ALTONA MINING LIMITED

2010 ANNUAL REPORT

ABN 35 090 468 018

Corporate Directory

Directors:

Mr Kevin Maloney
Chairman

Dr Alistair Cowden
Managing Director

Mr Jason Brewer
Non-Executive Director

Ms Fiona Harris
Non-Executive Director

Mr Peter Ingram
Non-Executive Director

Mr Heikki Solin
Non-Executive Director

Company Secretaries:

Mr Eric Hughes
Ms Ann Nahajski

Principal & Registered Office:

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West Perth 6005, Western Australia
Telephone: +61 8 9485 2929
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Auditor:

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BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco 6008, Western Australia
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Finland
Ernst & Young
Elielinaukio 5B
FIN-00100 Helsinki
Telephone: +358 9 172 771
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Solicitors:

Blakiston & Crabb
1202 Hay Street
West Perth 6005, Western Australia
Telephone: +61 8 9322 7644
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Bankers:

Westpac Banking Corporation
Corner South Street and Bannister Road
Canning Vale 6155, Western Australia

Share Registry:

Computershare Registry Services Pty Ltd
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45 St Georges Terrace
Perth 6000, Western Australia
Telephone: +61 8 9323 2000
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Stock Exchanges:

Australian Stock Exchange Limited
Frankfurt Stock Exchange
Norwegian OTC

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

Issued Capital:

245,277,417	Fully paid ordinary shares
80,000	$1.50, 5 September 2011, options
100,000	$1.50, 12 March 2012, options
500,000	$1.50, 27 December 2012, options
365,000	$1.50, 30 June 2013, options
500,000	$1.50, 16 December 2013, options
5,000,000	5 August 2013, share rights
139,500	30 June 2011, converting notes

Website:

www.altonamining.com

Chairman's Letter

Dear fellow shareholder,

A new beginning

This past twelve months has marked a fundamental change in your Company as it progresses to become a copper producer. Vulcan Resources Limited and Universal Resources Limited merged to create Altona Mining Limited ('the Company') which has the potential to build annual production from two 100% owned projects towards 35,000 tonnes of copper plus 15,000 ounces of gold by 2014.

The merger has delivered a new strategic focus; attaining near-term cashflow in Finland and providing copper leverage through the very large copper resource at Roseby in Australia. This strategy is based on two of the world's most famous copper precincts; Outokumpu and Mt Isa.

Outokumpu

Our first project at Outokumpu in Eastern Finland has a relatively low capital cost of A$46m with low risk. It involves the refurbishment of an existing processing plant at Luikonlahti and the development of a straightforward underground mine at Kylylahti.

Prior to the global financial turmoil of 2009, Vulcan Resources Limited (Vulcan) had been working on developing a new mine and mill at Kylylahti. Activities were then placed on hold until the purchase of the Luikonlahti plant from a bankruptcy estate in January 2010 allowed a resumption of activity. This avoided the need to build a new €90 million plant. The reduced capital cost allowed the Company to accelerate studies, which resulted in a financially robust project that, based on the assumptions used in the DFS, the operation should produce an annual pre-tax earnings of around A$30M average over the 8-9 year life of the mine. The studies also highlighted that the project was low risk; with most permits in place, underlying land owned by the Company, no construction risk (as the plant exists), low technical risk (as the plant had treated similar ores for fifteen years), straightforward mining and of course very low sovereign risk in Finland.

Development activities have started and we are aiming to complete financing by the end of 2010. We are seeking to raise up to €40 million to cover capital costs, working capital and an appropriate contingency reserve. Discussions are underway with various financial institutions including Finnvera, a Finnish State financing institution. We are also seeking financial support from concentrate buyers and trading houses.

Our Board has approved an interim budget, drawing on our current cash resources to get work underway without delay. On the technical side, the next steps are to complete detailed engineering, let contracts and start work at the mine site.

We expect first ore to be intersected in mine development in late 2011 and for commercial production to be achieved in the first quarter of 2012.

The project is expected to produce an average of 8,000 tonnes per annum of copper, 8,400 ounces per annum of gold and 1,600 tonnes per annum of zinc.

There is a simple and staged plan to expand the Outokumpu operation from 550,000 tonnes per annum of ore production to 1 million tonnes per annum. This plan will be achieved through evaluation and development of 100% owned satellite resources and a mill upgrade, such that Luikonlahti can act as the processing hub for this historic mineral field. In addition, studies are underway on achieving revenue from by-product cobalt and nickel.

Roseby

Our second 100%-owned project is Roseby, near Cloncurry in Queensland, Australia. Roseby is a large scale project with a completed Definitive Feasibility Study for a five million tonne per annum open pit mining operation. Roseby is the largest copper Resource in Australia still in the hands of a junior miner, with contained metal in Resources of 902,000 tonnes of copper and 254,000 ounces of gold.

Our intention for Roseby is to maximise its value and make it ready for development whilst we give priority to Outokumpu by taking the following steps:

1. Drill in 2010. Test the currently identified deposits that are not closed off by drilling and re-estimating the resources if warranted.

2. Optimise the Definitive Feasibility Study. We also believe that Roseby can support larger scale mining than that envisaged in the prior study and will determine if an 8-10 million tonne per annum operation is viable. Such an operation could produce more than 40,000 tonnes of copper per annum compared to the 26,000tpa envisaged in the current DFS.

3. Complete the permitting of Roseby.

Roseby contains 132 million tonnes of ore grading 0.7% copper and 0.1g/t gold for some 906,000 tonnes of copper metal and 254,000 ounces of gold. Most drilling is shallow and the project represents an entire mineral field some 40 kilometres long. It has significant exploration upside.

The Company has an agreement with major miner Xstrata, pursuant to which prior to June 2012, Xstrata can buy a 51% interest in the project at market values. Xstrata is conducting exploration for large deposits at depth in the central part of the project.

A review of prior resource estimates and drilling highlights numerous opportunities to increase resources through strike and/or depth extensions. Our relationship with Xstrata underpins this belief. Fox example, Xstrata have certain rights to explore for very large deposits adjacent to the known resources and have returned intersections such as 198m at 0.84% copper with some 94m at 0.9% copper beneath existing defined shallow resources at the Blackard deposit. Our resources lie within a 40km long corridor of copper anomalism and there is genuine potential for systematic exploration to generate new discoveries.

The Roseby project is a large (2,000 km^2) and strategic landholding adjacent to the Dugald River zinc project and is in the same area as the major Ernest Henry copper mine and Mt Isa mine and copper smelter.

Altona market capitalisation per tonne of copper resources is one of the lowest of any company listed on the ASX. We believe the market has missed what we have put together during the quiet period of the merger process that created Altona and the finalisation of the technical studies on Outokumpu. Now we have the mine study and the Altona name, we are taking steps to improve market awareness of what we have.

We have a unique combination of pending cashflow from a low-risk, low-cost brownfield project at Outokumpu with a very large advanced resource at Roseby. The market is never wrong for long, it eventually recognises and rewards quality assets. On that premise we believe that a re-rating is pending for Altona as we move from completion of financing to construction to production at Outokumpu and towards revealing Roseby's true potential.

Sincerely

Kevin Maloney

Chairman

Altona Mining Limited

(formerly Universal Resources Limited)

ACN 090 468 018

1.0 Directors' Report

Your Directors present their Annual Financial Report on the consolidated entity (referred to hereafter as the Group) consisting of Altona Mining Limited ('the Company') (formerly Universal Resources Limited) and its controlled entities, for the year to 30 June 2010.

1.1 STATUTORY MATTERS

1.1.1 Directors in office

The names of Altona Mining Limited's directors in office during the financial year and until the date of this report are as follows:

Mr Kevin Maloney	(appointed 20 July 2009)
Dr Alistair Cowden	(appointed 19 February 2010)
Mr Jason Brewer	(appointed 1 October 2007)
Ms Fiona Harris	(appointed 19 February 2010)
Mr Peter Ingram	(appointed 8 November 1999)
Mr Heikki Solin	(appointed 19 February 2010)
Mr Maurice Hoyle	(resigned 19 February 2010)
Mr Bruce Fulton	(resigned 19 February 2010)

Details of each director's qualifications, experience and special responsibilities are noted in section 1.1.14 of the Directors' Report.

1.1.2 Company secretaries

The names of individuals who held the role of Company Secretary of Altona Mining Limited during the year are set out below. Details of their qualifications and experience are set out in section 1.1.14 of the Directors' Report.

Mr Eric Hughes	(appointed 19 February 2010)
Ms Ann Nahajski	(appointed 10 May 2010)
Mr Desmond Kelly	(resigned 31 March 2010)

1.1.3 Dividends

No amounts have been paid or declared by way of dividend by the Group since the end of the previous financial period 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 2010.

1.1.4 Principal activities

The principal activity of the Group during the year was development, evaluation and exploration of its base metal mining projects in Finland and Australia.

1.1.5 Operating and financial review

Highlights for the year include:

- Mr Kevin Maloney was appointed Chairman of the Group in July 2009.
- The Group entered into a Merger and Implementation Agreement with Vulcan Resources Limited in September 2009. The Merger was approved by the High Court of Australia on 4 February 2010.
- The Group successfully undertook two separate placements to sophisticated investors raising $3,823,845 with the issue of 220 million shares (pre share consolidation).
- The Group also negotiated the deferment of the final payment of $2 million to the Mines and Metals Group for the purchase of the Roseby project. The payment of this $2 million was funded from the capital raising undertaken during the year.

