Director Finland and he was no longer considered a key management person. Mr Pihko was appointed as Managing Director Finland and a key management person on 1 February 2014.

Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee during the year were Mr Paul Hallam (Chairman), Mr Peter Ingram and Mr Kevin Maloney, the majority of whom are independent directors.

The Committee makes recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity for the Board and committees. When a vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary.

The Committee oversees the induction process for new directors, the succession plan for the Board, and the selection, appointment and succession planning process for the Managing Director.

The Committee is responsible for the development of a process for evaluation of the performance of the Board, its committees, the Managing Director and the Senior Executive. Findings from these annual performance reviews are reported to the Board. Performance reviews were completed in FY2014 in line with the Company's performance evaluation procedures.

The Committee reviews and makes recommendations to the Board on the remuneration packages and on the policies applicable to the executive officers and directors of the Company. It is also responsible for setting and monitoring employee incentive plans, and policies on superannuation entitlements, retirement and termination entitlements and fringe benefits.

The Committee met four times during the year and committee members' attendance record is disclosed in the table of directors' meetings on page 21.

Remuneration Report

The terms and conditions of the appointment and retirement of non-executive directors are set out in a letter of appointment. These include expectations of attendance and preparation for all board meetings, appointments to other boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

The Committee reviews its performance on an annual basis and reports its findings to the Board. During the year the Board engaged an external consultant to conduct a review of the Board and it's Committees' performance. Findings from the review were discussed by the Committee and Board, measures put in place, and monitoring scheduled.

Remuneration Policy

The Board has a Remuneration Policy for determining the nature and amount of remuneration of key management personnel. The policy is designed to be:

- Market competitive – to attract and retain suitably qualified persons to effectively manage the operations.
- Fair and equitable – to provide reasonable compensation and ensure a level of equity and consistency.
- Performance focused – to motivate key management personnel and reward outperformance. At risk performance based remuneration may be dependent upon a project individual or the Company achieving Key Performance Indicators ("KPI's") over a short or long term timeframe.
- Ownership aligned – long term performance based remuneration is structured to encourage employees to have 'ownership' in the Company with a view to achieving the Company's long term strategic objectives by rewarding employees with the use of share rights.
- Open and fit for purpose - the policy is structured to provide the appropriate level of transparency to all stakeholders and meet relevant regulatory requirements.

Further detail on the relationship between the Remuneration Policy and the Company's performance, performance conditions, why the performance conditions were chosen and methods used in assessing whether the performance condition has been achieved are set out below.

Executive employment contracts

Altona's policy is that employment contracts for the Senior Executive are unlimited in term but capable of termination with between 3 and 6 months' notice and that the Company retains the right to terminate the contract immediately by making a payment equal to between 3 and 6 months' pay in lieu of notice.

On termination of employment, the Senior Executive are entitled to receive their statutory entitlements of accrued annual and long service leave together with any superannuation benefits.

Employment contracts outline the components of remuneration paid to the Senior Executive but do not prescribe how remuneration levels are modified year to year. Remuneration is reviewed each year to take into account changes in the scope of the role performed and any changes required to meet the principles of the Remuneration Policy.

The Managing Director has a contract of employment which specifies his duties and obligations and provides that the Board and Managing Director will consult and agree upon performance objectives for each financial year. The contract can be terminated either by the Company or the Managing Director providing 6 months' notice. The Company may also terminate the contract by making a payment in lieu of notice and paying any redundancy payments as required by law.

The Managing Director has no entitlement to termination payment in the event of removal for misconduct.

Subject to the Short Term Incentive Plan rules as amended by the Company from time to time, the Managing Director will be eligible to receive a bonus payment in respect of each financial year of his employment subject to his continuous

employment through the relevant financial year, achievement of his individual key performance indicators, and market conditions.

In addition, he may receive a long term incentive grant during each year of his employment subject to the Company's Employee Awards Plan rules. At the Board's discretion, the grant may be awarded in performance share rights and/or options over the Company's shares and/or other similar securities. An award of performance share rights to the Managing Director is subject to shareholder approval. The Managing Director and Senior Executive will not receive a new issue of long term incentive share rights in FY2015.

Remuneration structure

Executive remuneration includes a mix of the following:

- Fixed remuneration
- Short term performance based incentives
- Long term performance based incentives

Performance linked remuneration comprises both short term incentives ("STI's") and long term incentives ("LTI's") which are both 'at risk' incentives. They are designed to reward key management personnel for meeting or exceeding their personal objectives or KPI's. The STI is provided in the form of cash, while the LTI is provided as share rights or options over ordinary shares of the Company under the rules of the Employee Award Plan as approved on 6 August 2010 and reapproved on 21 November 2012 by shareholders, and amended by the Board in line with its authorised delegation described in the Plan on 12 June 2014.

The performance linked component of remuneration comprised between 16.7% and 29.7% of the combination of salary plus the statutory value of LTI's (not cash) to the Managing Director and the Senior Executive. Please note that statutory value does not relate to market value of any incentive available or indicate that it is capable of being realised by the executive.

Fixed remuneration

Fixed remuneration consists of base remuneration which includes any statutory or fixed charges related to employee benefits.

Fixed remuneration levels of the Senior Executive are reviewed annually by the Remuneration and Nomination Committee through a process that considers the individual's performance, Altona's performance and market conditions.

Short term incentives

Each year the Board sets the KPI's for the Managing Director and the Senior Executive. The maximum percentage of base remuneration that they may receive as a STI is pre-determined as detailed in the Company's remuneration policy.

The KPI's for the Managing Director and Senior Executive include measures relating to individual and corporate performance and are aligned to Altona's strategy and achievement of performance objectives. For the year ended 30 June 2014, the maximum percentage of base remuneration that the Senior Executive, other than the Managing Director, could receive as an STI was 30%. For the Managing Director, the maximum percentage was 40%.

The FY2014 performance measures and respective allocations for the Managing Director were: safety (30%), environment (10%), business performance target (14%), Outokumpu target (26%) and Little Eva target (20%). Similar

targets were also set for the Senior Executive. The Board considered the performance measures to be appropriate as they aligned with the Company's strategic objectives.

At the end of the financial year the Remuneration and Nomination Committee assesses the performance of the Managing Director and Senior Executive against the KPI's that were set at the beginning for the year. A portion of the pre-determined maximum amount is awarded depending on the results achieved. However for FY2014, the Board has determined that the Managing Director and Senior Executive in Australia will not receive a short term incentive related to performance objectives for FY2014, irrespective of their performance.

The Committee is responsible for recommending to the Board the incentive to be paid to the Managing Director and the Senior Executive, and the Managing Director recommends to the Remuneration and Nomination Committee payments to other employees.

Altona also has an incentive scheme which applies only to Finnish employees. The scheme comprises two equally weighted criteria, namely safety and production but is only triggered upon the achievement of a profitability target. Performance hurdles are set every six months and full achievement of the hurdles results in an employee receiving about three week's salary as a bonus for that six month period. The Senior Executive in Finland can receive up to 15% of their fixed remuneration (excluding pension amount) for that six month period. The amount awarded is adjusted depending on the results achieved for that six month period. The scheme has proved to be very successful with a notable improvement in safety awareness at all sites.

Long term incentives

Altona employs LTI's as part of its remuneration structure in order to provide an incentive to attract, retain and align the interest of shareholders and the executives to whom these incentives are provided.

The maximum percentage of base remuneration that the Senior Executive may receive as an LTI and the relevant vesting criteria are pre-determined by the Board.

LTI's can include share rights or options as detailed in the Employee Awards Plan. Share rights or options are issued for no consideration and the vesting of the benefits are conditional on achieving specific measurable performance hurdles that are aligned with Altona's strategic objectives. For the share rights awarded to the Managing Director and the Senior Executive in 2013, equal weighting is given to the following criteria to determine if the performance hurdles have been met:

- Total shareholder returns. Outperforming the ASX Small Resources XSR index by 25% in the period 1/07/2013 to 30/06/2016.
- Delivery of specific objectives and strategies from Altona's Strategic Plan. An equal weighting in measurement relating to a Board approved scoping study for expansion of operations with a ten year mine life at 750,000t per annum at acceptable grades, and a Board approved new growth project outside of existing projects between 1/07/2013 and 30/06/2016. For the Senior Executive holding the role of Managing Director Finland during the year, only the Board approved scoping study for expansion of operations was applicable for the strategic objective hurdle.

Vesting of the LTI is measured over a three year interval after the initial grant. The vesting of share rights is treated as income to the share rights holders and attracts tax in a similar manner to cash payments irrespective of the holder selling or retaining the resulting shares.

Remuneration Report

The Board considers the performance-linked structure is effective as it is linked to improvement in share price and the delivery of strategic goals set by the Board.

In November 2012, Shareholders approved the formula to calculate the number of share rights to be awarded to Dr Alistair Cowden. 3,000,000 share rights were awarded to Dr Cowden during the period.

The current policy of the Company is to offer LTI in the form of share rights. These rights are over ordinary shares of Altona which vest on a one-for-one basis under the Employee Awards Plan. All share rights expire on the earlier of the expiry date or termination of the individual's employment.

No options were issued or vested during the reporting period, and there are no options on issue.

Prohibition on trading

The Remuneration Policy prohibits those employees that are granted share rights from entering into arrangements that limit their exposure to losses that would result from share price decreases. The policy also requires directors, officers and key management personnel to seek approval from the Company prior to that individual buying or selling any company securities. Directors and employees are not permitted to trade during a closed period. Procedures are in place where trading during a closed period is sought in exceptional circumstances.

Non-executive director remuneration

The total remuneration available to remunerate non-executive directors as approved by shareholders at the 2012 Annual General Meeting is not to exceed $750,000 per annum. The level of actual remuneration paid is determined by reference to data on fees paid to non-executive directors of comparable companies and by taking into account the scope and extent of the Company's operations. Base fees for the reporting period were set at $157,500 per annum for the Chairman of the Board and at $78,750 for non-executive directors.

During the year, each of the Chairmen of the Audit and Risk Management Committee and Remuneration and Nomination Committee received an additional fee of $17,500 per annum.

These fees reflect the time and additional responsibilities of the Committees' Chairmen, particularly in the current legislative environment and the level of oversight and scrutiny required by shareholders. Non-executive directors are not entitled to receive retirement or termination benefits.

No options or share rights (equity remuneration) were awarded to non-executive directors during the period.

Remuneration Report

Additional disclosures relating to remuneration

Summary of actual cash and non-monetary benefits to key management personnel

	Salary and fees ($)	STI cash payment [1] ($)	Superannuation and pension contributions ($)	Other non-monetary benefits [2] ($)	Total cash and non-monetary benefits ($)
2014					
Non-Executive Directors					
K. Maloney	144,165	-	13,335	-	**157,500**
P. Ingram	72,082	-	6,668	-	**78,750**
P. Hallam	88,101	-	8,149	-	**96,250**
S. Scudamore	88,101	-	8,149	-	**96,250**
Executive Director					
A. Cowden	517,725	-	17,775	8,236	**543,736**
Executives					
I. Scott	383,675	-	17,775	6,675	**408,125**
E. Hughes	360,225	-	17,775	6,675	**384,675**
J. Vesanto [3]	177,325	31,919	11,665	-	**220,909**
A. Pihko [4]	123,192	22,175	8,685	-	**154,052**
Total	**1,954,591**	**54,094**	**109,976**	**21,586**	**2,140,247**
2013					
Non-Executive Directors					
K. Maloney	144,495	-	13,005	-	**157,500**
P. Ingram	72,248	-	6,502	-	**78,750**
P. Hallam	25,472	-	2,292	-	**27,764**
S. Scudamore	26,134	-	2,352	-	**28,486**
F. Harris [5]	64,713	-	5,824	4,817	**75,354**
H. Solin [6]	63,393	-	-	4,817	**68,210**
Executive Director					
A. Cowden	519,030	214,200	16,470	8,689	**758,389**
Executives					
I. Scott	384,980	108,400	16,470	6,511	**516,361**
E. Hughes	361,530	87,000	16,470	6,511	**471,511**
J. Vesanto	254,117	73,109	16,518	-	**343,744**
Total	**1,916,112**	**482,709**	**95,903**	**31,345**	**2,526,069**

(1) The short term incentive payment methodology is given on page 31.

