

28 April 2017

ABOUT ALTONA

Altona Mining Limited (ASX: AOH - http://www.commodity-tv.net/c/search_adv/?v=297328) is a cashed up ASX listed company with a record of shareholder returns. It is focussed on the Cloncurry Project in Queensland, Australia.

The Cloncurry Copper Project has resources containing some 1.65Mt of copper and 0.41Moz of gold. The first development envisaged is the 7Mtpa Little Eva open pit copper-gold mine and concentrator.

Major permits are in place with proposed annual production of 38,800t of copper and 17,200oz of gold for a minimum of 10 years. A Definitive Feasibility Study was published in March 2014.

Altona has completed a Framework Agreement with Sichuan Railway Investment Group to fully fund and develop Little Eva.

Key metrics as at 31/03/2017:

Shares on issue:	536,975,592
Share rights on issue:	8,419,200
Cash:	A\$37.2M
Share price:	16 cents
Market capitalisation:	A\$86M

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SRIG Transaction Nearing Completion

- **SRIG transaction:** Altona and Sichuan Railway Investment Group ("SRIG") have agreed, subject to conditions, to form an incorporated joint venture such that SRIG, through its subsidiary, China Sichuan International Investment ("CSII"), will contribute US\$213.53 million (A\$283 million*) cash to the Cloncurry Project. SRIG will have a 66% interest and Altona a 34% interest in the joint venture company.
- **Extension to closing date:** The parties have agreed that the Subscription Deed must be executed before 30 June 2017 and the transaction must close before 31 July 2017.
- **SASAC approval:** SRIG has advised that the principal Chinese regulator, the State-owned Assets Supervision and Administration Commission of the State Council of the Sichuan Province of the People's Republic of China ("SASAC") has provisionally approved the transaction.
- **FIRB approvals:** SRIG/CSII have advised that its application for approval to the Australian Foreign Investment Review Board ("FIRB") has been made. Unless an extension is requested, the outcome will be delivered in May.
- **Other SRIG approvals:** SRIG/CSII have advised that the Sichuan Provincial Government approval process is still in progress.
- **Bedford Resource:** A new resource estimate for the Bedford deposit was released. The global resource for the Cloncurry Project now contains 1.67 million tonnes of copper and 0.43 million ounces of gold
- **Cash Balance:** At 31 March 2017 Altona's cash balance was A\$37.2 million. Altona has US\$23.6 million which was purchased at an average rate of AUD:USD of 0.754. This US dollar holding is to hedge Altona's contribution to the SRIG JV which is denominated in US dollars. The movement in cash holdings reflects, in part, exchange rate movements.

* Assumes AUD:USD of 0.754.

ASX Releases

Altona lodged nine ASX releases relating to its activities since the last Quarterly Report. These announcements provide a more detailed description of activities than this report.

25/01/2017	Update on Cloncurry Project Transaction
31/01/2017	Quarterly Reports - December 2016
13/02/2017	Chinese Regulator SASAC Approves Cloncurry Transaction
14/02/2017	Cloncurry Project Transaction Update
16/02/2017	Appendix 3Y Notice
20/02/2017	Response to ASX Appendix 3Y Query
22/02/2017	Report for the Half Year Ended 31 December 2016
09/03/2017	Cloncurry Project - Bedford Resource Upgrade
16/03/2017	Cloncurry Project Approvals Status

SRIG Joint Venture Transaction

Altona has agreed the form of binding agreements with SRIG to create a joint venture to build a new copper-gold mine at Altona's Cloncurry Project located in north-west Queensland. A joint venture company, Roseby Copper Pty Ltd ("JVCo") will hold the Cloncurry Project.

JVCo intends to develop a 7 million tonne per annum mine and processing plant for an annual production of 39,000 tonnes copper and 17,000 ounces gold over an initial mine life of 13 years.

SRIG to invest via Hong Kong subsidiary

JVCo will own 100% of the Cloncurry Project. SRIG has advised that CSII, a Hong Kong company with US\$200 million issued capital (cash) will be the party investing in JVCo. CSII intend to raise further capital to support the Cloncurry investment and other opportunities.

CSII is 50% owned by SRIG and 10% owned by SRIG's Shanghai listed subsidiary Sichuan Road and Bridge. The other shareholders are State owned enterprises from the Province of Sichuan; Sichuan Huashi Group (20%), a construction company and Chengdu XingCheng Investment Co Ltd (20%), a land development company.

CSII is the first overseas investment company formed by state-owned enterprises of Sichuan Province. The JV subscription agreement envisages that SRIG will guarantee the performance of CSII.

On closing, CSII will make a cash contribution of US\$213.53 million to JVCo and will own 66% of JVCo. Altona will contribute US\$25 million to JVCo and Altona will own 34% of JVCo.