1.0 Directors' Report (continued)

- The Group completed and published a 5Mtpa Definitive Feasibility Study on the Roseby Copper Project, which incorporates the previously released 4Mtpa Study by Como Engineers and the 5Mtpa Update undertaken by GR Engineering Services.
- In September 2009, Vulcan Resources Limited ('Vulcan') became aware of a number of assets located in Finland that had been placed in the hands of an Administrator. In October 2009 Vulcan bid for the purchase of a number of assets managed by the Administrator. The assets comprises of tenements containing resources together with a processing plant, Luikonlahti, which is located 43km from the Group's pre-existing Kylylahti copper project. In January 2010 the Group completed the purchase of these assets from the Administrator.
- In October 2009, Vulcan announced the sale of its non-core Finnish Haukiaho palladium-platinum-nickel-copper project to TSX.V listed Nortec Ventures Inc. The consideration received will be 10 million Nortec shares. The sale has taken place in two tranches with the second yet to be completed tranche of 2 million shares of the sale being subject to the grant of one tenement.
- Vulcan undertook a corporate restructure of its overseas subsidiary companies.
- On completion of the merger, Mr Ingram stepped down as Managing Director but remained a Non-Executive Director of the Group. Dr Alistair Cowden, Managing Director of Vulcan Resources Limited was appointed Managing Director of Altona Mining Limited. In addition to Mr Cowden, Mr Heikki Solin and Ms Fiona Harris joined the Board of the Group. Mr Bruce Fulton and Mr Maurice Hoyle resigned as Directors of the Group.
- In February 2010, the Group conducted a 1 for 10 share consolidation which was approved by shareholders at the Annual General Meeting held on 27 November 2009.
- In March 2010 the Group commenced a Definitive Feasibility Study of the synergies of combining the Luikonlahti plant purchased from the Administrator with the Kylylahti ore body. This Definitive Feasibility Study was completed in July 2010 with the Group announcing its intention to develop the Outokumpu Project, which is the combination of the Kylylahti Ore Body and Luikonlahti processing facility.
- On 6 August 2010, shareholders approved the change of name from Universal Resources Limited to Altona Mining Limited. Altona Mining Limited continues to be listed on the Australia Stock Exchange and now trades under the ASX code AOH.
- On 20 August 2010 the Group announced the disposal of further non-core Australian assets to Syndicated Metals for 1.5 million shares.

1.1.6 Operating results for the year

The Group's profit after income tax for the year was $5,467,208 and for 2009 was a loss after income tax of $15,297,367.

1.1.7 Review of financial condition

Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2010 is cash of $12,699,818 (2009: $2,251,458) of which $10,880,910 (2009: $2,168,365) has been placed on short term deposit.

The principal sources of cash during the year have been interest received on short term deposits. In prior years cash was derived from capital raising and exercise of options.

Shares issued during the year

During the year Altona Mining Limited issued an additional 220,000,000 ordinary shares from share placements and 1,560,423,980 ordinary shares to acquire Vulcan Resources Limited and subsequently completed a re-organisation of capital. Further information is contained in note 20 of the Financial Report.

1.1.8 Risk management

The Board reviews and approves the Group Risk Management policy.

In accordance with the Group Risk Management policy:

- Management is responsible for efficient and effective risk management across the activities of the Group.
- The Managing Director is responsible for ensuring the process for managing risk is integrated within divisional business planning and management activities.

- Reports on risk management are to be provided to the Audit and Risk Management Committee which is responsible for monitoring the risk management process within the Group.

1.1.9 Significant changes in state of affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

1.1.10 Significant events after the balance date

No matter or circumstance has arisen which significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group in subsequent financial periods.

1.1.11 Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

1.1.12 Environmental regulations

The Group carries out exploration, evaluation, development and construction activities at its operations in Finland and exploration activities in Australia which are subject to environmental regulations. During the financial year there has been no significant breach of these regulations.

Greenhouse gas and energy data reporting requirements

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* requires the Group to report its annual greenhouse gas emissions and energy use. Currently the Group does not emit any greenhouse gases.

1.1.13 Share options

Unissued shares

At the date of this report there were 1,883,500 unissued shares under option.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares issued as a result of the exercise of options

During the year there were no shares issued as a consequence of options being exercised.

1.1.14 Directors' qualifications, experience and special responsibilities

Mr Kevin Maloney *(appointed 20 July 2009 as 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, Kevin held numerous positions including Chief Executive Officer of Elders Resources Finance Ltd. Kevin 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. He is the founder and Executive Chairman of The MAC Services Group Limited and also the Non-Executive Director of Northern Energy Corporation Limited.

1.0 Directors' Report (continued)

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

Current: The MAC Services Group Limited (appointed 5 June 1991),
Northern Energy Corporation Limited (appointed 24 May 2007)

Former: Queensland Mining Corporation Limited (appointed 25 July 2007, resigned 14 August 2009)

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

Dr Cowden has degrees in Geology from the Universities of London and Edinburgh and has spent 28 years in the Australian mining industry, initially with majors and in the last fourteen 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 Asia and Australia.

Dr Cowden was founding Chairman of Vulcan Resources Limited and subsequently Managing Director until the merger with Universal Resources. Dr Cowden has held no other directorships of ASX listed companies in the last three years.

Mr Jason Brewer M.Eng (Hons), ARSM, LLB *(appointed 1 October 2007 as Non-Executive Director)*

Jason Brewer has over fifteen years international experience in the natural resources sector and in investment banking. He is a mining engineer with a master's degree in mining engineering with honours from the Royal School of Mines, London. He has experience in gold and base metals mines having worked at the Kidd Creek Copper and Zinc mine in Canada for Falconbridge, the Lanfranchi Nickel Mine in Western Australia for WMC and the Kinross Gold Mine in South Africa for Gencor.

Other directorships of ASX listed companies held by Mr Brewer in the past three years are:

Current: Continental Coal Limited (appointed 16 December 2009)

Former: Terrain Minerals Limited (appointed 13 December 2007, resigned 23 May 2008),
Zambezi Resources Limited (appointed 3 August 2009, resigned 14 September 2009)

Ms Fiona Harris BCom, FCA, FAICD *(appointed 19 February 2010 as Non-Executive Director)*

Ms Harris has been a professional non-executive director for the past fifteen years. She began her career with chartered accountants KPMG and was a partner in their Sydney office when she left that organisation in December 1994. During her fourteen years with KPMG, Ms Harris worked in Perth, San Francisco and Sydney specialising in financial services and superannuation. Ms Harris was also involved in capital raisings, due diligence, initial public offerings, capital structuring of transactions and litigation support.

Ms Harris is a member of the national board of the Australian Institute of Company Directors and was previously Western Australian State President. She is Non-Executive Chairman of Barrington Consulting Group Pty Ltd, a company providing consulting services in the areas of strategic and business planning, and is a Director of Perron Group Limited (and PG Holdings Ltd).

Other directorships of ASX listed companies held by Ms Harris in the past three years:

Current: Territory Resources Limited (appointed 4 August 2008),
Sundance Resources Limited (appointed 12 July 2010)

Former: Alinta Limited (appointed January 2000, resigned 31 August 2007)

Mr Peter Ingram *(appointed Executive Director 8 November 1999 and on 19 February 2010 accepted an appointment as Non-Executive Director)*

Mr Ingram is a geologist with over forty years experience in the mining and mineral exploration industries within Australia, including over 29 years experience in public company management. In addition to previously being the Managing Director of Metana Minerals NL, Eastmet Limited and Australia Oriental Minerals NL, Mr Ingram was a founding councillor of the Association of Mining and Exploration Companies (AMEC). He is an Honorary Life Member and past President of AMEC.

Mr Ingram has held no other directorships of ASX listed companies in the last three years.

Mr Heikki Solin LLM *(appointed 19 February 2010 as Non-Executive Director)*

Mr Solin has over forty years experience in the international mining industry which he has served in various capacities, mainly for Finland's mining major Outokumpu, but also as an independent business consultant.

Although widely travelled, and except for a period of fourteen years in the United Kingdom, Mr Solin has been based in the Helsinki area in Finland, his native country, where in addition to his mining related activities he spearheaded national initiatives in areas of cross-border licensing, international contract practices and Finnish-Latin American trade relations.

He is Honorary Chairman of the Finnish-Latin American Chamber of Commerce, Past President and Honorary Member of Industrial Lawyers Association in Finland and the first President of Licensing Executives Society, Scandinavia Region. He is also a member of The Finnish Institute of Mining and Metallurgy.

Mr Solin has held no other directorships of ASX listed companies in the last three years.

Mr Maurice Hoyle BSc (Hons), FAusIMM, MSEG *(resigned 19 February 2010)*

Mr Hoyle is a geologist with the degree of Bachelor of Science (Hons) from the University of London. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Society of Economic Geologists. He has extensive experience in mining and exploration both in Australia and Internationally. Mr Hoyle's international experience includes working in Africa and in particular the Zambian Copper Belt. His experience covers a diverse suite of minerals, with particular emphasis on gold, copper and nickel.