(2) Includes non-monetary benefits such as car parking, working directors personal accident insurance, gifts received on leaving the Company, and fringe benefits tax.

(3) To 31 January 2014.

(4) From 1 February 2014.

(5) Ms F. Harris resigned 18 March 2013.

(6) Mr H. Solin resigned 18 March 2013.

Remuneration Report

Total remuneration of key management personnel

	Total cash and non-monetary benefits ($)	Options and share rights ($)	Long service leave provision ($)	Total ($)	Value of equity compensation (%)	Performance related [1] (%)
2014						
Non-Executive Directors						
K. Maloney [2]	157,500	(88,000) [6]	-	**69,500**	[7]	[7]
P. Ingram [2]	78,750	(88,000) [6]	-	**(9,250)**	[7]	[7]
P. Hallam	96,250	-	-	**96,250**	-	-
S. Scudamore	96,250	-	-	**96,250**	-	-
Executive Director						
A. Cowden	543,736	161,306	1,155	**706,197**	22.8	22.8
Executives						
I. Scott	408,125	136,646	12,184	**556,955**	24.5	24.5
E. Hughes	384,675	134,142	20,256	**539,073**	24.9	24.9
J. Vesanto [3]	220,909	48,053	-	**268,962**	17.9	29.7
A. Pihko [4]	154,052	4,264	-	**158,316**	2.7	16.7
	2,140,247	**308,411**	**33,595**	**2,482,253**	**12.4**	**14.6**
2013						
Non-Executive Directors						
K. Maloney	157,500	-	-	**157,500**	-	-
P. Ingram	78,750	-	-	**78,750**	-	-
P. Hallam	27,764	-	-	**27,764**	-	-
S. Scudamore	28,486	-	-	**28,486**	-	-
F. Harris [5]	75,354	(88,000) [6]	-	**(12,646)**	[7]	[7]
H. Solin [5]	68,210	(88,000) [6]	-	**(19,790)**	[7]	[7]
Executive Director						
A. Cowden	758,389	86,655	13,241	**858,285**	10.1	35.1
Executives						
I. Scott	516,361	163,341	6,726	**686,428**	23.8	39.6
E. Hughes	471,511	207,594	11,716	**690,821**	30.1	42.6
J. Vesanto	343,744	130,823	-	**474,567**	27.6	43.0
	2,526,069	**412,413**	**31,683**	**2,970,165**	**13.9**	**30.1**

(1) At risk performance related remuneration as a percentage of the total remuneration.

(2) Director's options lapsed during the period.

(3) To 31 January 2014.

(4) From 1 February 2014. Mr Pihko did not receive any payments for agreeing to hold the position of Managing Director Finland, prior to commencing employment.

(5) Director resigned during the period and as a result 500,000 options held by the Director lapsed.

(6) The accounting treatment resulting from the lapsing of these options gave rise to the negative value disclosed in the column 'Options and Share Rights'.

(7) The percentage has not been included as the accounting treatment renders the amount meaningless.

The values shown in the previous table are required to be calculated in accordance with Australian Accounting Standards and as such the Directors believe they do not provide guidance on actual remuneration received. The value

shown for share rights or options is not equivalent to the value assessed by the Australian Taxation Office, nor to any value that may or may not be ultimately realised. No termination benefits were received by key management personnel during 2013 and 2014.

Vesting profile of short term incentives to key management personnel

	Included in remuneration ($)	Vested in year (%)	Forfeited in year (%)
Executive Director			
A. Cowden	-	-	100%
Executives			
I. Scott	-	-	100%
E. Hughes	-	-	100%
J. Vesanto	31,919	60%	40%
A. Phiko	22,175	60%	40%

No short term incentives vested during the year.

Vesting profile of share rights granted to key management personnel

				Dates at which share rights are to be tested				
	Number	Grant date	Vested in year (%)	Any date between 1/7/2012 & 1/07/2015	Any date between 1/7/2013 & 1/07/2016	1 July 2014	1 July 2015	1 July 2016
Executive Director								
A. Cowden	1,666,667	21/11/2012		50%			50%	
	3,000,000	01/08/2013			50%			50%
Executives								
I. Scott	500,000	06/08/2010	100%					
	500,000	31/07/2011	100%					
	888,888	06/12/2012		50%			50%	
	1,000,000	26/07/2013			50%			50%
E. Hughes	750,000	06/08/2010	100%					
	500,000	31/07/2011	100%					
	840,000	06/12/2012		50%			50%	
	1,000,000	26/07/2013			50%			50%
J. Vesanto	500,000	06/08/2010	100%					
	250,000	31/07/2011	100%					
	558,334	06/12/2012		50%			50%	
	1,000,000	26/07/2013			50%			50%
A. Pihko	1,000,000	05/05/2014				33%	33%	34%

No share rights were forfeited during the year.

For the Senior Executive the service and performance criteria used to determine the amount of compensation is set by the Board having regard to industry best practice and the Board's strategy. For Dr Cowden, the service and performance criteria used to determine the amount of compensation was determined by the Board in accordance with criteria approved by shareholders at a meeting on 21 November 2012.

Remuneration Report

Share rights vested or granted to key management personnel during 2014

	Number of share rights granted	Grant date	Fair value per share right at grant date[1] ($)	Expiry date	Number of share rights vested
Executive Director					
A. Cowden	3,000,000	01/08/2013	0.115	2 July 2016	-
Executives					
I. Scott	1,000,000	26/07/2013	0.138	2 July 2016	-
E. Hughes	1,000,000	26/07/2013	0.138	2 July 2016	-
J. Vesanto	1,000,000	26/07/2013	0.138	2 July 2016	-
A. Pihko	1,000,000	05/05/2014	0.150	2 July 2016	-

(1) Fair value is calculated in accordance with accounting standards.

Value of share rights granted to key management personnel

	Granted in year[1] ($)	Vested in year ($)	Lapsed in year ($)
Executive Director			
A. Cowden	345,000	-	-
Executives			
I. Scott	138,000	372,100	-
E. Hughes	138,000	475,650	-
J. Vesanto	138,000	289,600	-
A. Pihko	150,000	-	-

(1) These amounts are calculated in accordance with accounting standards.

Options granted in prior periods to directors, officers and other employees

The terms and conditions of each series of options granted in years prior to 1 July 2013 which expired during the reporting period are given below.

Grant date	Expiry date	Exercise price	Value[1] per option at date of grant	Remaining number of options at 30-6-2014	Date exercisable[3]
30-6-2008	30-6-2013[2]	$1.50	$0.54	-	At any time after grant date
18-11-2010	18-11-2013[2]	$0.44	$0.18	-	At any time after 18-11-2011

(1) The value of options granted in previous years is calculated at the grant date using the Black-Scholes option pricing model.

(2) Lapsed during the year.

(3) No options were exercised during the year.

These options did not entitle the holder to participate in any share issue of the Company. There are no other options on issue by the Company.

Remuneration Report

Equity instruments held by key management personnel

Share holdings

The number of shares in the Company held directly, indirectly or beneficially during the financial year by each director and the key management personnel including their personally related entities, are set out below:

Name	Balance at start of year	Acquired during the year	Other changes	Balance at end of year
2014				
Directors				
K. Maloney	35,348,000	-	-	35,348,000
A. Cowden	10,010,960	-	-	10,010,960
P. Ingram	1,019,662	200,000	-	1,219,662
P. Hallam	-	100,000	-	100,000
S. Scudamore	-	200,000	-	200,000
Key management personnel				
I. Scott	1,717,790	1,060,700	(143,566)	2,634,924
E. Hughes	1,870,000	1,250,000	-	3,120,000
J. Vesanto	944,144	750,000	-	1,694,144
A. Pihko	-	-	-	-
2013				
Directors				
K. Maloney	35,348,000	-	-	35,348,000
A. Cowden	8,333,334	1,677,626	-	10,010,960
P. Ingram (1)	1,019,662	-	-	1,019,662
F. Harris	191,800	-	(191,800)(2)	-
H. Solin	1,678,250	-	(1,678,250)(2)	-
Key management personnel				
I. Scott (1)	136,723	1,641,067	(60,000)	1,717,790
E. Hughes	620,000	1,250,000	-	1,870,000
J. Vesanto (1)	194,144	750,000	-	944,144

(1) Re-stated to reflect complete holdings.

(2) This represents the director's final interests disclosure to the ASX upon resignation from the Company.

Remuneration Report

Option holdings

No director currently holds options in the Company.

The number of options to acquire ordinary shares in the Company held during the financial year by any director or key management personnel, including their personally related entities, are set out below:

Name	Balance at start of year	Granted during the year	Exercised during the year	Other changes*	Balance at end of year	Vested and exercisable	Unvested
2014							
Directors							
K. Maloney	500,000	-	-	(500,000)	-	-	-
P. Ingram	500,000	-	-	(500,000)	-	-	-
2013							
Directors							
K. Maloney	500,000	-	-	-	500,000	-	500,000
P. Ingram	1,000,000	-	-	(500,000)	500,000	-	500,000
F. Harris	500,000	-	-	(500,000)	-	-	-
H. Solin	500,000	-	-	(500,000)	-	-	-

** Other changes represent options that expired or were forfeited during the year.*

Share right holdings

The number of share rights held by any director of the Company and key management personnel, including their personally related entities, are set out below:

Name	Balance at start of year	Granted during the year	Vested during the year	Balance at end of year
2014				
Directors				
A. Cowden	1,666,667	3,000,000	-	4,666,667
Key management personnel				
I. Scott	1,888,888	1,000,000	(1,000,000)	1,888,888
E. Hughes	2,090,000	1,000,000	(1,250,000)	1,840,000
J. Vesanto	1,308,334	1,000,000	(750,000)	1,558,334
A. Pihko	-	1,000,000	-	1,000,000
2013				
Directors				
A. Cowden	1,666,666	1,666,667	(1,666,666)	1,666,667
Key management personnel				
I. Scott	2,500,000	888,888	(1,500,000)	1,888,888
E. Hughes	2,500,000	840,000	(1,250,000)	2,090,000
J. Vesanto	1,500,000	558,334	(750,000)	1,308,334

No share rights were held by any other Director.

Loans to key management personnel

There were no loans to key management personnel during the current or prior financial year.

Statutory Representation

Non-audit services

The Company's auditor is Deloitte. The Board has considered the non-audit services that were provided during the year by the auditor and, in accordance with written advice provided by the Audit and Risk Management Committee, is satisfied that the provision of those services during the year by the auditor is compatible with, and did not compromise, the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were considered in accordance with the Transactions with External Auditors Policy and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Payments to auditors

	2014 ($)	2013 ($)
Audit services		
Audit or review of the financial reports	55,412	48,625
Audit or review of the financial reports (Network firms)	65,142	57,685
Non-audit services		
Tax compliance services (Network firms)	26,018	103,642

Lead auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 88 and forms part of the Director's Report for the financial year ended 30 June 2014.

Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Director's resolution

This report is made in accordance with a resolution of the Directors:

Mr Kevin Maloney
Chairman

Dated: 27 August 2014

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Revenue	4	85,111	64,109
Cost of sales	6(a)	(65,546)	(46,027)
Gross profit		19,565	18,082
Other income		118	156
Exploration and evaluation expenditure	6(b)	(3,271)	(11,376)
Administration expense	6(c)	(8,264)	(7,999)
Results from operating activities		8,148	(1,137)
Finance income	7(a)	14,482	3,040
Finance expense	7(b)	(2,934)	(1,347)
Net finance income		11,548	1,693
Profit before income tax		19,696	556
Income tax (expense) / benefit	8(a)	(9,568)	12,091
Profit for the year		**10,128**	**12,647**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on available-for-sale financial assets, net of tax		99	(415)
Change in value of interest rate hedge		134	21
Foreign currency translation		3,998	9,175
Total other comprehensive income for the year, net of tax		4,231	8,781
Total comprehensive profit for the year attributable to owners of the Group		**14,359**	**21,428**
Basic earnings per share (cents)	5	1.90	2.40
Diluted earnings loss per share (cents)	5	1.86	2.36

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	26(a)	18,076	26,093
Trade and other receivables	9	10,024	5,149
Available-for-sale financial assets		481	406
Derivative financial instruments	10	-	1,211
Inventories	11	3,983	2,699
Other assets		587	261
Total current assets		33,151	35,819
Non-current assets			
Property, plant and equipment	12	83,978	77,604
Deferred tax asset	8(c)	4,514	13,646
Exploration and evaluation assets	13	15,198	15,190
Security deposits		2,243	2,092
Total non-current assets		105,933	108,532
Total assets		**139,084**	**144,351**
Current liabilities			
Trade and other payables	14	10,780	10,626
Derivative financial instruments	10	657	87
Interest-bearing liabilities	15(a)	524	2,072
Provisions	16	1,723	1,384
Total current liabilities		13,684	14,169
Non-current liabilities			
Derivative financial instruments	10	-	47
Interest-bearing liabilities	15(a)	2,489	22,585
Provisions	16	4,181	3,798
Total non-current liabilities		6,670	26,430
Total liabilities		**20,354**	**40,599**
Net assets		**118,730**	**103,752**
Equity			
Contributed equity	17(a)	158,290	158,294
Reserves	18	14,207	9,353
Accumulated losses	19	(53,767)	(63,895)
Total equity		**118,730**	**103,752**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		82,174	62,325
Payments to suppliers and employees		(55,532)	(40,365)
Payments for exploration and evaluation		(3,532)	(6,047)
Proceeds from / (payments for) security deposits		(120)	31
Proceeds from close-out of commodity hedges		14,854	-
Interest and finance costs		(1,698)	(939)
Net GST / VAT cashflows		(852)	1,565
Other		281	961
Net cash from operating activities	26(b)	35,575	17,531
Cash flows from investing activities			
Interest received		192	746
Payments for property, plant and equipment and mine development		(20,726)	(20,417)
Proceeds from sale of fixed assets		-	111
Net cash from investing activities		(20,534)	(19,560)
Cash flows from financing activities			
Repayment of borrowings		(22,851)	-
Costs to issue shares		(4)	(3)
Payment for finance leases		(636)	(350)
Net cash from financing activities		(23,491)	(353)
Net decrease in cash and cash equivalents		(8,450)	(2,382)
Cash and cash equivalents at the beginning of the financial year		26,093	26,711
Effects of exchange rate changes on cash and cash equivalents		433	1,764
Cash and cash equivalents at the end of the financial year	26(a)	**18,076**	**26,093**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Contributed equity $'000	Share based payments reserve $'000	Converting notes reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Cash flow hedge reserve $'000	Accum losses $'000	Total equity $'000
At 1 July 2013	**158,294**	**4,694**	**581**	**4,941**	**(729)**	**(134)**	**(63,895)**	**103,752**
Profit for the period	-	-	-	-	-	-	10,128	10,128
Foreign currency translation	-	-	-	3,998	-	-	-	3,998
Change in value of hedge derivative	-	-	-	-	-	134	-	134
Change in value of available-for-sale investments	-	-	-	-	99	-	-	99
Total comprehensive income	-	-	-	3,998	99	134	10,128	14,359
Share issue costs	(4)	-	-	-	-	-	-	(4)
Share based payments	-	623	-	-	-	-	-	623
At 30 June 2014	**158,290**	**5,317**	**581**	**8,939**	**(630)**	**-**	**(53,767)**	**118,730**
At 1 July 2012	**158,297**	**4,028**	**581**	**(4,234)**	**(314)**	**(155)**	**(76,542)**	**81,661**
Profit for the period	-	-	-	-	-	-	12,647	12,647
Foreign currency translation	-	-	-	9,175	-	-	-	9,175
Change in value of hedge derivative	-	-	-	-	-	21	-	21
Change in value of available-for-sale investments	-	-	-	-	(415)	-	-	(415)
Total comprehensive income	-	-	-	9,175	(415)	21	12,647	21,428
Share issue costs	(3)	-	-	-	-	-	-	(3)
Share based payments	-	666	-	-	-	-	-	666
At 30 June 2013	**158,294**	**4,694**	**581**	**4,941**	**(729)**	**(134)**	**(63,895)**	**103,752**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements contain the consolidated financial statements for Altona Mining Limited consisting of Altona Mining Limited (Company) and its subsidiaries. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Altona Mining Limited and its subsidiaries together are referred to in these financial statements as 'the Group'. Altona Mining Limited is domiciled in Australia. All amounts are presented in Australian dollars.

1(a) Basis of preparation of the financial statements

Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Group's cash flow forecasts show that current resources are sufficient to fund the operations for the foreseeable future.

Compliance with Accounting Standards

The financial statements comprise the consolidated financial statements of the Group. The Company primarily involved with copper mining, exploration and evaluation of minerals in Finland and Australia. These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations (AASBs) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001.

The consolidated financial statements of Altona Mining Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were authorised for issue by the Board of Directors on 27 August 2014.

Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain financial instruments listed below which are measured at fair value, as explained in the accounting policies listed below:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and
- available-for-sale financial assets are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with AASBs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Notes to the Financial Statements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods if affected.

Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

The acquisition method of accounting is used to account for all business combinations as at the date of acquisition, which is the date on which control is transferred to the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit and loss as a gain on acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the profit and loss.

1(b) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director (chief operating decision maker) and management team. The chief operating decision maker and management team are responsible for allocating resources and assessing performance of the operating segments.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics, risk profiles and are also similar with respect to the following:

- geographical location;
- the nature of the products and services; and
- the nature of the regulatory environment.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities that cannot be directly allocated to segments.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

1(c) Foreign currency translation

Functional and presentation currency

Each entity in the Group determines its own functional currency based on the primary economic environment and items included in the financial statements of each entity are measured using functional currency. The consolidated financial statements are presented in Australian dollars, which is Altona Mining Limited's functional and presentation currency.

Notes to the Financial Statements

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at a rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial statements are taken to profit and loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit and loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

The functional currencies for each of the subsidiaries within the Group are: Euros for Kylylahti Copper Oy, Kuhmo Nickel Oy, Vulcan Exploration B.V., Vulcan Hautalampi Oy, Vulcan Kotalahti Oy and Vulcan SW Finland Oy; British pounds for Kuhmo Nickel Limited and United States dollars for Vulcan Finland (BVI) Limited.

The functional currency for these subsidiaries has been translated into Australian dollars for presentation purposes. The assets and liabilities of these subsidiaries are translated using the exchange rates prevailing at the reporting date; revenues and expenses are translated using average exchange rates for the year; and equity transactions eliminated on consolidation are translated at exchange rates prevailing at the dates of transactions. The resulting difference from translation is recognised in a foreign currency translation reserve through other comprehensive income.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve in equity.

1(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of treatment and refining costs, returns, trade allowances and duties and taxes paid.

The Group recognises revenue when the amount of revenue and costs can be reliably measured, the significant risks and rewards of ownership have been transferred to the buyer, there is no continuing involvement with the goods and it is probable that future economic benefits will flow to the entity. Preliminary invoices are issued for the Group's metal concentrates at the end of the month of delivery, net of treatment and refining charges. Final invoices are issued when all terms (quality, metal content, and pricing for the agreed pricing period) have been determined, which is set a period following the delivery as determined by the commercial terms as stated in the offtake agreement.

Notes to the Financial Statements

1(e) Finance income and expense

Finance income

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Finance expense

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

1(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Altona Mining Limited.

1(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1(h) Impairment of assets

Financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in equity is re-classified to profit and loss. Any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognised in other comprehensive income.

Non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no

impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit and loss immediately.

1(i) Non derivative financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial instrument when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are generally due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the profit and loss.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available for sale financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity in the asset revaluation reserve. When the securities classified are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains and losses.

Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred on the date at which the Group becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are only offset with the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1(j) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its commodity, price, foreign currency and interest rate risk exposures. On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 - 125 per cent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for through the profit and loss if the derivatives are not designated as a hedging Instrument, or as described below when they are.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

1(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

1(l) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see Note 1(e)). Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss. When revalued assets are sold, any related amounts included in the revaluation reserve are transferred to retained earnings.

Land and buildings

Freehold land is not depreciated.

Mine properties and development

When the decision to mine is made by the Board, capitalised exploration expenditure is reclassified as mine properties and development expenditure as a component of property, plant and equipment. Mine development costs are deferred until production commences, at which time they are amortised on a units of production basis based on tonnes mined over the total estimated reserve related to the area of interest. Underground development costs incurred in respect of a mine development after the commencement of production is carried forward only when substantial future economic benefits are expected, otherwise this expenditure is expensed as incurred.

The Group applies the units of production method for amortisation of its mine properties and development, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production, using proven and probable reserves. These calculations require the use of estimates and assumptions in relation to the reserves and resources, and metallurgy. These estimates and assumptions are reviewed annually, and are adjusted prospectively if necessary.

The Group determines the date that commissioning is completed and production commences for depreciation purposes by reference to the actual performance against a number of set criteria, such as concentrate recoveries, consistency of operation and feed quantities.

Ore processing equipment

Ore processing equipment is depreciated on a units of production basis based on tonnes milled over the total estimated proven and probable reserves related to the area of interest, consistent with the equipment's consumption pattern.

Depreciation

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, for the following assets:

▪ Buildings	5-25 years
▪ Machinery and mining equipment	3-15 years
▪ Motor vehicles	3-5 years
▪ Furniture and fittings	3-10 years
▪ Mine properties and development costs	Based on proven + probable reserves on a units of production basis
▪ Ore processing facilities	Based on proven + probable reserves on a units of production basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)). Asset depreciation methods and their useful lives are reviewed annually. Any gains or losses on disposals are determined by comparing proceeds with the carrying amount.

1(m) Inventories

Inventories of ore stocks, concentrate in circuit and concentrate stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. The cost of such inventories comprises direct materials, labour and transportation expenditure in bringing such inventories to their existing location and condition, together with an appropriate portion of variable and fixed overhead expenditure based on weighted cost incurred during the period in which such inventories were produced.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to complete the sale. Inventories of consumable supplies and spare parts expected to be used in production are valued at cost. Obsolete or damaged inventories of such items are valued at net realisable value.

1(n) Restoration and rehabilitation provision

The Group is obligated to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and areas disturbed as a result of its exploration, mining and processing activities. Provisions for the cost of closure and rehabilitation are recognised when the Group has a present obligation and it is probable that restoration / rehabilitation costs will be incurred at a future date, which generally arises at the time the environmental disturbance occurs or the item of property, plant and equipment is acquired. When the extent of the disturbance increases over the life of an operation, the provision is increased accordingly.

The timing of the actual closure and rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating license conditions and the environment in which the mine operates. Expenditure may occur before and after closure, and can continue for a period of time dependent on the closure and rehabilitation requirements. Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability to their present value. The unwinding of the discount is recognised as a finance expense in profit and loss.