Altona can meet its obligation to contribute US\$25 million from its cash balance. Some US\$23.6 million has already been purchased. Expenditure incurred by Altona under an agreed work programme has been agreed to be increased to up to US\$3.10 million and will be offset against this obligation. Expenditure to date is estimated at A\$4.58 million.

To effect the closing of the transaction, CSII have three primary conditions precedent to satisfy:

- Approval of SASAC
- Approval of the Sichuan Provincial Government
- Approval of FIRB

Closing date agreed

The last closing date for the execution of the Subscription Agreement is 30 June 2017 and the end date for the transaction will now be 31 July 2017. SRIG has extended the US\$2 million Performance Guarantee to 31 July 2017.

Update on approval process

The status of the approval process based on advice from CSII is as follows:

FIRB

Australian Foreign Investment Review Board (“FIRB”)

The approval of FIRB is required for CSII to make the investment in the project and it is a condition precedent to completing the transaction. CSII has made application to FIRB and FIRB has advised that, in the absence of requests for information, its decision will be made by early May 2017 and advised to CSII within 10 days of its decision.

SASAC

State-owned Assets Supervision and Administration Commission of the State Council of the Sichuan Province of the People’s Republic of China (“SASAC”)

The approval of SASAC is required for SRIG, through CSII, to make the investment in the project and it is a condition precedent to completing the transaction. SRIG have advised that SASAC has completed their approval process and have forwarded SRIG’s application to the Provincial Government for its approval. SASAC’s formal approval is conditional on Provincial Government approval.

Provincial Government

Provincial Government of the Sichuan Province of the People’s Republic of China (“Provincial Government”)

The approval of the Provincial Government is required for SRIG and CSII to make the investment in the project and it is a condition precedent to completing the transaction. CSII have previously advised that due to possible changes in legislation, SRIG and CSII were not required to obtain the approval of the Provincial Government to proceed with the transaction.

CSII and SRIG have now clarified their previous advice noting that Provincial Government approval is required under existing government review processes.

Regulatory filings

Other regulatory requirements

CSII and SRIG are required to file details of the transaction together with advice of relevant approvals with The National Development and Reform Commission of the People’s Republic of China (“NDRC”) and Ministry of Commerce of the People’s Republic of China (“Mofcom”). These filings will take place once the approvals are completed.

Altona will continue to update the market as it is advised of progress on the various approvals described above.

***Altona's
conditions
precedent well
advanced***

Once the Subscription Agreement is executed, closure of the transaction is then dependent on satisfaction of conditions precedent. Most conditions precedent required of Altona have been satisfied with the only major condition outstanding being the transfer of 50% of mining licences to JVCo from Altona. This will not be expedited until close to completion to defer stamp duty liabilities.

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

Imminent Project Development

***Little Eva
copper-gold
development is
ready to build***

JVCo will own the Cloncurry Project and have US\$238.53 million in cash at closing which equates to A\$316 million at AUD:USD of 0.754. The cash exceeds the previous estimate for capital costs of A\$294 million (including A\$18 million contingency).

Altona will be the manager of the JVCo for a minimum period of 3 months from establishment of the JVCo after which time the JVCo will have in place its own management. Altona will undertake this function on a commercial basis.

Altona's 34% equity share of annual production from Little Eva at the Cloncurry Project equates to approximately 13,000 tonnes of copper and 5,780 ounces of gold (15,000 tonnes of copper equivalent production), representing significant potential cash flow attributable to Altona. As the project is fully funded from cash contributions, cash flow will be unencumbered with any debt service obligations.

Corporate

***Altona
maintains a
strong cash
balance***

Altona had A\$37.19 million of funds on deposit at 31 March 2017. A portion of these funds (US\$23.65 million) is retained in US dollars to hedge against US\$/A\$ currency movements associated with Altona's future obligation to contribute US\$25 million to the SRIG Joint Venture.

Cash movements for the quarter are tabulated below:

	A\$ (millions)
Opening cash (31 December 2016)	39.9
Exploration, evaluation and licence fees	(0.31)
Corporate including SRIG transaction costs	(0.26)
Staff costs	(0.30)
Exchange rate movement and other	(1.84)
Closing cash (31 March 2017)	37.19

Share Price Activity on ASX

Quarter open	13.5¢
High	16.0¢
Low	12.5¢
Quarter close	16.0¢
Average daily volume	391,610

Cloncurry Copper Project (Altona 100% subject to SRIG transaction)

The Cloncurry Project offers a large resource of 290 million tonnes at 0.58% copper, 0.05g/t gold for 1.65 million tonnes contained copper and 0.4 million ounces gold and is close to infrastructure. It is located 90 kilometres north-east of Mt Isa and 11 kilometres north of MMG's Dugald River zinc mine which is in construction.