Mr Hoyle has held no other directorships of ASX listed companies in the last three years.

Mr Bruce Fulton BSc, MSc(Hons), MBA, MAusIMM, MAICD *(resigned 19 February 2010)*

Mr Fulton is currently the Managing Director of Ophir Partners, an executive search firm specialising in the global mining and resources industry. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. He is a graduate of the University of Waikato, New Zealand, and holds a Masters of Science (Hons) degree majoring in Earth Science. He also holds the degree of Master of Business Administration from Deakin University, Melbourne.

Mr Fulton has extensive resource industry experience having worked with both Australian and international mining companies. His experience covers a wide range of the global mining and resources industry including involvement in exploration, operations, corporate development and M&A activities. Mr Fulton's experience also covers a wide range of commodities. He continues his industry association through active participation in key industry events and with industry associations such as the Australasian Institute of Mining and Metallurgy.

The other directorship of an ASX listed company held by Mr Fulton in the last three years was Eldore Mining Limited (appointed 12 December 2006, resigned 3 December 2007.

Company Secretary

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

Mr Hughes is an accountant with some twenty years experience in both corporate, corporate secretarial and practice environments. During the last 15 years he has been directly involved in the management of petroleum and mining companies as a senior manager, executive and non-executive director. Mr Hughes is experienced in the evaluation, development and operation of resource projects and companies.

Ms Ann Nahajski BA Bus, F Fin, ACIS, GAICD *(appointed 10 May 2010)*

Ms Nahajski has experience in corporate finance, global financial markets, investor relations and corporate governance. She is a Fellow of the Financial Services Institute of Australia (Finsia), an Associate of Chartered Secretaries Australia (CSA) and is a Graduate member of the Australian Institute of Company Directors (AICD).

Mr Desmond Kelly BComm, CPA, MAICD *(resigned 31 March 2010)*

Mr Kelly is an accountant with over thirty years experience in industry and public practice. He currently consults to both public and private companies in the capacity of Company Secretary and provides management and administration services for them. He has wide managerial experience including serving for a period as managing director of a public listed exploration company.

1.0 Directors' Report (continued)

1.1.15 Interest in the shares and options of Altona Mining Limited and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Altona Mining Limited were:

	Ordinary shares	Options	Share rights
K. Maloney	11,820,000	-	-
A. Cowden	4,211,756	-	5,000,000
J. Brewer	-	100,000	-
F. Harris	137,000	-	-
P. Ingram	742,529	500,000	-
P. Ingram and M. Hoyle as tenants in common	8,010	-	-
H. Solin	1,198,250	-	-

Further information on directors' share and option holdings are contained in note 23 of the Financial Report.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director is as follows:

	Board of Directors		Audit and Risk Management Committee		Remuneration and Nomination Committee	
Number of meetings held:	10		2		1	
Director	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**
K. Maloney	9	9	1	1	1	1
A. Cowden	3	3	N/A	N/A	N/A	N/A
J. Brewer	10	10	2	2	N/A	N/A
F. Harris	3	3	1	1	1	1
P. Ingram	10	10	1	1	1	1
H. Solin	3	3	1	1	N/A	N/A
M. Hoyle	7	7	N/A	N/A	N/A	N/A
B. Fulton	7	7	1	1	N/A	N/A

Committee membership

As at the date of this report the Group had an Audit and Risk Management Committee, together with a Remuneration and Nomination Committee.

Members of the committees of the Board during the year were:

Audit and Risk Management	Remuneration and Nomination
F. Harris (Chairman) (1)	K. Maloney (1)
J. Brewer	J. Brewer (2)
P. Ingram (1)	F. Harris (1)
H. Solin (1)	P. Ingram (1)
B. Fulton (2)	B. Fulton (2)

(1) Appointed 19 February 2010 (2) Resigned 19 February 2010

1.0 Directors' Report (continued)

1.2 REMUNERATION REPORT (AUDITED)

This report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations and has been audited as required by the *Corporations Act 2001*. For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the five executives in the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives, general managers and secretaries of the Parent and the Group.

Key management personnel is defined as the non-executive directors and the five highest paid executives of the Group, including the Managing Director.

1.2.1 Details of key management personnel

Directors

K. Maloney	Chairman (non-executive) (appointed 20 July 2009)
A. Cowden	Managing Director (appointed 19 February 2010)
J. Brewer	Non-Executive Director (appointed 1 October 2007)
F. Harris	Non-Executive Director (appointed 19 February 2010)
P. Ingram	Executive Director (appointed 8 November 1999) and from 19 February 2010 as a Non-Executive Director
H. Solin	Non-Executive Director (appointed 19 February 2010)
M. Hoyle	Non-Executive Director (resigned 19 February 2010)
B. Fulton	Non-Executive Director (resigned 19 February 2010)

Executives employed at 30 June 2010:

E. Hughes	Chief Financial Officer and Company Secretary
J. Vesanto	General Manager (Finland)

Executives who ceased employment or changed roles during year ended 30 June 2010:

D. Kelly	Chief Financial Officer and Company Secretary - ceased
M. Hoyle	Executive Director – Technical – changed role to Exploration Manager Australia

1.2.2 Remuneration committee

The Remuneration Committee, on behalf of the Board of Directors, is responsible for determining and reviewing remuneration arrangements for key management personnel.

The Committee assesses the appropriateness of the nature and amount of remuneration of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring that the directors and executive team are of a suitable quality to enable the achievement of the strategic objectives of the Group.

1.2.3 Remuneration philosophy

The performance of the Group depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre personnel;
- link rewards to shareholder value and company performance;
- have a portion of executive remuneration 'at risk'; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

1.0 Directors' Report (continued)

1.2.4 Remuneration structure

In accordance with good practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

Aggregate remuneration is set at a level which provides the Group with the ability to attract and retain high calibre directors, whilst incurring a cost which is acceptable to shareholders.

Structure

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually and remuneration packages are determined by the Board within the maximum amount approved by shareholders from time to time. Remuneration of each non-executive director is a set fee amount plus prescribed superannuation if applicable. Shareholders have approved directors' fees in total of $300,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors are remunerated by way of fees and statutory superannuation. Current fees for non-executive directors are set at $50,000 per annum and $80,000 per annum for the Chairman. An additional amount of $10,000 per annum is paid to the Chairman of the Audit and Risk Management Committee and Chairman of overseas subsidiaries.

Non-executive directors are encouraged by the Board to hold shares in the Group as the Board considers it to be beneficial for directors to have a stake in the Group on whose board he or she sits. In addition long term incentives in the form of options or share rights may be awarded to non-executive directors, subject to shareholder approval, in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Group has taken into account the guidelines for non-executive director remuneration as set out in Box 8.2 of the ASX Corporate Governance *Council's Corporate Governance Principles and Recommendations (2nd Edition)* ('**Principles**'). Paragraph 2 of those guidelines provides non-executive directors should not receive options or bonus payments. The Group considers the issue of options or share rights to non-executive directors is appropriate as the quantum of cash fees that the Group believes it is prudent to pay in the current circumstances does not represent an adequate reward and does not provide an adequate incentive to enable the Group to attract and keep non-executive directors of the requisite level of experience and qualifications to assist with the development of the Group. In accordance with the Principles, non-executive director's remuneration is not linked to individual performance targets nor do non-executive directors receive bonus payments.

The remuneration of non-executive directors for the reporting period is set out in a table later in this report.

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities.

Structure

In determining the level and make up of executive remuneration, the Remuneration Committee may engage external consultants as needed to provide independent advice.

The Remuneration and Nomination Committee has entered into a detailed contract with the Managing Director and standard contracts with other executives. Details of these contracts are provided below.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration
  - short term incentive; and
  - long term incentive

1.0 Directors' Report (continued)

The proportion of fixed and variable remuneration paid to key management personnel is set out in a table later in this report.

Fixed remuneration

The level of fixed remuneration of senior executives is set at a sufficient level to provide full and appropriate compensation where performance is adequate but not superior.

Fixed remuneration is set having regard to the levels paid in comparable organisations at the time of recruitment to the position, recognising the need to maintain flexibility to take into account an individual's experience or specialist skills and market demand for particular roles. A review of fixed remuneration is conducted on an annual basis using market surveys and analysis supported by information gathered from a number of consulting organisations.

Any increases in fixed remuneration will be based on market movements, Group performance, including the ability to pay and individual performance.

Fixed remuneration for executives and eligible senior staff is provided on a total cost basis providing flexibility to receive remuneration as cash, payments to superannuation or non-cash benefits such as novated lease vehicles. Where FBT is payable by the Group for allowed items such as vehicles, the amount of FBT is to be included in determining the amount allocated to the total cost package.

The fixed remuneration component paid to key management personnel is set out in a table later in this report.

Variable remuneration – Performance based or at risk remuneration

In addition to fixed remuneration more senior employees may be entitled to performance based remuneration which will be paid to reward superior as opposed to satisfactory performance.

Performance based remuneration will initially be calculated against predetermined and challenging targets, but the outcomes of the formula calculation will be capped as a percentage of the relevant executive's package, and reviewed by the Board to guard against anomalous or unequitable outcomes.

Performance based remuneration can comprise both short term (usually annual) and long term (3-5 year) incentives.