A corresponding asset is booked within Property, plant and equipment for mining assets and exploration and evaluation assets, and is depreciated on the basis of the current estimate of the useful life of the asset. Subsequent costs are

included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Restoration and rehabilitation provisions are also adjusted for changes in estimates. These adjustments are accounted for prospectively by an adjustment to both the liability and asset amount. Restoration and rehabilitation provisions are remeasured at each reporting date to reflect any changes.

1(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

1(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is independently determined using the Black-Scholes option pricing model. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met.

The value of share rights issued to employees is recognised as a share based payment expense with a corresponding increase in equity over the vesting period. Share rights with market vesting conditions are taken to account when determining the grant date fair value, and are not adjusted if the market vesting condition is not met.

1(q) Provisions

The Group recognises a provision when it has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

1(r) Financial instruments issued by the Group

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Where the Group has issued converting notes the Group has assessed whether there is an equity and/or liability burden by calculating the liability as the discounted value when compared to the face value of the notes.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments and are amortised over the life of the investment using the effective interest rate method.

1(s) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share takes into account the dilutive effect of all share options and rights outstanding being converted into shares.

1(t) Exploration and evaluation expenditure

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest is written off as incurred, with the exception of acquisition costs which are capitalised. Exploration and evaluation expenditure incurred on late-stage projects (defined as in development or in production) is capitalised as incurred, provided the expenditure meets the requirements to be carried forward as described below.

Exploration expenditure is only carried forward to the extent that it is expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Any accumulated costs in relation to an abandoned area are written off in full in the profit and loss in the year in which the decision to abandon the area is made.

An annual review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of any exploration and evaluation asset may exceed its recoverable amount. Impairment indicators include:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of Mineral Resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of Mineral Resources in the specific area have not led to the discovery of commercially viable quantities of Mineral Resources and the Group has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

When the Directors make a decision to progress an area of interest to development, all further expenditure relating to the area of interest will be capitalised.

1(u) Goods and services tax/Value added tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") and value added tax ("VAT"), except:

- where the amount of GST/VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables and payables. GST/VAT cash flows are shown net in the Statement of Cash Flows as an operating cash flow and reflect the net amount paid to or received from the relevant taxation authority. The gross amounts are not shown as they do not provide meaningful information for financial statement purposes.

1(v) Comparative figures

Certain comparative figures have been adjusted to conform to changes in presentation for the current year.

1(w) Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Notes to the Financial Statements

1(x) New accounting standards and interpretations

Certain new Australian Accounting Standards have been published that are not mandatory for financial reporting years ended on 30 June 2014, as described below.

Affected standards and interpretations	Effective for annual reporting periods beginning on or after	Mandatory application date for Group
AASB 9 'Financial Instruments', and the relevant amending standards1	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011-2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016	30 June 2017
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	30 June 2017
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current reporting period. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods, and there is limited disclosure impacts.

Assessment of the expected impacts of these standards and interpretations is ongoing, however it is expected that there will be no significant changes in the Group's accounting policies.

Notes to the Financial Statements

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

2(a) Impairment of assets

The Group's policy is to capitalise exploration tenement purchases, and to expense ongoing exploration and evaluation expenditure, for each area of interest, in compliance with AASB 6 'Exploration for and evaluation of Mineral Resources'. The carrying value of tenement purchases is expensed to profit and loss when it is no longer certain that the area of interest will not generate future economic benefits. Where the amount of expected future economic benefits to be generated is less than the area of interest's carrying value, the difference is accounted for as an impairment charge (see Note 1(h)). Significant judgment is applied by the Group in determining whether an area of interest will generate future economic benefits or future economic benefits in excess of its carrying value.

2(b) Mine properties and development

Economically recoverable ore reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC code). The determination of ore reserves includes estimates and assumptions about a range of geological, technical and economic factors. Changes in ore reserves impact the assessment of the carrying value of property, plant and equipment, the carrying amount of assets depreciated on a units of production basis and provisions for site restoration.

The Group also determines the date that Outokumpu is deemed to be available for use in the manner intended, and the commissioning phase is complete. Judgement is required as to the criteria chosen to assess this.

2(c) Restoration and rehabilitation provision

The Group assesses its restoration and rehabilitation provision for the Outokumpu project half-yearly. Significant judgement is required in determining the provision as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the sites. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and changes in discount rates. When these factors change or become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known.

2(d) Share-based payments

The Group measures the cost of equity settled transactions with eligible persons by reference to the value of equity instruments at the date at which they are granted. In the case of share options granted, the value is determined by an external valuer using a pricing model, using the assumptions detailed in Note 27.

Notes to the Financial Statements

2(e) Utilisation of tax losses

The Group considers the likelihood that future taxable profits will be available to offset accumulated tax losses. Should sufficient future taxable profits be considered probable, the Group will recognise a deferred tax asset on those losses. Judgment is required as to whether the future profits are probable. The Group considers historical performance, and expected future performance in determining the probability

NOTE 3 SEGMENT INFORMATION

Operating segments have been identified as mineral projects in Australia ("Australian projects"), the Outokumpu Copper Project ("Outokumpu project") and other mineral exploration areas in Finland ("Finnish projects"). Unallocated amounts consist mainly of corporate revenues and expenses, and those assets that cannot be allocated to the reportable segments.

Discrete financial information about each of these operating segments, operating performance and assets are reported to the Managing Director (chief operating decision maker) and management team on a monthly basis. Inter-segment revenues are not material and have not been reported below.

3(a) Details of operating segments of the Group for the year ended 30 June 2014

	Note	Australian projects $'000	Outokumpu project $'000	Finnish projects $'000	Unallocated $'000	Total $'000
Revenue						
Concentrate sales	4	-	85,111	-	-	85,111
Interest income	7(a)	-	-	-	181	181
Other income		-	108	-	10	118
Total revenue		**-**	**85,219**	**-**	**191**	**85,410**
Material items of expense						
Exploration & evaluation	6(b)	(2,873)	(398)	-	-	(3,271)
Depreciation & amortisation		(80)	(14,956)	-	(188)	(15,224)
Share based payments		-	-	-	(623)	(623)
Net finance income		-	12,353	-	(986)	11,367
Segment result	3(c)	(2,953)	28,457	(265)	(5,543)	19,696
Income tax expense	8(a)	-	(9,568)	-	-	(9,568)
Profit after tax as per statement of comprehensive income						**10,128**
Total assets as at 30 June	3(d)	15,145	104,245	757	18,937	139,084
Capital expenditure		-	20,305	-	19	20,324
Total liabilities as at 30 June		420	18,977	359	598	20,354

Notes to the Financial Statements

3(b) Details of operating segments of the Group for the year ended 30 June 2013

	Note	Australian projects $'000	Outokumpu project $'000	Finnish projects $'000	Unallocated $'000	Total $'000
Revenue						
Concentrate sales	4	-	64,109	-	-	64,109
Interest income	7(a)	-	-	-	635	635
Other income/(expense)		-	165	-	(86)	79
Total revenue		**-**	**64,274**	**-**	**549**	**64,823**
Material items of expense						
Exploration & evaluation		(5,390)	(284)	(95)	-	(5,769)
Depreciation & amortisation		(143)	(10,003)	-	(147)	(10,293)
Impairment of assets		(147)	-	(5,460)	-	(5,607)
Share based payments		-	-	-	(666)	(666)
Net finance expense		-	(1,345)	-	(2)	(1,347)
Segment result	3(c)	(5,680)	17,116	(5,666)	(5,214)	556
Income tax benefit	8(a)	-	12,091	-	-	12,091
Profit after tax as per statement of comprehensive income						**12,647**
Total assets as at 30 June	3(d)	15,200	101,215	744	27,192	144,351
Capital expenditure		-	18,547	-	137	18,684
Total liabilities as at 30 June		568	38,914	379	738	40,599

3(c) A reconciliation from segment result to Earnings Before Interest and Tax ('EBIT') is provided below:

	Note	Australian projects $'000	Outokumpu project $'000	Finnish projects $'000	Unallocated $'000	Total $'000
30 June 2014						
Segment result		(2,953)	28,457	(265)	(5,543)	19,696
Interest income		-	-	-	(181)	(181)
Interest and other finance expenses		-	1,536	-	9	1,545
Foreign exchange loss		-	403	-	986	1,389
Segment EBIT		**(2,953)**	**30,396**	**(265)**	**(4,729)**	**22,449**
30 June 2013						
Segment result		(5,680)	17,116	(5,666)	(5,214)	556
Interest income		-	(77)	-	(558)	(635)
Interest and other finance expenses		-	1,345	-	2	1,347
Foreign exchange gain		-	(128)	-	(445)	(574)
Segment EBIT		**(5,680)**	**18,256**	**(5,666)**	**(6,215)**	**695**

Notes to the Financial Statements

3(d) Unallocated assets consist of the following:

	2014 $'000	2013 $'000
Cash	18,076	26,093
Available-for-sale financial assets	481	406
Property, plant and equipment	188	301
Other receivables	3	132
Other assets	189	260
	18,937	**27,192**

NOTE 4 REVENUE

Concentrate sales are provisionally priced and revenue is recognised based on the best estimate of the consideration expected to be received. These estimates are marked to market at each reporting date and the resulting adjustment is incorporated within concentrate sales revenue.

The Group enters into a number of Quotational Period ('QP') hedge transactions to manage the volatility in price between the date of delivery and the end of the pricing period. These derivatives are not accounted for as hedges under AASB 139 and have been recognised as financial assets at fair value through profit and loss on initial recognition. Refer to Note 10 for details.

	2014 $'000	2013 $'000
Copper-gold-silver concentrate	81,707	62,403
Zinc concentrate	3,404	1,706
	85,111	**64,109**

NOTE 5 EARNINGS PER SHARE

Earnings per share is the amount of post-tax profit attributable to each share.

	Unit of measurement	2014	2013
Profit attributable to ordinary shareholders	$'000	10,128	12,647
Weighted average number of shares (basic)	'000	531,813	527,918
Dilution due to share rights on issue	'000	13,855	8,070
Weighted average number of shares (diluted)	'000	545,668	535,988
Basic earnings per share	cents	**1.90**	**2.40**
Diluted earnings per share	cents	**1.86**	**2.36**

At 30 June 2013, 1.36 million options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Notes to the Financial Statements

NOTE 6 EXPENSES

	2014 $'000	2013 $'000
Profit before income tax includes the following expenses		
6(a) Cost of sales		
Employee benefits	8,378	5,655
Depreciation and amortisation	14,910	10,003
Change in ore and concentrate stocks	52	(264)
Raw material, supplies and services	42,206	30,633
	65,546	**46,027**
6(b) Exploration and evaluation expense		
Employee benefits	1,452	2,183
Depreciation and amortisation	91	143
Landholding, contractor and supplies	1,728	3,443
Impairment expense	-	5,607
	3,271	**11,376**
6(c) Administration expense		
Employee benefits	4,718	4,216
Depreciation and amortisation	222	147
Raw material, supplies and services	3,078	3,380
Rental relating to operating leases	246	256
	8,264	**7,999**

NOTE 7 FINANCE INCOME AND EXPENSE

	2014 $'000	2013 $'000
7(a) Finance income		
Interest income	181	635
Foreign exchange gain	-	574
Net realised and unrealised gains from derivatives[1]	14,301	1,831
	14,482	**3,040**
7(b) Finance expense		
Accretion on rehabilitation provision [2]	156	143
Interest and finance costs	1,071	939
Foreign exchange loss	1,389	-
Other	318	265
	2,934	**1,347**

(1) Included in the net realised and unrealised gains and losses from derivatives is $14.6 million for the close-out of the copper, gold and zinc hedges. This amount was received in cash during the year.

