

Altona Mining (AOH.AX / AOH.AT)

COMPANY UPDATE

Rating	OUTPERFORM* [V]
Price (09 Apr 13, A\$)	0.19
Target price (A\$)	0.44 [†]
Market cap. (A\$mn)	100.50
Yr avg. mthly trading (A\$mn)	4
Last month's trading (A\$mn)	4
Projected return:	
Capital gain (%)	131.6
Dividend yield (net %)	—
Total return (%)	131.6
52-week price range	0.31 - 0.18

* Stock ratings are relative to the relevant country benchmark.

[†]Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

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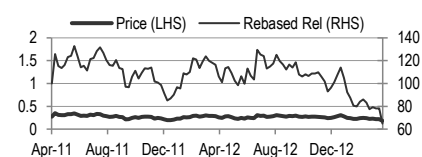
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First blush - A second production upgrade as mine and mill perform strongly

- Altona has announced a second upgrade to its production guidance for FY13 for their Kylylahti underground mine at the Outokumpu Project in Finland.
- Initial production guidance of 5,000–6,000 tonnes copper and 5,000–6,000 ounces of gold was increased to a range of 6,500–7,000 tonnes of copper and 6,500–7,000 ounces of gold on 22 January 2013.
- Higher than reserve grade ore from the upper Wallaby ore body and the mining of higher grade stopes than previously scheduled has resulted in a second production upgrade to 7,500–8,000 tonnes of copper and 7,500–8,000 ounces of gold.
- Elevated grades in March saw 1,100 tonnes of copper produced, twice the annualised forecast rate, indicating the robustness of the plant when confronted with unscheduled higher grades.
- Current high grade production is not expected to continue and a decline in head grade to below overall average reserve grade of 1.7% copper is forecast as mining progresses to lower average grade stopes in the Wallaby Zone.
- Cost performance remains in line with previous guidance of the upper part of the range of US\$1.40–\$1.60 per pound. Flat cost performance despite elevated grades suggests underlying cost pressure that may see C1 costs rise above guidance as grades normalise.

Continues over page.

Share price performance



The price relative chart measures performance against the S&P ASX 200 Index which closed at 4976.84 on 09/04/13. On 09/04/13 the spot exchange rate was A\$0.96/US\$1.

Performance Over	1M	3M	12M
Absolute (%)	-15.6	-34.5	-29.6
Relative (%)	-12.3	-39.9	-45.6

Financial and valuation metrics

Year	06/12A	06/13E	06/14E	06/15E
Revenue (A\$mn)	0.3	60.7	73.8	88.8
EBITDA (A\$mn)	-20.9	12.5	17.4	20.5
EBIT (A\$mn)	-21.1	1.3	-1.6	-3.6
Net income (A\$mn)	-23.1	13.5	2.6	13.9
EPS (CS adj.) (Ac)	-4.45	2.55	0.48	2.61
Change from previous EPS (%)	n.a.	—	—	—
Consensus EPS (Ac)	n.a.	2.80	-0.60	11.60
EPS growth (%)	-18.3	157.4	-81.1	441.3
P/E (x)	-4.3	7.4	39.3	7.3
Dividend (Ac)	—	—	—	—
Dividend yield (%)	—	—	—	—
P/B (x)	1.2	1.0	1.0	0.9
Net debt/equity (%)	26.9	22.5	17.9	8.7

Source: Company data, ASX, Credit Suisse estimates. * Adj. for goodwill, notional interest and unusual items. Relative P/E against ASX/S&P200 based on pre GW in AUD. Company PE calculation is based on displayed EPS Currency

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- Mined tonnage is now consistently exceeding target and grades have been materially ahead of target reflecting conservative orebody modeling and good ground conditions and mining practice minimising waste dilution.
- Yesterday's exploration update and revised reserves and resources points to mine life extension. This is the key to value creation as more revenue is extracted from the initial sunk capital base.
- A low capital expansion/debottlenecking (~\$7.5mn) appears increasingly likely with the estimated decline haulage capacity of ~750ktpa but current mill capacity of 550ktpa. Month annualised mining rates of up to 660ktpa have been achieved on the five-day operating schedule. Adjusting for a seven-day schedule suggests that 750ktpa has been comfortably exceeded with month adjusted peaks of over 900ktpa at current mining depth. However, increasing depth will increase haul distance and reduce haulage productivity with time.
- With depth, stopes are expected to be larger, supported by increasing orebody width and a more favourable, steeper dip, suggesting greater mining productivity, potentially offsetting increased haulage costs.
- Copper recovery is consistently exceeding 92%.

Companies Mentioned (Price as of 09-Apr-2013)

Altona Mining Limited (AOH.AX, A\$0.19, OUTPERFORM[V], TP A\$0.44)

Disclosure Appendix

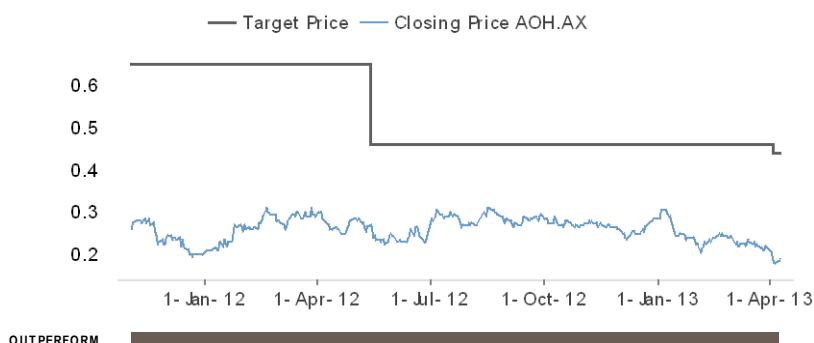
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Price and Rating History for Altona Mining Limited (AOH.AX)

AOH.AX	Closing Price	Target Price	
Date	(A\$)	(A\$)	Rating
03-Nov-11	0.26	0.65	O *
14-May-12	0.27	0.46	
03-Apr-13	0.19	0.44	

* Asterisk signifies initiation or assumption of coverage.



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Price Target: (12 months) for Altona Mining Limited (AOH.AX)

Method: Our A\$0.44/share Target Price for Altona Mining Limited is set using a NPV based on probable scenarios for their two Copper projects in Finland (Outokumpu) and Australia (Roseby). House commodity (LT Copper price of US\$3.00/lb) and house FX (LT AUDUSD 0.85) are the main assumptions which underpin our base cash flows.

Risk: Risks to our \$0.44/share Target Price for Altona Mining Limited include, but are not limited to: Currency risk, commodity pricing risk, commissioning and permitting risk, political risk and operational risks. Our Target Price assumes Roseby gets develop. Delays to these assumptions may materially affect our valuation and Target Price.

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