Short term incentive ('STI')

Short term incentive plans will be based on meeting both Group and individual objectives against pre-determined Key Performance Indicators (KPI's), comprising both financial and non-financial indicators, but the outcomes of the formula calculation will be capped and reviewed by the Board to guard against anomalous or unequitable outcomes, and the ultimate decision on any payment will be at the Board's discretion.

Short term incentives are only used for the executive team when they support and are consistent with the Group's long term goals.

Details regarding any short term incentive paid to key management personnel are set out later in this report.

Long term incentive ('LTI')

Long term incentives (LTI) may be provided to certain senior executives to reward creation of shareholder value, and provide incentives to create further value.

The Group believes that the most significant value that can be created for shareholders will occur by way of senior executives delivering on the strategic outcomes and goals set by the Board from time to time.

In general, measurement of these achievements will be linked:

- 50% to the delivery of Total Shareholder Returns (TSR); and
- 50% to the delivery of specific goals and outcomes extracted from the Group's Strategic Plan.

Long term incentive awards will be made by way of share performance rights and or options or other similar equity instruments. Annual awards of long term incentives will be made based on a percentage of the Total Fixed Remuneration. Employees may elect to receive performance rights or options to the equivalent value.

Performance will be measured at intervals of 12, 24 and 36 months based on the above criteria.

1.2.5 Employment contracts

Managing Director

The Managing Director, Dr Cowden was previously employed in that capacity by Vulcan Resources Limited. On 4 February 2010 Dr Cowden entered into an employment agreement with Altona Mining Limited. The terms of that contract are as follows:

- For the period to 30 June 2010, Dr Cowden's annual fixed salary was $380,000, inclusive of all benefits (having been voluntarily reduced from $430,000 during the global financial crisis). From 1 July 2010 the gross package inclusive of all benefits and imposts under his new employment contract has been changed to $430,000;
- Dr Cowden may resign from his position and thus terminate this contract by giving six months written notice;
- The Company is required to give Dr Cowden six months notice to terminate the employment agreement if on a without cause basis;
- Dr Cowden's contract is not for a specific term;
- The Company may terminate the contract at any time without notice if serious misconduct has occurred; and
- Dr Cowden's employment contract entitled him to be offered 5,000,000 share rights. Shareholders at a meeting of 6 August 2010 authorised the Company to offer Dr Cowden 5,000,000 share rights on the terms and conditions set out in the Notice of Meeting and Explanatory Memorandum circulated to shareholders in relation to the General Meeting of 6 August 2010.

Other executives

Remuneration and other terms of employment for key management personnel are normally formalised in contracts for services. All contracts with key management personnel may be terminated by either party providing three to six months written notice or providing payments in lieu of the notice period (based on fixed component of remuneration). On termination notice by the Group, any options or share rights that have vested, or that will vest during the notice period will be released. Options or share rights that have not vested will be forfeited.

Remuneration of key management personnel of the Group

Summary of actual cash benefits to key personnel employed at 30 June 2010.

	Office	Gross cash benefit	Superannuation and pension contributions	Total $
Directors				
K. Maloney	Non-Executive Chairman	58,170	-	58,170
A. Cowden	Managing Director	262,500	20,833	283,333
J. Brewer	Non-Executive Director	46,801	4,212	51,013
F. Harris	Non-Executive Director	21,607	1,945	23,552
P. Ingram	Non-Executive Director	505,111	34,673	539,784
H. Solin	Non-Executive Director	23,552	-	23,552
Executives				
E. Hughes	Company Secretary / Chief Financial Officer	158,066	8,601	166,667
J. Vesanto	General Manager, Finland	64,084	11,086	75,170

Compliance disclosure of remuneration

Please note that no share based payments were made, nor were options or share rights issued, during the year. The amounts disclosed represent a value attributable to the options when issued based on the Black-Scholes valuation method.

This value is then amortised over the vesting period of the incentive in accordance with applicable reporting requirements.

1.0 Directors' Report (continued)

	Short-term benefits			Post employment	Share based payment			Percentage performance related [2] %
	Salary and fees $	Performance bonus $	Non-cash benefits $	Superannuation $	Options [1] $	Termination payment $	Total $	
2010								
Directors								
K. Maloney [3]	58,170	-	-	-	-	-	58,170	-
A. Cowden [4]	137,500	125,000	-	20,833	-	-	283,333	44
J. Brewer	46,801	-	-	4,212	-	-	51,013	-
F. Harris [5]	21,607	-		1,945	-	-	23,552	-
P. Ingram [6]	90,548	-	17,236	34,673	-	414,563	557,020	-
H. Solin [7]	23,552	-	-	-	-	-	23,552	-
B. Fulton [9]	35,313	-	-	-	-	-	35,313	-
M. Hoyle [10]	190,775	-	14,500	50,000	49,206	-	304,481	16
Executives								
E. Hughes [8]	95,566	62,500	-	8,601	-	-	166,667	37
J. Vesanto	64,084	-	-	11,086	-	-	75,170	-
Ceased employment during year ended 30 June 2010								
D. Kelly [11]	52,905	-	-	-	-	60,000	112,905	-
Total	**816,821**	**187,500**	**31,736**	**131,350**	**49,206**	**474,563**	**1,691,176**	**14**
2009								
Directors								
J. Walls [12]	-	-	-	-	-	-	-	-
J. Brewer	30,000	-	5,419	2,700	13,900	-	52,019	27
B. Fulton [9]	23,750	-	5,419	-	13,900	-	43,069	32
P. Ingram	173,210	-	18,739	15,589	-	-	207,538	-
M. Hoyle [10]	228,000	-	13,939	17,820	5,511	-	265,270	2
Executives								
D. Kelly	155,033	-	5,419	-	52,296	-	212,748	25
G. Sloane [13]	48,569	-	-	5,828	-	-	54,397	-
Total	**658,562**	**-**	**48,935**	**41,937**	**85,607**	**-**	**835,041**	**10**

(1) Share based payment – Options refers to the amortised value of options granted in prior years. The amortised value represents the pro-rated cost for reporting and compliance purposes of the option based on the vesting criteria. All staff and executive options are out of the money both in current and prior year.

(2) Percentage of total remuneration that is performance related

(3) K. Maloney was appointed 20 July 2009 as Chairman

(4) A. Cowden was appointed 19 February 2010 as Managing Director

(5) F. Harris was appointed 19 February 2010 as Non-Executive Director

(6) P. Ingram stepped down as Managing Director of Universal Resources Limited on 19 February 2010 and took up the role of Non-Executive Director

(7) H. Solin was appointed 19 February 2010

(8) E. Hughes was appointed 19 February 2010

(9) B. Fulton resigned 19 February 2010

(10) M. Hoyle resigned as a Director 19 February 2010 but continued as Australian Exploration Manager

(11) D. Kelly resigned 31 March 2010

(12) J. Walls deceased 30 September 2008

(13) G. Sloane resigned 27 August 2008

Performance bonuses paid during the year were awarded to recipients who achieved Key Performance criteria agreed to by the Board of Vulcan Resources Limited and ratified by the Board of Altona Mining Limited.

Compensation options, granted and vested during the year

No options or share rights were granted during the year. All options that have not expired at the date of this report are significantly 'out of the money'.

1.2.6 Share-based compensation

The Altona Mining Limited Employee Share Option Plan ('ESOP' or 'plan') was adopted to recognise the efforts of, and provide incentive to, employees of the Group and was approved by shareholders on 26 November 2008.

Under this plan Altona Mining Limited may offer options to subscribe for shares to eligible persons. Directors and part-time or full-time employees are Eligible Persons for the purposes of the ESOP. The directors of the Group in their absolute discretion determine the number of options to be offered and any performance criteria that may apply before options may be exercised. Offers made under the ESOP must set out the number of options, the period of the offer and the calculation of exercise price. The exercise price is determined with reference to the market value of the Group's shares at the time of resolving to make the offer.

Options are granted under the plan for no consideration, unless the directors determine otherwise.

On exercise, each option is convertible to one ordinary share within ten 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 Eligible Person the options held by them will automatically lapse except by reason of retirement at age sixty or over, permanent disability, redundancy or death. In which case the options may be exercised within three months of that event happening, or such longer period as the Board determines.

Options may not be offered to a director or associates except where approval is given by shareholders at a general meeting.

Options issued under this ESOP carry no dividend or voting rights.

Amounts received on the exercise of options are recognised as share capital.

The Group's remuneration policy provides that executives are not permitted to hedge any unvested components of their at-risk remuneration, nor any vested but unexercised options or share rights.

Details of options over ordinary shares provided as remuneration to each director and each of the key management personnel of the Group are set out below.

	Number of options granted during the year		Number of options vested during the year	
	2010	2009	2010	2009
Directors of Altona Mining Limited				
K. Maloney	-	-	-	-
A. Cowden	-	-	-	-
J. Brewer	-	1,000,000	-	1,000,000
F. Harris	-	-	-	-
P. Ingram	-	-	-	-
H. Solin	-	-	-	-
M. Hoyle	-	4,000,000	-	-
B. Fulton	-	1,000,000	-	1,000,000
Key management personnel				
E. Hughes	-	-	-	-
D. Kelly	-	-	-	-

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
14 September 2005	14 September 2010	$1.50	$0.059	At any time after 14 September 2007
5 September 2006	5 September 2011	$1.50	$0.020089	At any time after 5 September 2007
12 March 2007	12 March 2012	$1.50	$0.078325	At any time during the exercise period
7 September 2007	27 December 2012	$1.50	$0.036884	At any time after 30 April 2008
30 June 2008	30 June 2013	$1.50	$0.053667	At any time during the exercise period
30 June 2008	30 June 2013	$1.50	$0.053667	At any time during the exercise period
26 November 2008	16 December 2013	$1.50	$0.0139	At any time during the exercise period
26 November 2008	16 December 2013	$1.50	$0.0139	At any time after 3 December 2009

No options were granted during the year ended 30 June 2010.