(2) Accretion expense relates to the unwinding of the discount on the Groups rehabilitation provisions to increase the provision to the amount expected to be settled.

Notes to the Financial Statements

NOTE 8 INCOME TAX

Australian tax losses of approximately $61.4 million (2013: $65.5 million) are available to Altona Mining Limited. These losses have not been recognised as assets as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

The franking account balance at year end was nil (30 June 2013: nil).

The Group operates primarily in Australia which has a corporate tax rate of 30% (2013: 30%), and in Finland which has a corporate tax rate of 20% (2013: 24.5%).

	2014 $'000	2013 $'000
8(a) Income tax (expense) / benefit		
Current tax	(5,324)	(1,555)
Deferred tax	(2,642)	13,646
Adjustment in respect of prior periods	(1,602)	-
Total	(9,568)	12,091
8(b) Numerical reconciliation between accounting profit and income tax benefit		
Profit before income tax expense	19,696	556
Income tax at 30%	(5,909)	(167)
Non-deductible expenses	(754)	(844)
Initial recognition of Finnish tax losses	-	13,646
Tax losses not recognised	(2,295)	(2,265)
(Assessable income) / allowable deduction on items eliminated on consolidation	1,647	2,750
Effect of lower Finnish tax rate	1,970	(1,029)
Write-down of deferred tax asset to reflect lower Finnish tax rate (1)	(2,602)	-
Adjustment for deferred tax in prior periods	(1,625)	-
Income tax (expense) / benefit	**(9,568)**	**12,091**

(1) The Finnish government lowered the corporate tax rate to 20% for the Group's tax year ending on 30 June 2014. As a result, deferred tax assets and liabilities have been written down to their recoverable amount based on the lower tax rate.

	2014 $'000	2013 $'000
8(c) Recognised deferred tax assets and liabilities		
Opening balance	13,646	-
Amounts credited to income	(9,568)	13,646
Foreign currency movements	436	-
Closing balance	**4,514**	**13,646**
Recognised deferred tax assets / (liabilities) relate to the following:		
Tax losses	4,826	12,995
Provisions	815	914
Payables and lease liability	603	343
Property, plant & equipment	(1,862)	(817)
Other	132	211
Net deferred tax asset	**4,514**	**13,646**
8(d) Unrecognised deferred tax assets / (liabilities) relate to the following:		
Tax losses	18,419	19,636
Other temporary differences	(279)	(1,439)
Exploration assets	(2,828)	(2,828)
Gain on business combination	(4,411)	(4,411)
Total	**10,901**	**10,958**

NOTE 9 TRADE AND OTHER RECEIVABLES

	2014 $'000	2013 $'000
Trade receivables	9,754	4,965
Other debtors (1)	270	184
	10,024	**5,149**

(1) Other debtors primarily consist of refunds due for Goods and Services Tax and Value Added Tax.

The Group does not have any significant receivables which are past due at the reporting date.

NOTE 10 DERIVATIVE FINANCIAL INSTRUMENTS

	2014 $'000	2013 $'000
Current assets		
Quotational period derivatives	-	1,211
Current liabilities		
Interest rate swaps	-	87
Quotational period derivatives	657	-
	657	87
Non-current liabilities		
Interest rate swaps	-	47

Interest rate swaps were closed-out during the period upon the final repayment of the Credit Suisse Senior Debt Facility (see Note 15(d)). The cost to close out has been recorded as a finance expense.

NOTE 11 INVENTORIES

Raw materials and spares and ore and concentrate stocks are carried at cost. There were no write-downs to inventories for the years ended 30 June 2014 or 2013.

	2014 $'000	2013 $'000
Raw materials and spares	3,267	1,944
Ore and concentrate stocks	716	755
	3,983	**2,699**

Notes to the Financial Statements

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	Mine property $'000	Ore processing facility $'000	Land & buildings $'000	Rehabilitation $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
2014							
Cost							
Balance at 1 July	48,967	26,503	2,256	3,076	7,260	2,436	**90,498**
Additions/transfers in	13,282	3,526	860	130	1,709	4,503	**24,010**
Disposals/transfers out	-	-	-	-	(250)	(3,687)	**(3,937)**
Foreign currency movement	385	535	11	53	(263)	40	**761**
Balance at 30 June	62,634	30,564	3,127	3,259	8,456	3,292	**111,332**
Less: Accumulated depreciation							
Balance at 1 July	6,505	3,597	118	404	2,270	-	**12,894**
Charge for year	8,981	3,923	289	428	1,603	-	**15,224**
Disposals	-	-	-	-	(250)	-	**(250)**
Foreign currency movement	(119)	(22)	(4)	(2)	(367)	-	**(514)**
Balance at 30 June	15,367	7,498	403	830	3,256	-	**27,354**
Net book value	**47,267**	**23,066**	**2,724**	**2,429**	**5,200**	**3,292**	**83,978**
2013							
Cost							
Balance at 1 July	30,396	21,322	1,364	2,564	5,067	-	**60,713**
Additions/transfers in	13,058	1,443	627	129	1,414	11,734	**28,405**
Disposals/transfers out	-	-	-	-	(3)	(9,593)	**(9,596)**
Foreign currency movement	5,513	3,738	265	383	782	295	**10,976**
Balance at 30 June	48,967	26,503	2,256	3,076	7,260	2,436	**90,498**
Less: Accumulated depreciation							
Balance at 1 July	-	-	13	-	1,046	-	**1,059**
Charge for year	5,807	3,139	91	358	875	-	**10,270**
Foreign currency movement	698	458	14	46	349	-	**1,565**
Balance at 30 June	6,505	3,597	118	404	2,270	-	**12,894**
Net book value	**42,462**	**22,906**	**2,138**	**2,672**	**4,990**	**2,436**	**77,604**

Notes to the Financial Statements

NOTE 13 EXPLORATION AND EVALUATION ASSETS

The recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

	Exploration and evaluation $'000	Rehabilitation $'000	Total $'000
2014			
Cost			
Balance at 1 July	22,385	339	**22,724**
Disposals	(129)	-	**(129)**
Foreign currency movement	132	5	**137**
Balance at 30 June	22,388	344	22,732
Less: Accumulated depreciation & impairment			
Balance at 1 July and 30 June	7,534	-	**7,534**
Net book value	**14,854**	**344**	**15,198**
2013			
Cost			
Balance at 1 July	22,213	295	**22,508**
Disposals	(173)	-	**(173)**
Foreign currency movement	345	44	**388**
Balance at 30 June	22,385	339	**22,724**
Less: Accumulated depreciation & impairment			
Balance at 1 July	1,927	-	**1,927**
Impairment charge	5,607	-	**5,607**
Balance at 30 June	7,534	-	**7,534**
Net book value	**14,851**	**339**	**15,190**

NOTE 14 TRADE AND OTHER PAYABLES

	2014 $'000	2013 $'000
Trade and other creditors	6,915	4,693
VAT payable	2	865
Accrued expenses	3,863	5,068
	10,780	**10,626**

Notes to the Financial Statements

NOTE 15 INTEREST BEARING LIABILITIES

15(a) Carrying values

	2014 $'000	2013 $'000
Current		
Finance lease liability	524	395
Senior debt facility	-	1,677
	524	**2,072**
Non-current		
Finance lease liability	2,489	2,220
Senior debt facility	-	20,365
	2,489	**22,585**

15(b) Terms and conditions of the outstanding loans

	Currency	Nominal interest rate %	Face value	Carrying value $'000
2014				
Finance lease liability	EUR	EURIBOR + 2.5%	EUR 2.08 million	3,013
2013				
Finance lease liability	EUR	EURIBOR + 2.5%	EUR 2.17 million	2,615
Senior debt facility	USD	LIBOR + 4%	US$20.45 million	22,042
				24,657

15(c) Finance lease liability

During the year a new finance lease arrangement was entered into with Nordea Finance Finland ('Nordea') for additional mining equipment. The terms of the lease arrangement are consistent with the existing finance lease with Nordea. Finance lease liabilities of the Group are payable as follows:

	2014			2013		
	Future minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000	Future minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000
Less than one year	602	78	524	464	70	394
Between one and five years	2,467	150	2,317	2,259	159	2,100
More than five years	173	1	172	123	2	121
	3,242	**229**	**3,013**	**2,846**	**231**	**2,615**

The net carrying value of the associated leased plant and equipment at 30 June 2014 was $3.20 million (2013: $2.91 million).

15(d) Senior Debt Facility

On 15 July 2011, Altona Mining Limited executed a Senior Debt Facility with Credit Suisse AG ("the Facility") for US$20 million to assist in the development of the Outokumpu project. The drawdown of funds occurred in two tranches; the initial US$10 million tranche was drawn down in September 2011, and the second US$10 million tranche was drawn down in March 2012.

The Facility was repaid in full during the year with payments of US$10.46 million and US$10 million being paid in December and March respectively. These repayments were funded through the close-out of commodity hedges (see Note 7(a)) and operating cashflows.

Capitalised transaction costs relating to the Facility with a carrying value of $0.3 million were written off upon repayment of the loan and recorded as a finance expense.

NOTE 16 PROVISIONS

	Employee benefits $'000	Rehabilitation and restoration $'000	Total $'000
Balance at 1 July 2013	**1,453**	**3,729**	**5,182**
Provisions made during the year	992	132	1,124
Provision used during the year	(630)	-	(630)
Unwind of discount	-	156	156
Foreign currency translation	12	60	72
Balance at 30 June 2014	**1,827**	**4,077**	**5,904**
Current	1,723	-	1,723
Non-current	104	4,077	4,181
	1,827	**4,077**	**5,904**

NOTE 17 CONTRIBUTED EQUITY

The Company does not have authorised capital or par value in respect of its issued shares. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Details of options and share rights issued, cancelled and exercised during the year together with options and share rights outstanding at 30 June 2014 are included in Note 27 to the financial statements. Options and share rights carry no rights to dividends and no voting rights.

Notes to the Financial Statements

	2014 $'000	2013 $'000
17(a) Share capital		
Ordinary shares	**158,290**	**158,294**

	Date	Number of shares	Issue price $	Value $'000
17(b) Movements in ordinary share capital				
Balance as at 1 July 2012		522,091,038	-	158,297
Shares issued on vesting of share rights	3 Jul 12	4,930,000	-	-
Shares issued on vesting of share rights	4 Jul 12	250,000	-	-
Shares issued on vesting of share rights	4 Feb 13	1,666,666	-	-
Shares issued on vesting of share rights	28 May 13	55,000	-	-
Cost of listing vested performance rights		-	-	(3)
Balance as at 30 June 2013		**528,992,704**		**158,294**
				-
Shares issued on vesting of share rights	16 Aug 13	3,192,000	-	-
Shares issued on vesting of share rights	20 Nov 13	50,000	-	-
Cost of listing vested performance rights		-	-	(4)
Balance as at 30 June 2014		**532,234,704**		**158,290**

17(c) Capital management

When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as to maintain an optimal structure to reduce the cost of capital. The Group is dependent from time to time on its ability to raise capital from the issue of new shares, obtain debt and its ability to realise value from its existing assets. The Board is responsible for capital management. This involves the use of cash flow forecasts to determine future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. Surplus funds are invested in term deposits and cash reserve accounts available in the short term as required.

The financial liabilities of the Group at the reporting date are; trade and other payables, derivative liabilities and loans and borrowings. The Group is not subject to any externally imposed capital requirements.

The following table details the Groups capital:

	Notes	2014 $'000	2013 $'000
Cash and cash equivalents	26(a)	18,076	26,093
Less borrowings and trade & other payables	14, 15	(13,793)	(35,283)
Net cash/(debt)		4,283	(9,190)
Total equity		118,730	103,752
Less: amounts accumulated in equity related to cash flow hedges	9	-	(134)
Total capital		**123,013**	**94,428**

Notes to the Financial Statements

NOTE 18 RESERVES

Nature and purpose of reserves

18(a) Share based payments reserve

The share based payments reserve is used to record the value of equity benefits provided to directors, employees and other parties. Refer to Note 27 for further details of share based payments.