Permitted project with a DFS completed

The Little Eva copper-gold development is planned to be the first development at the Cloncurry Copper Project. A Definitive Feasibility Study ("DFS") announced by Altona on 13 March 2014 for Little Eva anticipates the construction of a 7 million tonne per annum open-pit mine and flotation plant capable of annual production of 39,000 tonnes copper and 17,000 ounces gold. Mine life is estimated to be 13 years.

The project sits within granted mining licences with native title agreements and an Environmental Authority ("EA") is in place.

Little Eva part of an emerging mineral field

The Dugald River zinc mine 9 kilometres from Little Eva, is currently under construction. Dugald River is owned by MMG Limited. Construction of a 110kV power-line to Dugald River is completed. Altona has commenced discussions to access the power-line for the Little Eva development.

Update to DFS

Altona, as part of ensuring its readiness for the commencement of the SRIG JV, is preparing the following documents:

- An update and synthesis of all technical work completed since the original DFS was released in 2012. This DFS Status Report will provide a current and comprehensive view of the project and an updated financial analysis.
- A plan for implementation of the project, including optimisation, review, detailed design, front end engineering and construction.
- A budget for the project and for JVCo.

New Resource Estimate at Bedford

A new Mineral Resource estimate for the Bedford deposit was completed. Bedford is located 6 kilometres southeast of the planned Little Eva open pit mine and processing plant and lies within granted mining leases.

The new resource estimate is: 4.8 million tonnes at 0.80% copper and 0.21g/t gold for 38,000 tonnes of contained copper and 32,000 ounces contained gold.

The resource is reported at a 0.3% lower cut-off grade and is classified as indicated and inferred. A full tabulation is given in ASX release dated 9 March 2017.

The global Mineral Resource for the Cloncurry Project is now:

290 million tonnes at 0.58% copper, 0.05g/t gold for 1.67 million tonnes of contained copper and 0.4 million ounces contained gold (Table 1).

The Bedford Mineral Resource estimate is based on a new geological model informed by detailed surface geochemical and geological mapping. The new model was also informed by two additional diamond drill holes drilled for metallurgical samples and geotechnical studies.

The Mineral Resource reports sulphide ore only and extends from 20 metres to 140 metres below surface. An oxide cap ranging from surface to depths of 20 to 30 metres is excluded from the resource estimate.

The Bedford deposit is part of the Little Eva mine development and is scheduled to commence production in year 2 of the mine plan. The new model indicates the potential to increase Bedford ore reserves and pit optimisations are planned as part of the project optimisation.

Roseby South Project (Altona 100%)

Roseby South is a strategic 100% owned asset

The Roseby South Project ("Roseby South") is 100% owned by Altona and is operated by Altona.

Roseby South abuts Altona's 100% owned Cloncurry Copper Project which is subject to the SRIG Framework Agreement. Roseby South is not part of the SRIG JV.

Exploration footprint of 3,408km²

Roseby South covers the extension of the prospective stratigraphy which hosts both Altona's Cloncurry Copper Project and MMG Limited's Dugald River zinc mine immediately to the north.

The Company has applied for 11 new Exploration Permits ("EPM's") in the region surrounding its Cloncurry Project and Roseby South. The new applications cover an area of 2,006 square kilometres. Together with the tenure potentially subject to the SRIG JV, Altona holds 3,408 square kilometres of exploration tenure and applications in the Mt Isa area.

The new project areas are being targeted for copper-gold (IOCG) as well as gold only and lead-zinc-silver deposit types.

Focus on reporting, target generation

2016/2017 saw a welcome long wet season in the Cloncurry area. Altona's team has used the time to process data and report on last year's extensive programme of soil sampling, mapping and drilling. The team have also generated new targets and models through this data analysis. Field work will resume in May.

Competent Persons Statement and ASX Compliance

Competent Persons Statement: The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Alistair Cowden, BSc (Hons), PhD, MAusIMM, MAIG and Mr Roland Bartsch, BSc(Hons), MSc, MAusIMM. Dr Cowden and Mr Bartsch are full time employees of the Company and have 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'. Dr Cowden and Mr Bartsch consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Little Eva Project production target and forecast financial information: Information in this release refers to a production target and the forecast financial information derived from a production target as per 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.

Copper equivalence: When used, copper equivalent refers to copper in concentrate produced, or planned to be produced. It does not refer to metal contained within insitu resources, reserves or drill results. The copper equivalent grade is calculated by factoring the copper grade by revenues estimated from all metals (NSR) being copper, zinc, gold and silver.

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