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was 1.39 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, 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.

During the year there were no ordinary shares issued as a result of the exercise of options.

1.2.7 Share-based compensation: options

For each grant of options included in the tables set out on page 16 the percentage of the available grant that was vested in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. The options vest in twelve months provided the vesting conditions are met. No options will vest if the conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options yet to be expensed.

Name	Year granted	Vested %	Forfeited %	Financial year in which options may vest	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
P. Ingram	2008	100	-	2008	-	-
D. Kelly	2008	100	-	2009	-	-
B. Fulton	2009	100	-	2009	-	-
J. Brewer	2009	100	-	2009	-	-
M. Hoyle	2009	11.5	-	2010	49,206	49,206

Further details relating to the accounting treatment of options are set out in note 33 of the Financial Report:

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $
2010				
Directors of Altona Mining Limited				
K. Maloney	-	-	-	-
A. Cowden	-	-	-	-
J. Brewer	-	-	-	-
F. Harris	-	-	-	-
P. Ingram	-	-	-	-
H. Solin	-	-	-	-
M. Hoyle	-	-	-	-
B. Fulton	-	-	-	-
Other key management personnel of the Group				
E. Hughes	-	-	-	-
D. Kelly	-	-	-	-
2009				
P. Ingram	-	-	-	-
J. Walls	-	-	-	-
J. Brewer	26.72%	13,900	-	-
B. Fulton	32.27%	13,900	-	-
M. Hoyle	2.07%	55,600	-	-
D. Kelly	24.58%	161,001	-	-
G. Sloan	-	-	-	-

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with Accounting Standard AASB 2: *Share-based Payments* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

Loans to directors and key management personnel

During the year there were no loans granted to any director or key management personnel. There were no outstanding loans from previous reporting periods.

End of Audited Remuneration Report.

1.3 OTHER INFORMATION

1.3.1 Indemnification and insurance of directors and officers

The Group has made an agreement indemnifying all the directors and officers against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company to the extent permitted under the *Corporations Act 2001*.

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

1.0 Directors' Report (continued)

1.3.2 Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility of behalf of the Group for all or part of the proceedings.

1.3.3 Auditor independence and non-audit services

The section 307C Independence Declaration from the auditor of Altona Mining Limited is provided on page 66.

The following non-audit services were provided by a related entity of the entity's auditor, BDO Audit (WA) Pty Ltd.
The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

BDO Corporate Tax (WA) Pty Ltd has received, or are due to receive, the following amounts for the provision of non-audit services:

	2010 **$**
Tax compliance services	12,705
Corporate advice	51,504
	64,209

1.3.4 Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.

Kevin Maloney
Chairman

This 21st day of September 2010 at Perth, Western Australia

2.0 Corporate Governance

Altona Mining Limited has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. The Group has followed each recommendation of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Principles and Recommendations') where the Board has considered the recommendation to be an appropriate benchmark. Where, after due consideration, the Group's corporate governance practices depart from a recommendation, the Group explains why it has a different procedure. The Group and its controlled entities together are referred to as the Group in this statement.

Website Disclosures

Information about the Group's charters, policies and procedures may be found at the Group's website at **www.altonamining.com**, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters and Policies on Website	**Recommendation/s**
Board	1.3
Audit and Risk Management Committee	4.1
Remuneration and Nomination Committee	2.6, 8.3
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Group Securities	3.2, 3.3
Code of Conduct	3.1, 3.3
Policy on ASX Listing Rule Compliance and Compliance Procedures	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy	7.1, 7.4

Disclosure – Principles and Recommendations

The Group reports below on how it has adopted, or otherwise each of the Principles and Recommendations during the 2009/2010 financial year ('Reporting Period').

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure: The Group has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Group through its key functions of overseeing the management of the Group, providing overall corporate governance of the Group, monitoring the financial performance of the Group, engaging appropriate management commensurate with the Group's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Group has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and to assist the Managing Director in implementing the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board.

2.0 Corporate Governance (continued)

Senior executives are responsible for reporting all matters which fall within the Group's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure: Performance evaluation of the Managing Director is undertaken utilising KPI's approved by the Board. The Remuneration and Nomination Committee is responsible for evaluating the performance of the Managing Director. The Managing Director is responsible for evaluating the other senior executives. The performance evaluation of senior executives includes interviews between the individual senior executive and the Managing Director.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure: At the time of the merger the performance of the Managing Director was assessed. Since then KPI's have been set for the Managing Director for future years. During the Reporting Period a performance evaluation of senior executives did occur. The evaluations were performed in accordance with the process disclosed above at Recommendation 1.2.

Principle 2 – Structure the Board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure: The Board has a majority of directors who are independent.

The independent directors of the Board are Kevin Maloney, Jason Brewer, Fiona Harris and Heikki Solin.
(See Recommendation 2.6 for details.)

Recommendation 2.2:

The Chair should be an independent director.

Disclosure: The independent Chair of the Board is Kevin Maloney.

Recommendation 2.3:

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure: The Managing Director is Alistair Cowden who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure: The Board has established a Nomination Committee which operates in conjunction with the Remuneration Committee.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure: The Remuneration and Nomination Committee is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors.

Performance evaluations of the Board and Board committees will be undertaken by way of confidential customised questionnaires to self-assess performance.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure: A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

2.0 Corporate Governance (continued)

The independent directors of the Board are Kevin Maloney, Jason Brewer, Fiona Harris and Heikki Solin. Bruce Fulton (who resigned from the Group during the Reporting Period), was also an independent director of the Board.

These directors are independent as they are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles and Recommendations and the Group's materiality thresholds. The materiality thresholds are set out below and are as set out in the Group's Board Charter disclosed on its website:

- Statement of Financial Position items are material if they have a value of more than 5% of pro-forma net asset.
- Statement of Comprehensive Income items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Group, involve a breach of legislation, are outside the ordinary course of business, they could affect the Group's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on Statement of Financial Position or Statement of Comprehensive Income items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Group and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Group will pay the reasonable expenses associated with obtaining such advice.

Nomination matters

The Nomination Committee is combined with the Remuneration Committee and met once during the Reporting Period.

Performance evaluation

As the Board in its current composition was only constituted in February 2010 the Board has not yet completed a performance evaluation of the Board, but has committed to undertake such an evaluation in the current year. For similar reasons, a performance evaluation of Board Committees was not conducted in the financial year, but will also take place in the current year.

Selection and (Re) appointment of Directors

In determining candidates for the Board, the Remuneration and Nomination Committee will follow a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Pursuant to the Company's Constitution, at every annual general meeting one third of the directors (other than the Managing Director and any alternate directors) must retire from office and offer themselves up for re-election at the annual general meeting. In any event, no director (other than the Managing Director and any alternate directors) can hold office for more than three years without retiring and offering themselves up for re-election at an annual general meeting. Re-appointment of directors is not automatic.

2.0 Corporate Governance (continued)

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Group's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure: The Group has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure: The Group has established a policy concerning trading in the Group's securities by directors, senior executives and employees.

Recommendation 3.3:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure: Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an Audit Committee.

Disclosure: The Group has established an Audit and Risk Management Committee.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure: The Audit and Risk Management Committee comprises four directors: Fiona Harris (Chair), Jason Brewer, Peter Ingram and Heikki Solin. Fiona Harris and Heikki Solin were appointed to the Committee during the reporting period and Bruce Fulton resigned from the Committee during the year.

All members of the Audit and Risk Management Committee are independent other than Peter Ingram who has held an executive role with the Group within the last three years.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure: The Group has adopted an Audit and Risk Management Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure: The Audit and Risk Management Committee held two meetings during the Reporting Period.

2.0 Corporate Governance (continued)

The following table lists committee members and their attendance at Committee meetings:

Name	Number of meetings eligible to attend	Number of meetings attended
Fiona Harris (1)	1	1
Jason Brewer	2	2
Heikki Solin (1)	1	1
Peter Ingram	1	1

(1) Appointed 19 February 2010

Details of each Audit and Risk Management Committee member's qualifications are set out in the Directors' Report. All members of the Audit and Risk Management Committee consider themselves to be financially literate and have industry knowledge.

The Group has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit and Risk Management Committee (or its equivalent). Candidates for the position of external auditor must demonstrate appropriate independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Group's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit and Risk Management Committee and any recommendations are made to the Board.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure: The Group has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Disclosure: Please refer to page 19 for detail on Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure: The Group has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure: Please see Company website.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure: The Board has adopted a Risk Management Policy. The Policy states that the Board is responsible for approving the Group's policies on risk oversight and management and for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

2.0 Corporate Governance (continued)

The Board delegates day-to-day management of risk to the Managing Director who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Group's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Board may have unrestricted access to Group employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate.