18(b) Converting notes reserve

The converting note equity reserve records the equity portion value in relation to converting notes previously issued by the Group. The convertible notes were issued in 2006, and repaid/converted in 2010.

18(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

18(d) Revaluation reserve

The asset revaluation reserve is used to recognise movements in the market valuation of available-for-sale securities.

18(e) Cashflow hedge reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges that have not yet affected profit or loss.

NOTE 19 ACCUMULATED LOSSES

	2014 $'000	2013 $'000
Accumulated losses at 1 July	(63,895)	(76,542)
Profit after income tax	10,128	12,647
Accumulated losses at 30 June	**(53,767)**	**(63,895)**

NOTE 20 RELATED PARTY DISCLOSURES

Information regarding individual directors' and executives' compensation and equity instrument disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report.

20(a) Compensation of directors and other key management personnel

	2014 $	2013 $
Short-term employee benefits	2,030,271	2,430,166
Post-employment benefits	143,571	127,586
Share based payments	308,411	412,413
	2,482,253	**2,970,165**

20(b) Transactions with related parties

Related parties to Dr Scott were employed by Altona on a temporary contract on an arm's length basis during 2014 and were compensated $24,652 (2013: $88,403). No payments were made to related parties of Dr Cowden in the current year. Payments during the prior year totalled $5,614.

20(c) Loans to key management personnel

There were no loans to key management personnel during the current or prior financial year.

NOTE 21 REMUNERATION OF AUDITORS

	2014 $	2013 $
Audit services		
Audit or review of the financial reports	55,412	48,625
Audit or review of the financial reports (Network firm)	65,143	57,685
Other services		
Amounts received, or due and receivable by for other services:		
Tax compliance services (Network firm)	26,018	103,642
	146,573	**209,952**

NOTE 22 CONTINGENT LIABILITIES

The Group has a liability for royalties contingent on projects advancing into production. All Australian tenements held by the Group are subject to the payment of production royalties to the respective state governments. The rate of such royalties varies depending upon the State, the minerals produced and sold and other factors.

The Group has the following contingent liabilities in respect of its Outokumpu and Cloncurry Copper Projects as follows:

- Mining permit holders in Finland are required to pay the land owner an annual excavation fee, totalling 50 Euro per hectare and an additional excavation fee totalling 0.15% of the value of mining minerals excavated and exploited during the year. As the Group owns the majority of the land relating to the Outokumpu project, the effect is not material.
- Cloncurry - 1.5% Net smelter return derived from mining operations on tenements acquired from Zinifex and Lake Gold under the terms of the Roseby Acquisition Agreements.
- Cloncurry - 0.15% to 0.22% Net Smelter Return derived from mining operations payable to the Kalkadoon people.
- Cloncurry - 1.5% of 50% of the gross value of the proceeds derived from the sale of materials for 15 years from certain mining leases.

Possible expenditure commitments may arise in relation to restoration and rehabilitation for exploration licenses granted, however it is impossible to quantify the impact, if any, to the Group at balance date.

Notes to the Financial Statements

NOTE 23 COMMITMENTS FOR EXPENDITURE

23(a) Lease commitments

Commitments in relation to operating leases for office premises contracted for at the reporting date but not recognised as liabilities. These are payable:

	2014 $'000	2013 $'000
Not later than one year	235	221
Later than one year but not later than five years	-	227
	235	**448**

23(b) Mineral exploration and mining tenements

There is a requirement for minimum annual expenditure commitments to maintain exploration licenses over mineral tenements held in Australia in good standing status. Quantifiable amounts for granted tenements or those with some certainty of granting are $8.26 million (2013: $13.78 million) over the life of the tenements. No minimum annual expenditure commitments are required in Finland.

23(c) Capital expenditure commitments

The Group has $1.71 million of contractual capital expenditure commitments relating to the Outokumpu project outstanding at 30 June 2014 (2013: $4.51 million).

23(d) Other commitments

The Group has commitments relating to the Outokumpu project totalling $20.44 million. These commitments relate to contracts to purchase electricity, haulage for ore and concentrate transportation (2013: $33.76 million).

23(e) Hedge contracts

The Group's long-term hedges were closed out during the year with a gain of $14.6 million recognised in the Income Statement. There are no long-term hedge contracts remaining.

Notes to the Financial Statements

NOTE 24 PARENT ENTITY DISCLOSURES

Statement of financial position

	2014 $'000	2013 $'000
Assets		
Current assets	27,588	10,776
Non-current assets	70,299	88,650
Total assets	97,887	99,426
Liabilities		
Current liabilities	10,657	10,931
Non-current liabilities	-	-
Total liabilities	10,657	10,931
Net assets	**87,230**	**88,495**
Equity		
Contributed equity	158,290	158,294
Accumulated losses	(76,924)	(74,975)
Reserves	5,864	5,176
Total parent entity equity	**87,230**	**88,495**
Results for the parent entity		
Loss for the period	(1,949)	(2,930)
Other comprehensive income, net of tax	(64)	(63)
Total comprehensive income for the period	**(2,013)**	**(2,993)**

The parent entity has entered into a guarantee with Credit Suisse AG ('lender') in relation to the debt of Kylylahti Copper Oy for all of its property, other than the Cloncurry Copper Project.

Notes to the Financial Statements

NOTE 25 INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Incorporated	Equity holding 2014 (%)	Equity holding 2013 (%)
Vulcan Resources Pty Ltd(1)	Australia	100%	100%
Roseby Copper Pty Ltd(1)	Australia	100%	100%
Roseby Copper (South) Pty Ltd(1)	Australia	100%	100%
Kuhmo Nickel Limited(2)	United Kingdom	100%	100%
Vulcan Finland (BVI) Ltd(2)	British Virgin Islands	100%	100%
Kylylahti Copper Oy(3)	Finland	100%	100%
Vulcan Hautalampi Oy(3)	Finland	100%	100%
Vulcan Kotalahti Oy(4)	Finland	100%	100%
Kuhmo Metals Oy(4)	Finland	100%	100%
Vulcan SW Finland Oy(5)	Finland	-	100%
Vulcan Exploration BV(6)	Netherland	100%	100%

(1) Vulcan Resources Pty Ltd, Roseby Copper Pty Ltd and Roseby Copper (South) Pty Ltd are wholly owned subsidiaries of Altona Mining Limited and the investment is held by Altona Mining Limited.

(2) Vulcan Finland (BVI) Limited and Kuhmo Nickel Limited are wholly owned subsidiaries of Vulcan Resources Limited and the investment is held by Vulcan Resources Pty Ltd.

(3) Kylylahti Copper Oy and Vulcan Hautalampi Oy are wholly owned subsidiaries of Kuhmo Nickel Limited and the investment is held by Kuhmo Nickel Limited.

(4) Vulcan Kotalahti Oy and Kuhmo Metal Oy are wholly owned subsidiaries of Vulcan Exploration BV.

(5) Vulcan SW Finland was wound up and de-registered on 1 November 2013.

(6) Vulcan Exploration BV is a wholly owned subsidiary of Kuhmo Nickel Limited.

The Group has no significant restrictions on its ability to access or use the assets and settle the liabilities of the group.

Notes to the Financial Statements

NOTE 26 NOTES TO CASHFLOW STATEMENT

	2014 $'000	2013 $'000
26(a) Reconciliation of cash balances comprises:		
Cash on hand and at bank	17,301	18,534
Cash on deposit	775	7,559
Total cash and cash equivalents	**18,076**	**26,093**
26(b) Reconciliation of profit after income tax expense:		
Profit after income tax	10,128	12,647
Adjustments for:		
Depreciation and amortisation	15,224	10,293
Impairment of exploration and evaluation assets	-	5,607
Share based payment expense	623	666
Unrealised fair value (gain) / losses	1,935	(1,035)
Loss on sale of assets	30	10
Finance expenses	621	237
Interest received	(181)	(635)
Foreign exchange loss / (gain)	1,823	(574)
Income tax expense / (benefit)	9,568	(12,091)
Change in assets and liabilities:		
(Increase) in trade and other receivables	(5,041)	(1,383)
(Increase) in inventories	(1,284)	(1,777)
Increase in trade and other payables	1,755	4,976
Increase in provisions	374	590
Net cashflow from operating activities	**35,575**	**17,531**

NOTE 27 SHARE BASED PAYMENTS

27(a) Employee Awards Plan

The Altona Mining Limited Employee Awards Plan was adopted by shareholders on 6 August 2010 and reapproved by shareholders on 21 November 2012 for the purpose of recognising the efforts of, and providing incentives to directors and employees of the Group.

Under the plan the Group may offer share rights or options in the Group to eligible persons. Directors and part-time or full-time employees are eligible persons for the purposes of the Employee Awards Plan. The directors of the Group in their absolute discretion determine the number to be offered and any performance criteria that share rights may apply. Offers made under the Employee Awards Plan must set out the number of share rights or options, the period of the offer and the exercise price (although share rights and options may not be offered to a director or associates except where approval is given by shareholders at a general meeting). The exercise price for options is determined with reference to the market value of the Group's shares at the time of resolving to make the offer.

Share rights and options are granted under the plan for no consideration, unless the directors determine otherwise.

On exercise, each share right or option is convertible to one ordinary share within 10 business days of the receipt of the exercise notice and payment of the exercise price in Australian dollars. Options will expire no later than five years from the date of allotment.

If an eligible person ceases to be an employee of the Company prior to vesting of their award, any share rights and options held by them will automatically lapse except if the person ceases to be an employee or contractor by reason of retirement at age 60 or over, permanent disability, redundancy or death, in which case the share rights vest if performance hurdles are met at the next test date and options may be exercised within three months of that event happening or such longer period as the Board determines. In the event of a change of control of the Company, the vesting period will be brought forward to the date of the change of control and awards will automatically vest.

Share rights and options issued under this Employee Awards Plan carry no dividend or voting rights.

27(b) Valuation models used to value share rights

The assessed fair value for the purpose of the financial statements at grant date of share rights granted to the individuals is allocated equally over the period from grant date to vesting date.

For those rights that have market based vesting conditions, fair values at grant date are determined using a Binomial valuation pricing model that takes into account the exercise price, the term of the share rights, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share rights. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected volatility assumed is commensurate with the expected term of the option being from issue date to expected exercise date. It is assumed that all volatility data remains constant over the life of the share rights.

Share rights without market based vesting conditions are valued at the share price at the date of issue.

The model inputs for share rights granted during the period ended 30 June 2014 included:

	Managing Director Rights 1	Managing Director Rights 2	Key Management Personnel Rights 1	Key Management Personnel Rights 2	Employee Rights (various issues)
Grant date	1 Aug 13	1 Aug 13	26 Jul 13	26 Jul 13	26 Jul 13 – 5 May 14
Expiry date	1 Jul 16	1 Jul 16	1 Jul 16	1 Jul 16	1 Jul 16
Quantity	1,500,000	1,500,000	1,500,000	1,500,000	1,884,020
Exercise price	-	-	-	-	-
Consideration	-	-	-	-	-
Fair value at grant date	$0.095	$0.135	$0.11	$0.165	$0.145 – $0.165
Share price at grant date	$0.135	$0.135	$0.165	$0.165	$0.145 – $0.165
Expected future volatility	64%	64%	64%	64%	64%
Dividend yield	-	-	-	-	-
Risk-free rate	2.64%	2.64%	2.79%	2.79%	2.79%
Maximum life (Years)	2.91	2.91	2.93	2.93	2.89-2.93

The grant of share rights is subject to the recipient meeting the vesting conditions, which can include any or all of the following: continuing employment with the Company; achieving KPI's set for each individual; achievement of Company or project milestones set by the Board; and share price performance of the Company. The Group applies a probability factor to the likelihood of meeting any non-market vesting conditions to each grant. These are reviewed and adjusted each six-month period as necessary, and is taken into account in determining the relevant expense reported in the Consolidated Statement of Comprehensive Income.

