

25 January 2017

ASX: AOH, FSE: A2O

UPDATE ON CLONCURRY PROJECT TRANSACTION

Altona Mining Limited (“Altona” or “the Company”) wishes to provide an update on its progress in establishing a Joint Venture (“JV”) to build a new copper-gold mine at its Cloncurry Project located in northwest Queensland.

The transaction will create an incorporated joint venture company (“JVCo”) owning the Cloncurry Project and holding up to US\$238.53 million in cash. Altona will retain a 34% interest in JVCo by contributing US\$25 million cash and Sichuan Railway and Investment Group (“SRIG”) will acquire a 66% interest by contributing for US\$213.53 million cash. The cash retained by JVCo is sufficient to develop the 39,000 tonnes copper per annum and 17,000 ounces gold per annum Cloncurry Project.

A condition precedent to the closing of the transaction requires the parties to have executed the Subscription Agreement by 1 February 2017. SRIG require the approval of the State-owned Assets Supervision and Administration Commission of the State Council Sichuan Province (“SASAC”) to execute the Subscription Agreement. Advice on SASAC approval is expected shortly.

SRIG also advise that SASAC, once it has approved the application, will pass the application to the Government of the Sichuan Province for its approval. Both SASAC and Provincial Government approvals are required before the Subscription Agreement can be executed.

SRIG have also advised that they have prepared an application for approval of the investment to the Australian Foreign Investment Review Board. This application will be submitted shortly.

To accommodate the regulatory approval process, the parties are negotiating to extend the closing date of the transaction.

The amount of expenditure by Altona under an agreed work programme being conducted prior to close of the transaction is also being renegotiated. The budget is currently US\$2.85 million. This expenditure will reduce Altona’s US\$25 million subscription by the amount of funds expended.

These negotiations have not been concluded prior to the Chinese New Year holidays and the 1 February 2017 date has been agreed to be extended to 16 February 2017.

For full details of the Agreement between Altona and SRIG, please refer to the ASX announcement of 2 June 2016.

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About Altona

Altona Mining Limited is an ASX listed company focussed on the Cloncurry Project in Queensland, Australia. The Project has Mineral Resources containing some 1.65 million tonnes of copper and 0.41 million ounces of gold. The first development envisaged is the 7 million tonnes per annum Little Eva open pit copper-gold mine and concentrator. Altona has completed a Framework Agreement with Sichuan Railway Investment Group to fully fund and develop Little Eva. Little Eva is 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 published in March 2014.

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

About SRIG

SRIG was established in 2009, is based in Chengdu in south-western China and is 100% owned by the Sichuan provincial government. The group's principal businesses are in the road, bridge and rail construction and management sectors. SRIG had total assets of US\$26.8 billion in 2014 and revenues over US\$6 billion. It has more than 20,000 employees. SRIG has signalled its intention to diversify into mining with the recent purchase for US\$78.3 million of a 60% interest in a copper development project in Eritrea by a subsidiary company.

SRIG has 24 operating subsidiaries including SRBG, listed in Shanghai which operates toll roads, bridges and hydropower stations. It has a market capitalisation of US\$3 billion. CCXI, a Moody's company, rated SRIG as AA+ with a stable outlook for a 2016 bond issue. CCXI has noted SRIG's expertise, highlighting that SRIG was the first Chinese enterprise to secure an overseas bridge construction contract (Norway).