The Board has established an Audit and Risk Management Committee to monitor and review the integrity of financial reporting and the Group's internal financial control systems and risk management systems.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.

Disclosure: The Board requires management to design, implement and maintain risk management and internal control systems to manage the Group's material business risks. The Board also requires management to report to it confirming whether those risks are being managed effectively. The Board has received a report from management setting out the stage of development of the risk management processes and procedures in relation to its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure: The Chief Executive Officer (or equivalent) and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the *Corporations Act 2001* and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure: Since the merger of the two companies in February 2010 management has devoted significant time to the identification and understanding of the risks and opportunities inherent in the portfolio of interests and to progressing the development of the Outokumpu Project. This work has involved discussion of major risks and opportunities at Board level. The next stage in the risk management process will be the formalisation and documentation of information relating to these risks and opportunities and implementation of a formal risk management process. This work is to be undertaken in the current year.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure: The Group has established a Remuneration Committee which is combined with the Nomination Committee.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure: Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

Non-executive directors in the past have from time to time been awarded options in the Group as an element of remuneration. This practice is not consistent with current governance recommendations, however participation in incentive plans may occur where the Board believes it is in the best interests of the Company to include non-executive directors in such plans, in particular where such inclusion may reduce the amount of cash remuneration otherwise required to be paid to attract the appropriate calibre of directors.

Pay and rewards for executive directors and senior executives consist of a base salary and performance incentives. Long term performance incentives may include share rights or options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Disclosure: Details of remuneration, including the Group's policy on remuneration, are contained in the 'Remuneration Report' which forms of part of the Directors' Report.

There was one meeting of the Remuneration and Nomination Committee held during the Reporting Period. The following table identifies those directors who are members of this committee and shows their attendance at Committee meetings:

Name	Number of meetings eligible to attend	Number of meetings attended
Kevin Maloney (Chair) (1)	1	1
Fiona Harris (2)	1	1
Peter Ingram	1	1

(1) Kevin Maloney was appointed on 20 July 2009. (2) Fiona Harris was appointed to the Committee on 19 February 2010.

There are no termination or retirement benefits for non-executive directors (other than superannuation).

The Group's Remuneration Policy includes a prohibition on transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

3.0 Financial Report

Altona Mining Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ground floor
1 Altona Street
West Perth WA 6005

A description of the nature of the Group's operations and its principal activities is given in the Directors' Report, which is not part of this Financial Report.

The Financial Report was authorised for issue by the Directors on 21 September 2010. The consolidated entity has the power to amend and reissue the Financial Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Group. All press releases, financial reports and other information are available on our website: **www.altonamining.com**

For queries in relation to our reporting please call +61 8 9485 2929 or e-mail altona@altonamining.com

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Revenue	5	277,362	100,315
Other income	5	14,704,158	343
Employee benefits expense	6	(1,842,862)	(1,169,312)
Depreciation and amortisation expenses		(101,900)	(98,028)
Finance costs	6	(2,319,669)	(1,126,675)
Exploration and evaluation expenditure		(2,890,804)	(1,160,947)
Office and administration expenses	6	(2,268,050)	(985,127)
Plant care and maintenance		(236,486)	-
Loss on issue of converting notes		-	(11,195,336)
Loss on sale of fixed assets		(16,622)	-
Loss on foreign exchange		(179)	-
Profit / (loss) before income tax		**5,304,948**	**(15,634,767)**
Income tax benefit	7	162,260	337,400
Profit / (loss) for the year		**5,467,208**	**(15,297,367)**
Profit / (loss) attributable to members of the Group		**5,467,208**	**(15,297,367)**
Other comprehensive income / (loss)			
Net fair value gain on available-for-sale financial assets		240,236	-
Foreign currency translation		(1,509,455)	-
Total comprehensive income / (loss) for the year attributable to members of Altona Mining Limited		**4,197,989**	**(15,297,367)**
Basic and diluted profit / (loss) (not including comprehensive loss) per share in cents	34	2.46	(1.54)

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

Consolidated Statement of Financial Position

As at 30 June 2010

	Note	Consolidated Entity 2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	8	12,699,818	2,251,458
Trade and other receivables	9	413,353	345,273
Other assets	10	98,260	19,222
Total current assets		13,211,431	2,615,953
NON-CURRENT ASSETS			
Available-for-sale financial assets	11	1,159,197	-
Property, plant and equipment	12	13,643,245	216,637
Exploration and evaluation assets	13	25,691,828	14,832,525
Other assets	14	1,359,683	176,136
Total non-current assets		41,853,953	15,225,298
TOTAL ASSETS		**55,065,384**	**17,841,251**
CURRENT LIABILITIES			
Trade and other payables	15	1,346,818	2,485,917
Borrowings	16	12,855,082	1,395,000
Provisions	17	207,954	57,762
Total current liabilities		14,409,854	3,938,679
NON-CURRENT LIABILITIES			
Borrowings	18	-	10,550,987
Provisions	19	1,335,126	101,834
Total non-current liabilities		1,335,126	10,652,821
TOTAL LIABILITIES		**15,744,980**	**14,591,500**
NET ASSETS		**39,320,404**	**3,249,751**
EQUITY			
Contributed equity	20	78,588,098	46,764,640
Reserves	21	18,520	1,238,533
Accumulated losses	22	(39,286,214)	(44,753,422)
TOTAL EQUITY		**39,320,404**	**3,249,751**

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2010

	Note	Consolidated Entity 2010 $	2009 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(8,058,618)	(1,312,845)
Interest received		230,240	100,315
Refunds from security deposits		-	7,750
Tax offset received		337,400	-
Net cash outflows from operating activities	32	**(7,490,978)**	**(1,204,780)**
Cash flows from investing activities			
Payments for property, plant and equipment		(307,915)	(8,297)
Payments for exploration and evaluation		(2,000,000)	(1,771,714)
Proceeds from sale of fixed assets		36,753	-
Cash received on business combination	2	18,136,730	-
Net cash outflows from investing activities		**15,865,568**	**(1,780,011)**
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		3,960,001	2,492,256
Costs of share issues		(224,174)	(205,641)
Repayment of borrowings		(1,052,294)	(931,321)
Net cash inflows from financing activities		**2,683,533**	**1,355,294**
Net increase / (decrease) in cash and cash equivalents		11,058,123	(1,629,497)
Cash and cash equivalents at the beginning of the financial year		2,251,458	3,880,955
Effects of exchange rate changes on cash and cash equivalents		(609,763)	-
Cash and cash equivalents at the end of the financial year	8	**12,699,818**	**2,251,458**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

	Contributed Equity $	Share Based Payments Reserve $	Convertible Notes Equity Reserve $	Foreign Currency Translation Reserve $	Asset Revaluation Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2009	**46,764,640**	**657,431**	**581,102**	**-**	**-**	**(44,753,422)**	**3,249,751**
Profit for the period	-	-	-	-	-	5,467,208	5,467,208
Other comprehensive income	-	-	-	(1,509,455)	240,236	-	(1,269,219)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,509,455)**	**240,236**	**5,467,208**	**4,197,989**
Transactions with owners in their capacity as owners:							
Contributions of equity (net of issue costs)	3,735,826	-	-	-	-	-	3,735,826
Equity issued to Vulcan Resources Limited shareholders for merger	28,087,632	-	-	-	-	-	28,087,632
Options expense	-	49,206	-	-	-	-	49,206
At 30 June 2010	**78,588,098**	**706,637**	**581,102**	**(1,509,455)**	**240,236**	**(39,286,214)**	**39,320,404**
At 1 July 2008	**43,040,568**	**462,823**	**13,235,994**	**-**	**-**	**(41,000,448)**	**15,738,937**
Loss for the period	-	-	-	-	-	(15,297,367)	(15,297,367)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(15,297,367)**	**(15,297,367)**
Transactions with owners in their capacity as owners:							
Contributions of equity (net of issue costs)	2,613,573	-	-	-	-	-	2,613,573
Options expense	-	194,608	-	-	-	-	194,608
Conversion of convertible notes to equity	1,110,499	-	-	-	-	-	1,110,499
Reduction in carrying value of converting note conversion rights	-	-	(1,110,499)	-	-	-	(1,110,499)
Transferred from other equity securities on renegotiation of converting notes	-	-	(11,544,393)	-	-	-	(11,544,393)
Transferred to accumulated losses on renegotiation of converting notes	-	-	-	-	-	11,544,393	11,544,393
At 30 June 2009	**46,764,640**	**657,431**	**581,102**	**-**	**-**	**(44,753,422)**	**3,249,751**

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

Notes to the Financial Statements

For the year ended 30 June 2010

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 and its subsidiaries.

(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 asset and the settlement of liabilities in the normal course of business.

The material liquidity risk for the Group is the ability to raise equity in the future. The Group's cash flow forecasts show that current funds are sufficient to fund the operations. The Group has historically raised sufficient capital to fund its operations, however, it recognises that it is at risk of financial markets which dictate its ability to fund operations beyond exhaustion of the current cash funds.

These general purpose financial statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001.*

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRSs ensures that the consolidated financial statements and notes of Altona Mining Limited comply with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through Statement of Comprehensive Income, certain classes of property, plant and equipment and investment property. All amounts are presented in Australian dollars.