27(c) Valuation models used to value options

The assessed fair value for the purpose of the financial statements at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date.

Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected volatility assumed is commensurate with the expected term of the option being from issue date to expected exercise date. It is assumed that all volatility data remains constant over the life of the options.

No options were issued in the year ended 30 June 2014 or 2013.

27(d) Share rights outstanding

Unvested share rights at the end of the financial year are as follows:

Number of share rights	Vesting dates
345,000	2 July 2014
5,598,749	1 July 2015
8,783,000	1 July 2016

27(e) Options outstanding

The following table shows the number and Weighted Average Exercise Prices ("WAEP") of, and movement in share options issued during the current and previous financial year:

	2014		2013	
	Number	WAEP ($)	Number	WAEP ($)
Outstanding at 1 July	1,365,000	0.72	2,865,000	0.76
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	(1,000,000)	0.44
Expired during the year	(1,365,000)	(0.72)	(500,000)	1.50
Outstanding at 30 June	**-**	**-**	**1,365,000**	**0.72**
Exercisable at 30 June	**-**	**-**	**365,000**	**1.50**

For share options outstanding at 30 June 2013 the exercise price was $0.44 and $1.50. The weighted average remaining contractual life outstanding was 0.33 years. There are no unissued shares under option at the end of the financial year.

27(f) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2014 ($)	2013 ($)
Share rights issued to directors and employees	799,342	841,829
Share options issued to directors	(176,000)	(176,000)
	623,342	**665,829**

Negative amounts relate to options cancelled as a result of director resignations and options expiring without meeting the vesting conditions.

NOTE 28 FINANCIAL RISK MANAGMENT

The Group's principal financial instruments comprise cash and cash equivalents, derivative financial instruments, trade and other receivables, available-for-sale financial assets, trade and other payables and loans and borrowings.

The Group manages its exposure to these risks in accordance with the Group's risk management policy. The Board approves principles for overall risk management. The objective of the policy is to manage the Group's exposure to commodity prices, exchange rates and interest rates.

The main risks arising from the Group's financial instruments are:

- market risk (e.g. foreign currency risk, commodity price risk and interest rate risk);
- credit risk; and
- liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rates and foreign exchange rates, and assessment of market forecasts for commodity prices, interest rates and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board oversees the establishment, implementation and review of the Group's risk management system.

Primary responsibility for identification and control of financial risks rests with management in accordance with the Risk Management Policy approved by the Board. The Board reviews the processes for managing each of the financial risk exposures identified below, including future cash flow forecast projections.

28(a) Market risk – foreign currency

The Group has exposure to currency risk on concentrate sales, operating costs and loans and borrowings that are denominated in currencies other than the Australian Dollar. The currencies in which these transactions are primarily denominated are Euros and United States Dollars ("USD"). The Group also holds investments denominated in Canadian Dollars ("CAD").

The Group attempts to mitigate the effect of its foreign currency exposure by hedging sufficient sales of commodities through swaps designated in Euro to meet Euro operational expenditures. Remaining sales are designated in USD. The Group acquires additional foreign currencies as per budgeted expenditures when the exchange rate is favourable.

Speculation (defined as any transaction that increases the Group's exposure to market risks) is not permitted under any circumstances unless specifically authorised by the Board.

At 30 June 2014, the Group had the following foreign currency exposure, based on notional amounts shown in Australian dollars:

	2014			2013		
	Euro $'000	CAD $'000	USD $'000	Euro $'000	CAD $'000	USD $'000
Cash and cash equivalents	12,325	-	4,922	15,096	-	3,885
Trade and other receivables	267	-	9,756	-	-	5,017
Available for sale financial assets	-	390	-	-	379	-
Derivative financial assets	-	-	-	-	-	1,211
Interest rate swaps	-	-	-	-	-	(134)
Trade and other payables	(10,089)	-	-	(9,657)	-	-
Provisions	(1,446)			(4,837)	-	-
Interest bearing liabilities	(3,013)	-	-	(2,615)	-	(22,359)
Net exposure	**(1,956)**	**390**	**14,678**	**(2,013)**	**379**	**(12,380)**

The following sensitivity analysis is based on judgments by management of reasonably possible movements in foreign exchange rates after consideration of the views of market commentators. A 10% movement in foreign currency exchange rates is considered to be a reasonably possible change over the course of a financial year.

At 30 June 2014, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2014 $'000	2013 $'000
Post tax profit / equity higher / (lower)		
AUD / Euro +/-10%	198	286
AUD / CAD +/-10%	(39)	(39)
AUD / USD +/-10%	(1,402)	1,354

28(b) Market risk - price

The Group is exposed to commodity price risk on concentrate sales made by the Outokumpu project. This arises from the sale of concentrates such as copper, gold and zinc which are priced on, or benchmarked to, open market exchanges. The Group aims to lock in a proportion of commodity sales at set dates in the future to participate in favourable commodity price movements whilst minimising the downside risk of cash flows falling below average monthly operating costs.

The Group manages its exposure to commodity price risk through a combination of spot sales, forward commodity swaps (longer term commodity hedges), short term Quotational Period ('QP') hedges and put options.

Forward commodity swaps are physical delivery contracts and are therefore not considered to be derivative financial instruments. Commodity swaps are carried on the balance sheet at cost (typically nil), and are excluded from the fair value and sensitivity tables below. To mitigate against the risk of a fall in market prices between the time of delivery and the end of the pricing period, Altona enters into QP hedges to lock in a portion of sales at the price at the time of delivery. QP hedge derivatives accounted for as derivative financial instruments at fair value through profit and loss have not been accounted for as a hedge.

Concentrate sales are "provisionally priced", meaning that the selling price is determined by reference to open market exchanges following the delivery to the customer. Revenue is recognised on provisionally priced sales, based on estimates of the fair value of the consideration receivable. The marking to market of provisionally priced sales contracts is recorded as an adjustment to mine properties and development while the project is in the commissioning phase and to sales revenue thereafter.

Put options give the Group the right, but not the obligation, to sell fixed quantities of commodities at fixed prices at set dates. These are accounted for as derivative financial instruments at fair value through profit and loss, and have not been accounted for as a hedge.

At 30 June 2014, the Group had the following financial instruments exposed to commodity price risk:

	2014 $'000	2013 $'000
Derivative financial instruments	(657)	1,211
Provisionally priced receivables	8,905	4,965
	8,248	**6,176**

The following sensitivity analysis is based on judgments by management of reasonably possible movements in commodity prices after consideration of the views of market commentators. A 10% movement in commodity prices is considered to be a reasonably possible change over the course of a financial year.

If commodity prices had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit or loss and equity would have been affected as shown below:

	Profit and loss		Equity	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
10% increase	(775)	(1,030)	-	-
10% decrease	775	1,030	-	-

The Group is also exposed to equity price risk on its available for sale investments. If equity prices had been 10% higher / lower other comprehensive income would have increased/decreased by $43,898 (2013: $36,312).

28(c) Market risk - interest rate

Interest rate risk refers to the risk that the value of a financial instrument or the cash flows associated with it will fluctuate due to changes in market interest rates. The Group's exposure to interest rates relates to the Group's cash and cash equivalents, finance lease liabilities as well as the Senior Debt Facility.

The existing interest rate swap for 50% of the US$20 million Senior Debt Facility was closed out in March for a payment of $0.15 million following the repayment of the debt.

Cash and cash equivalents are managed on a currency basis, and a portion may be placed on term deposit for a maximum period of 6 months to take advantage of prevailing interest rates. The Group regularly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

At the balance date the Group had the following exposures to interest rate risk:

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	18,076	26,093
Financial liabilities		
Senior Debt Facility	-	(22,359)
Finance lease liability	(3,013)	(2,615)
Interest rate swaps	-	(134)
	(3,013)	(25,108)
Net exposure	**15,063**	**985**

The following sensitivity analysis is based on the interest rate risk exposure in existence at the year-end. A 1% movement in interest rates is considered to be a reasonably possible change over a financial year.

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit and loss, and interest rate swaps are accounted for as cash flow hedges. As such, a change in interest rates would not affect profit and loss or equity in respect of fixed rate financial assets or liabilities.

If interest rates had moved by one percent, with all other variables held constant, pre-tax profit or loss and equity would have been affected as follows:

	Profit and loss		Equity	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
1% increase	151	45	-	308
1% decrease	(151)	(45)	-	(308)

28(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the financial assets of the Group.

The Group's maximum exposure to credit risk at the balance date is as follows:

	2014 $'000	2013 $'000
Cash and cash equivalents	18,076	26,093
Trade and other receivables	10,024	5,149
Security deposits	2,243	2,092
Derivative financial assets	-	1,211
	30,343	**34,545**

Trade and other receivables balances relate primarily to concentrate sales receivables and GST / VAT refunds. Security bonds are cash held on deposit with financial institutions with acceptable credit ratings. As at the reporting date, 100% of the Group's concentrate sales receivables balance relates to sales transactions with a single customer, Boliden Commercial AB. Management monitors the creditworthiness of counterparties to mitigate the risk of counterparties failing to meet their obligations.

In order to mitigate the credit risk relating to other financial assets, the Group trades only with recognised, credit worthy third parties, with an acceptable credit rating.

Credit risk arising on sales to customers is managed by contracts that stipulate a provisional payment of at least 90% of the estimated value of each sale, payable in the following month. The final 10% is calculated on the final sales price as stipulated in the agreement, and is received after a set pricing period. No financial assets are past due or impaired at 30 June 2014 (2013: nil).

Management does not expect any counterparty to fail to meet its obligations.

28(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Groups approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. It is the Group's policy to regularly review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Notes to the Financial Statements

The maturities of the Group's financial liabilities are:

	Carrying amount $'000	Contractual cash flows $'000	6 mths or less $'000	6-12 mths $'000	1-5 years $'000	More than 5 years $'000
2014						
Trade and other payables	10,780	10,780	10,259	521	-	-
Derivative financial instruments	657	657	657	-	-	-
Provisions	5,904	6,692	861	862	105	4,864
Finance lease liability	3,013	3,241	301	301	2,466	173
	20,354	**21,370**	**12,078**	**1,684**	**2,571**	**5,037**
2013						
Trade and other payables	10,626	10,626	10,626	-	-	-
Provisions	5,182	6,004	692	692	57	4,563
Senior debt facility	22,042	24,417	452	2,121	21,844	-
Finance lease liability	2,615	2,844	232	232	2,257	123
Interest rate swaps	134	294	65	65	164	-
	40,599	**44,185**	**12,067**	**3,110**	**24,322**	**4,686**

28(f) Fair values

The fair value of the Group's financial assets and liabilities approximates their carrying value as at the reporting date.

The fair value of the Group's available-for-sale assets of $0.48 million (2013: $0.41 million) is based on quoted market prices at the reporting date, without any deduction for transaction costs. These are valued using the level 1 valuation method.

The fair value of the Group's derivatives consist of interest rate swaps (2013: liability of $0.13 million). Quotational period hedge derivatives of (liability of $0.66 million (2013: $1.21 million asset)) and are calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data as at the reporting date. These are valued using the level 2 valuation method.

The Group has no financial instruments valued using the level 3 valuation method.

There have been no transfers between any levels during the financial years ended 30 June 2014 or 2013.