Critical accounting estimates and significant judgements

The preparation of financial statements in conformity with AIFRS 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 3.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Altona Mining Limited ('Company' or 'parent entity') as at 30 June 2010 and the results of all subsidiaries for the year then ended. Altona Mining Limited and its subsidiaries together are referred to in these financial statements as the Group or the Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

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.

Change in accounting policy

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The operating segments identified are based on geographical location and different risk profiles.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics 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.

(d) 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 presentational currency.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in Statement of Comprehensive Income. 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 currency of the subsidiaries within the Group is: 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 of 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.

(e) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of transaction.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(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.

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 parent entity 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.

(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 Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, 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 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, 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 the Statement of Comprehensive Income as a bargain purchase.

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 Statement of Comprehensive Income.

Change in accounting policy

A revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through the Statement of Comprehensive Income. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net identifiable assets.

(i) Impairment of 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income immediately.

(j) 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. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(k) 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 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 Statement of Comprehensive Income.

(l) Investments and other financial assets

The Group classifies its investments in the following categories: recognition of financial instruments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the Statement of Comprehensive Income. 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 non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

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 – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income – is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

(m) 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.

(n) Plant and equipment

Land and buildings are shown at fair value, less subsequent depreciation for buildings. Land is not depreciated.

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Ore processing equipment is depreciated on a units-of-production basis consistent with the equipment's consumption pattern. As the equipment is being improved and is currently not ready for its intended use, no depreciation has been expensed.

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 Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Machinery	10-15 years
- Vehicles	3-5 years
- Furniture, fittings and equipment	3-8 years

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(i)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Income for the period.

(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.

(p) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share based payments

Share based compensation benefits are provided to employees via the Employee Incentive Scheme.

The fair value of options granted under the Employee Incentive Scheme 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 a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature 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 market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(q) Financial instruments issued by the Group

(i) 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.

(ii) Transaction costs on the issue of equity instruments

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 and are amortised over the life of the investment using the effective interest rate method. 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.

(iii) 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.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, 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.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. 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.

Where the directors decide to progress to development in an area of interest all further expenditure incurred relating to the area will be capitalised. These costs are only carried forward to the extent that they are 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.

Accumulated costs in relation to an abandoned area are written off in full against the Statement of Comprehensive Income in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

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.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and is then reclassified to mine properties and development.

(t) Goods and services tax

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

1. where the amount of GST 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

2. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as an operating cash flow.

(u) 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 2010. The Group's assessment of the impact of these new standards and interpretations is set out below:

AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions (AASB 2)* *(effective from 1 January 2010)*

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or cash-settled transaction. The Group will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Group's or the parent entity's financial statements.

AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues (AASB 132)* *(effective from 1 February 2010)*

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the Group's or the parent entity's financial statements.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* *(effective from 1 January 2013)*

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in the Statement of Comprehensive Income. In the current reporting period, the Group recognised $345,268 of such gains in other comprehensive income. The Group has not yet decided when to adopt AASB 9.

AASB interpretation 19 *Extinguishing financial liabilities with equity instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* *(effective from 1 July 2010)*

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in the Statement of Comprehensive Income which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group or the parent entity's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011) and AASB 2009-14 Amendments to Australian Interpretations – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011) are not expected to impact the recognition of any items in the Group's Financial Report and have therefore not been adopted.

2. Business combinations

On 28 September 2009, Altona Mining Limited ('Altona') and Vulcan Resources Limited ('Vulcan') announced an agreement to merge the two companies by Scheme of Arrangement ('Scheme') whereby the merged entity would be provided an opportunity to access corporate, management, technical assets and resources that may not otherwise have been accessible to the individual groups.

Under the terms of the Scheme which was approved by Vulcan shareholders on 29 January 2010 and the High Court of Australia on 4 February 2010, all the shares in Vulcan were transferred to Altona. Vulcan shareholders received 6.85 Altona shares for each Vulcan share.

In identifying the correct reporting treatment for the transaction the Group applied the tests set out by the Australian Accounting Standard Board in AASB 3 *Business Combinations*. This standard requires that where a Business Combination takes place, the acquisition is to be accounted for by applying the acquisition method. In applying this method the following criteria need to be established:

- identify the acquirer;
- determine the acquisition date;
- recognise and measure at fair value the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquiree; and
- recognise and measure goodwill or a gain from a bargain purchase.

Having regard for the criteria and guidance on these matters as set out in AASB Business Combinations, the Group has ascertained the following. The merger constitutes a Business Combination and therefore AASB 3 governs the recording and reporting of the merger. Further, it has been established that Altona Mining Limited is the acquirer for the purposes of this standard and the acquisition date is 4 February 2010, being the date the High Court of Australia approved the merger. On this basis, the acquisition value of Vulcan Resources Limited has been determined by reference to the Universal Resources Limited share price on 4 February 2010 (1.8 cents) as opposed to the share price on the date the Merger and Implementation Agreement was signed (2.4 cents).

This reporting requirement has resulted in a gain on acquisition being reported of $14,704,158 as opposed to a gain on acquisition of $5,341,614 that would have been reported if it was possible to use the share price of Altona on the day the merger was agreed by the two companies. This reporting anomaly is demonstrated in the following table.

	28 September 2009 Announcement of Merger	4 February 2010 Approval of Merger by High Court
Share price	2.4 cents	1.8 cents
Number of shares issued as consideration	1,560,423,980	1,560,423,980
Value of consideration	$37,450,016	$28,087,632
Fair value of Vulcan assets and liabilities	$42,791,790	$42,791,790
	$5,341,614	$14,704,158

The directors are of a view that, irrespective of the reported gain, the merger was that of two comparable companies, and the Altona share price throughout this period did not fully recognise the fair value of the assets in that company.

	Note	Fair value $
Cost of acquisition		
Consideration paid in equity instruments		28,087,632

The following assets and liabilities have been acquired as part of the transaction and recognised at their fair values.

Assets and liabilities	Note	Fair value $
Cash and cash equivalents		18,136,730
Trade and other receivables		295,593
Other assets		37,345
Available-for-sale financial assets – shares		918,961
Property, plant and equipment – other	12	194,921
Property, plant and equipment – Luikonlahti – land buildings and ore processing facility	12	7,321,376
Property, plant and equipment - restoration and rehabilitation assets	12	942,060
Exploration and evaluation - restoration and rehabilitation assets	13	373,684
Property, plant and equipment – assets under construction	12	5,661,000
Exploration properties	13	10,538,511
Total value of assets acquired		**44,420,181**
Deduct liabilities assumed or created:		
Trade and other payables		(145,442)
Restoration and rehabilitation provisions		(1,315,744)
Provisions		(167,205)
Net assets acquired		**42,791,790**
Gain on acquisition		**14,704,158**

The Group has received $213,226 in interest revenue and has incurred a loss attributable to members of $1,573,467 from Vulcan Resources Limited and its subsidiaries since the date of acquisition. The interest revenue and profit attributable to members of the Group, had Vulcan Resources Limited been part of the Group for the full financial year, would have been $818,386 and $4,590,167 respectively.

3. Critical accounting estimates and judgments

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.

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.

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 terms of AASB 6 'Exploration for and evaluation of mineral resources'. The carrying value of tenement purchases is expensed to the Statement of Comprehensive Income when it is expected that the area of interest will not generate future economic benefits or alternatively where the amount of expected future economic benefits to be generated is less than the area of interest's carrying value, the difference is treated as an impairment and expensed to the Statement of Comprehensive Income. 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.

4. Segment information

The Group has identified its reportable operating segments based on the internal reports that are used by the Managing Director (chief operating decision maker) and management team in assessing performance and determining the allocation of resources.

The Group has identified its operating segments to be Australia and Finland, on the basis of geographical locations, different risk profiles and regulatory environments.

Discrete financial information about each of these operating segments is reported to the Board and executive management team on at least a monthly basis.

2010	**Australia $**	**Finland $**	**Unallocated $**	**Total $**
(a) Segment performance				
Revenue	-	-	-	-
Interest revenue	-	-	277,362	277,362
Other income	-	-	14,704,158	14,704,158
Total	**-**	**-**	**14,981,520**	**14,981,520**
Depreciation and amortisation	-	(14,647)	-	(14,647)
Exploration and evaluation expenditure	(1,064,277)	(783,458)	-	(1,847,735)
Other expenditure	(955,816)	(775,362)	-	(1,731,178)
Segment (loss) before income tax	**(2,020,094)**	**(1,573,467)**	**-**	**(3,593,560)**
Unallocated items:				
Corporate costs			(3,610,083)	(3,610,083)
Financial costs			(2,319,669)	(2,319,669)
Depreciation and amortisation			(87,253)	(87,253)
Share based payments			(49,206)	(49,206)
Loss on sale of fixed assets			(16,622)	(16,622)
Loss on foreign exchange			(179)	(179)
Income tax benefit			162,260	162,260
Total unallocated			**(5,920,752)**	**(5,920,752)**
Profit after tax as per Statement of Comprehensive Income				**5,467,208**

Altona Mining Limited is domiciled in Australia. The Group currently does not derive revenues from external customers.