The different valuation methods are defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

28(g) Fair values versus carrying values

The carrying value of all financial assets and liabilities recognised on the statement of financial position approximates their fair value.

NOTE 29 EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 7 July 2014, the Group entered into a Share Purchase Agreement ("SPA") with Boliden Mineral AB (Publ) ("Boliden") for the sale of the Group's Finnish mining operations and certain exploration properties for US$95 million, plus working capital and capital expenditure adjustments for expected total consideration of US$100 million (approx. A$106 million). The transaction will be effected through the sale of the shares in Kuhmo Nickel Limited.

The Group will retain the Hautalampi and Kotalahti exploration properties and will enter into a 10 year option with Boliden to explore the Hautalampi area, with a net smelter return royalty payable in the event of development. The transaction is subject to a number of conditions precedent, including obtaining the necessary shareholder and regulatory approvals. The Group expects settlement to occur on 1 October 2014. The assets to be disposed comprise the Outokumpu project segment, and the Finnish projects segments. Refer to the ASX announcement released on 8 July 2014 for further information in regards to the transaction.

The Group does not consider the assets to be classified as held for sale on the basis that the assets were not available for immediate disposal in their current form at 30 June, and approval from both shareholders and the Finnish Competition and Consumer Authority (FCCA) is required. Altona reported on 30 July 2014 that approval from the FCCA has been granted.

Other than the item above, there has not been any event or circumstance since the end of the financial year that would significantly affect the operations of the Group, or the state of affairs of the Group in future periods.

NOTE 30 GROUP DETAILS

The registered office and principal place of business of Altona Mining Limited is:

Altona Mining Limited
Ground Floor
1 Altona Street
West Perth 6005 Western Australia

Directors' Declaration

The Directors of Altona Mining Limited declare that:

1. The consolidated financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the Group's financial position as at 30 June 2014 and its performance for the year ended on that date.

2. The Company has included in Note 1 to the financial statements, a statement of compliance with International Financial Reporting Standards.

3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2014, comply with Section 300A of the Corporations Act 2001.

5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Kevin Maloney
Chairman

Dated at Perth on this 27th day of August 2014.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Altona Mining Limited
Ground Floor
1 Altona Street
West Perth WA 6005

27 August 2014

Dear Board Members

Altona Mining Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Altona Mining Limited.

As lead audit partner for the audit of the financial statements of Altona Mining Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountant

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of Altona Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Altona Mining Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 41 to 87.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Altona Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) The financial report of Altona Mining Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) The consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 39 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Altona Mining Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 27 August 2014

Additional Information Required by the ASX

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The following information was applicable as at 15 August 2014.

Shareholdings

Substantial shareholders

The substantial shareholders in the Company, as disclosed in substantial shareholding notices given to the Company are:

	Date of last notice	Shareholding	% of issued capital
Perpetual Limited and subsidiaries	20 September 2013	73,245,801	13.76%
L1 Capital Pty Limited	31 October 2013	56,416,000	10.60%
Tulla Resources Group Pty Limited	22 March 2011	35,348,000	6.70%
Mr Thomas Roeggla	-	29,626,422	5.62%

Class of shares and voting rights

At 15 August 2014, there were 4,176 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Clause 12.7 of the Company's constitution, are:

Subject to any special rights or restrictions for the time being attaching to any class of shares.

- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote, and
- on a poll every person present who is a shareholder or a proxy, attorney, or representative of a shareholder shall, in respect of each fully paid share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, excluding amounts credited, provided that amounts paid in advance of a call are ignored when calculating a true proportion.

At 15 August 2014, there were no options over any unissued ordinary shares.

At 15 August 2014, there were share rights over 14,381,749 un-issued ordinary shares. There are no voting rights attached to the un-issued ordinary shares. Voting rights will be attached to the un-issued ordinary shares when the share rights have met all vesting criteria.

On-market buy-back

There is no current on-market buy-back.

Other information

Altona is a publicly listed company limited by shares which is incorporated and domiciled in Australia.

Additional Information Required by the ASX

Distribution of securities as at 15 August 2014

Category	Ordinary shares	Share rights
1 – 1,000	1,095	-
1,001 – 5,000	1,272	-
5,001 – 10,000	706	-
10,001 – 100,000	1,365	24
100,001 and over	278	14
	4,716	**38**

There were 1,665 holders holding less than a marketable parcel of ordinary shares.

Unquoted securities

The share rights on issue were issued as part of an Employee Awards Plan and are unquoted.

Restricted securities

There were no restricted securities as at 15 August 2014.

Twenty largest holders of ordinary shares as at 15 August 2014

Holder name	Ordinary shares number	Ordinary shares %
J P Morgan Nominees Australia	80,460,805	15.11
RBC Investor Services Australia Nominees Pty Limited	49,483,550	9.29
Citicorp Nominees Pty Limited	42,667,118	8.01
Tulla Resources Group Limited	35,348,000	6.64
HSBC Custody Nominees (Australia) Limited	30,462,594	5.72
BBY Nominees Limited	29,626,422	5.56
National Nominees Limited	19,809,379	3.72
RBC Investor Services Australia Nominees Pty Ltd	14,597,818	2.74
HSBC Custody Nominees (Australia) Limited	10,565,267	1.98
ABN Amro Clearing Sydney Nominees Pty Ltd	10,549,798	1.98
Finnish Industry Investment	10,261,300	1.93
BNP Paribas Nominees Pty Ltd	10,116,433	1.90
Morgan Stanley Australia Securities (Nominees) Pty Limited	9,000,000	1.69
Prufrock Partners Ltd	6,222,649	1.17
HSBC Custody Nominees (Australia) Limited	6,168,716	1.16
Sovereign Gold NL	5,575,864	1.05
Drumfrochar Pty Ltd	4,600,000	0.86
National Nominees Limited	3,897,110	0.73
HSBC Custody Nominees (Australia) Limited	3,710,518	0.70
Code Nominees Pty Ltd	3,500,000	0.66
Total	**386,623,341**	**72.59**

Additional Information Required by the ASX

Competent person statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on, and fairly represents information compiled by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG. Dr Cowden 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 being 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' (JORC Code 2012). Dr Cowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cloncurry Resource and Reserve estimates

The information in this report relating to estimates of Mineral Resources and Ore Reserves have been extracted from the following reports:

ASX Release Date	Title of ASX Release	Outline of Relevance
Resource Estimates		
26 July 2011	Roseby Resource passes one million tonnes of contained copper	Resource estimates for Longamundi, Great Southern, Caroline and Charlie Brown (Initial resource estimate for Little Eva deposit with 2004 JORC Table 1. See release 27 May 2014).
23 April 2012*	Further resource upgrades at Roseby Project	Resource estimates for Bedford, Ivy Ann and Lady Clayre deposits with relevant 2004 JORC Table 1.
3 July 2012*	15% Resource Upgrade at Roseby Project	Resource estimates for the Blackard and Scanlan deposits with relevant 2004 JORC Table 1.
22 August 2012*	Further Resource Upgrade at Roseby Project	Resource estimate for the Legend deposit with 2004 JORC Table 1.
27 May 2014	JORC 2012 Resource estimate for the Little Eva deposit	Resource estimate for the Little Eva deposit with 2012 JORC Table 1.
Reserve Estimates		
13 March 2014*	Cost review delivers major upgrade to Little Eva	Reserve estimates unchanged since ASX release of 14 May 2012 *"Little Eva: A new large scale copper development."*

** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

The ASX releases referenced in the previous table are on the Altona website at www.altonamining.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the most recent market announcement for each deposit and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

Little Eva Project production target and forecast financial information

Information in this presentation refers to a production target and the forecast financial information derived from a production target as disclosed to the market in the ASX release Cost Review Delivers Major Upgrade to Little Eva dated 13 March 2014, which 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.

Additional Information Required by the ASX

Finland Resource and Reserve estimates

- Kylylahti mine - ASX releases dated 26 March 2014 and 7 May 2014 (JORC 2012).
- Outokumpu Resource estimates (excluding Kylylahti) - Vulcan ASX release dated 16 November 2009 (JORC 2004).
- Kuhmo Resource estimates - Vulcan ASX release dated 23 October 2009 (JORC 2004).

The ASX releases referenced above are on the Altona website at www.altonamining.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Additional Information Required by the ASX

Tenement Schedule

Australia - Queensland

Number	Name	Interest
CLONCURRY COPPER PROJECT		
Exploration Permit for Minerals		
EPM 8059	Cameron River	100%
EPM 8506	Mt Roseby	100%
EPM 9056	Pinnacle	100%
EPM 10266	Highway	100%
EPM 10833	Cameron	100%
EPM 11004	Ogorilla	100%
EPM 11611	Gulliver	100%
EPM 12121	Gulliver East	100%
EPM 12492	Queen Sally	100%
EPM 12493	Quamby	100%
EPM 12529	Cabbage Tree	100%
EPM 13249	Lilliput	100%
EPM 14363	Bannockburn	100%
EPM 14365	Corella	100%
EPM 14535	Roseby Infill	100%
EPM 14556	Coolullah	100%
EPM 14822	River Gum	100%
EPM 18784	Roseby East	100%
EPM 18983	Coolullah North	100%
Mining Leases		
ML 90162	Scanlan	100%
ML 90163	Longamundi	100%
ML 90164	Blackard	100%
ML 90165	Little Eva	100%
ML 90166	Village	100%
QUEENSLAND REGIONAL PROJECTS		
Exploration Permit for Minerals		
EPM 9611	Happy Valley	100%
EPM 14370	Malakoff	100%
EPM 14371	Mt Angelay	100%

Additional Information Required by the ASX

Finland - Outokumpu Area

Number	Name	Interest
KYLYLAHTI PROJECT		
Mining Licenses		
3593/1a	Kylylahti	100%
3593/1b	Kylylahti	100%
3593/1c	Kylylahti ML extension	100%
3593/2a	Kylylahti 2	100%
K7802	Hautalampi	100%
KL2012:0007	Riihilahti	100%
553/1a,2a,4a, 6a-11a	Luikonlahti1-2,4,6-11	100%
1281/1a-2a	Petkel I+ II	100%
2061/1a	Petkellahti	100%
553/1a,2a,4a, 6a-11a	Luikonlahti auxiliary areas	100%
KL2013:0003	Luikonlahti auxiliary areas Extension	100%
Claims		
ML2012:0154	Kylylahti 2-4	100%
ML2012:0224	Saramäki 1	100%
ML2012:0222	Perttilahti	100%
ML2012:0223	Vuonos 1-3	100%
ML2013:0059	Polvikoski	100%
ML2013:0058	Kylylahti 6	100%
ML2013:0056	Saramäki 2	100%
ML2013:0057	Sukkula	100%
8623/1	Sivakkavaara 2a	100%
8623/2	Sivakkavaara 2b	100%
8623/3	Sivakkavaara 3	100%
9427/1	Kokka 2	100%
8974/2	Kokka 3	100%
8974/3	Kokka 4	100%
9426/1	Kokka 5	100%
9106/1	Kokka 6	100%
ML2013:0036	Perttilahti South	100%
Reservations		
VA2012:0188	Miihkali	100%
VA2012:0189	Saramäki-South	100%
KUHMO JOINT VENTURE		
Mining Licenses		
7014	Hietaharju	95%
7922	Peura-aho	95%
Claims		
ML2012:0047	Vaara	95%
ML2013:0048	Kauniinlampi	95%
ML2013:0002	Peura-aho	95%
8745/1	Hietaharju North	95%
ML2013:0047	Sika-aho	95%
ML2013:0003	Arola	95%
KOTALAHTI AREA NICKEL		
Mining Licenses		
6977/1a	Särkiniemi	100%
7739	Valkeisenranta	100%
Claims		
ML2014:0027	Kotalahti	100%

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