In the table below, the total of non-current assets located in Australia is $10,645,796 (2009: $14,879,779), and the total of the non-current assets located in other countries is $29,707,791 (2009: nil). Segment assets are allocated to countries based on where the assets are located.

2010	Australia $	Finland $	Unallocated $	Total $
(b) Assets				
Segment assets	10,645,796	29,707,692	-	40,353,488
Unallocated assets:				
Cash and cash equivalents			12,699,818	12,699,818
Trade and other receivables			413,353	413,353
Available-for-sale financial assets			1,159,197	1,159,197
Property, plant and equipment			249,138	249,138
Other assets			190,390	190,390
Total assets	**10,645,796**	**29,707,692**	**14,711,896**	**55,065,384**
Asset additions included above during the period:				
Property, plant and equipment	-	13,394,107	32,501	13,426,608
Exploration and evaluation	-	15,199,947	-	15,199,947

2009	Australia $	Unallocated $	Total $
(a) Segment performance			
Revenue	-	-	-
Interest revenue	-	100,315	100,315
Other income	-	343	343
Total	**-**	**100,658**	**100,658**
Exploration and evaluation	(1,161,200)	-	(1,161,200)
Segment (loss) before income tax	**(1,161,200)**	**-**	**(1,161,200)**
Unallocated items:			
Corporate costs		(1,961,908)	(1,961,908)
Finance costs		(1,124,345)	(1,124,345)
Depreciation and amortisation		(98,028)	(98,028)
Share based payments		(194,608)	(194,608)
Loss on issue of converting notes		(11,195,336)	(11,195,336)
Income tax benefit		337,400	337,400
Total unallocated		**(14,236,825)**	**(14,236,825)**
(Loss) after tax as per Statement of Comprehensive Income			**(15,297,367)**
(b) Assets			
Segment assets	14,879,779	-	14,879,779
Unallocated assets:			
Cash and cash equivalents		2,251,458	2,251,458
Trade and other receivables		493,377	493,377
Property, plant and equipment		216,637	216,637
Total assets	**14,879,779**	**2,961,472**	**17,841,251**

	Consolidated Entity	
	2010	**2009**
	$	**$**
5. Revenue		
Revenue		
Interest received	277,362	100,315
	277,362	**100,315**
Other income		
Gain on acquisition (refer note 2)	14,704,158	-
Sundry income	-	343
	14,704,158	**343**
6. Expenses		
Profit / (Loss) before income tax includes the following specific expenses		
(a) Employee benefits expense		
Employee benefit	1,793,656	974,704
Share based payments	49,206	194,608
	1,842,862	**1,169,312**
(b) Finance costs		
Accretion on rehabilitation provision	10,486	-
Convertible notes interest	2,304,095	1,124,345
Bank fees	5,088	2,330
	2,319,669	**1,126,675**
(c) Office and administration expenditure		
Corporate expenses	2,112,902	858,774
Rental expense relating to operating leases	155,148	126,353
	2,268,050	**985,127**

	Consolidated Entity	
	2010	2009
	$	$
7. Income tax		
(a) Current income tax benefit		
Adjustment in respect of current income tax of prior periods	162,260	337,400
Total tax benefit	162,260	337,400
(b) Profit / (loss) from continuing operations before income tax	5,304,948	(15,634,767)
Income tax benefit (expense) calculated at 30%	(1,591,484)	4,690,430
Tax effect of amounts that are not tax deductible (taxable) in calculating taxable income:	-	(3,597,855)
Share based payments	(14,762)	-
Interest on converting notes	(691,232)	-
Foreign currency translation	348,733	-
Other	24,849	-
Adjustment for prior period (deferred tax)	(400,318)	(233,270)
Deferred tax assets relating to tax losses and temporary differences not recognised	3,428,352	(859,305)
	1,104,138	-
Overprovision in prior year	162,260	337,400
Income tax benefit attributable to operating loss	162,260	337,400

The franking account balance at year end was nil. (30 June 2009: nil)

(c) Deferred tax assets and liabilities not recognised relate to the following:

Deferred tax assets		
Tax losses	15,161,588	12,957,342
Capital losses	9,487	-
Foreign losses	4,950,678	-
Other temporary differences	166,646	270,028
Deferred tax through equity (capital raising)	319,558	-
Deferred tax liabilities		
Other temporary differences	(1,544,316)	(1,509,412)
Business combination	(4,411,247)	-
Net deferred tax assets	**14,652,394**	**11,717,958**

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. Tax losses of $50,538,627 (2009: $43,191,142) are available to the Group subject to satisfying the provisions of the Income Tax Assessment Act 1936 and 1997 at the time of utilising the losses.

Tax Consolidation
Altona Mining Limited and its wholly owned Australian controlled entities have not currently adopted the tax consolidation legislation.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
8. Current assets – cash and cash equivalents		
Cash at bank and on hand	1,818,908	83,093
Deposits at call	10,880,910	2,168,365
	12,699,818	**2,251,458**

The Group's exposure to interest rate risk is discussed in note 35.

	2010 $	2009 $
9. Current assets – trade and other receivables		
Other debtors (1)	413,353	345,273
	413,353	**345,273**

(1) Other debtors consist of refunds due from the Australian Taxation Office for Goods and Services Tax receivable, tax offsets for research and development and interest receivable at 30 June 2010.

	2010 $	2009 $
10. Current assets – other assets		
Prepayments	98,260	19,222
	98,260	**19,222**
11. Non-current assets – Available-for-sale financial assets		
Shares in listed corporations	1,159,197	-
	1,159,197	**-**
12. Non-current assets – property, plant and equipment		
Land and buildings – Luikonlahti		
At cost	1,086,783	-
Less: accumulated depreciation	-	-
	1,086,783	-
Plant and equipment – Luikonlahti ore processing facility		
At cost	5,799,747	-
Less: accumulated depreciation	-	-
	5,799,747	-
Restoration and rehabilitation – Luikonlahti		
At cost	855,420	-
Less: accumulated depreciation	-	-
	855,420	-
Plant and equipment – other		
At cost	1,053,943	686,078
Less: accumulated depreciation	(734,572)	(564,840)
	319,371	121,238

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Motor vehicles		
At cost	167,264	214,357
Less: accumulated depreciation	(82,598)	(118,958)
	84,666	95,399
Assets under construction – Outokumpu project		
At cost	5,497,258	-
Less: accumulated depreciation	-	-
	5,497,258	-
Total property, plant and equipment	**13,643,245**	**216,637**

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as set out below:

	2010 $	2009 $
Land and buildings – Luikonlahti		
Carrying amount at 1 July	-	-
Additions	271,108	-
Additions through business combination	934,210	-
Depreciation expense	-	-
Foreign currency translation movements	(118,535)	-
Carrying amount at 30 June	**1,086,783**	**-**
Plant and equipment – Luikonlahti ore processing facility		
Carrying amount at 1 July	-	-
Additions through business combination	6,387,167	-
Depreciation expense	-	-
Foreign currency translation movements	(587,419)	-
Carrying amount at 30 June	**5,799,747**	**-**
Restoration and rehabilitation – Luikonlahti		
Carrying amount at 1 July	-	-
Additions through business combination	942,060	-
Depreciation expense	-	-
Foreign currency translation movements	(86,640)	-
Carrying amount at 30 June	**855,420**	**-**

	Consolidated Entity	
	2010 $	2009 $
Plant and equipment - other		
Carrying amount at 1 July	121,238	183,273
Additions	149,951	8,297
Additions through business combination	194,921	-
Disposals	(59,483)	-
Depreciation expense	(77,764)	(70,332)
Foreign currency translation movements	(9,132)	-
Carrying amount at 30 June	**319,371**	**121,238**
Motor vehicles		
Carrying amount at 1 July	95,399	123,095
Additions	43,636	-
Disposals	(30,233)	-
Depreciation expense	(24,136)	(27,696)
Carrying amount at 30 June	**84,666**	**95,399**
Assets under construction – Outokumpu project		
Carrying amount at 1 July	-	-
Additions	20,467	-
Additions through business combination	5,661,000	-
Depreciation expense	-	-
Foreign currency translation movements	(184,209)	-
Carrying amount at 30 June	**5,497,258**	**-**

13. Non-current assets – exploration and evaluation

	2010 $	2009 $
Exploration and evaluation properties		
Carrying amount at 1 July	14,832,525	14,832,525
Additions through business combination	10,538,511	-
Foreign currency translation movements	(18,525)	-
Carrying amount at 30 June	25,352,511	14,832,525
Exploration properties – restoration and rehabilitation		
Carrying amount at 1 July	-	-
Additions through business combination	373,684	-
Foreign currency translation movements	(34,367)	-
	339,317	-
Total exploration and evaluation	**25,691,828**	**14,832,525**

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

	Consolidated Entity	
	2010 $	2009 $
14. Non-current assets - receivables		
Security deposits	333,179	-
Environmental bonds	1,026,504	-
	1,359,683	**176,136**
15. Current liabilities – trade and other payables		
Trade creditors	580,993	82,147
Other creditors	76,991	2,000,000
Accrued expenses	688,834	403,770
	1,346,818	**2,485,917**
16. Current liabilities - borrowings		
Unsecured converting notes	**12,855,082**	**1,395,000**

The Group issued 220,000 5% converting notes for $16,600,000 on 27 June 2006 and $5,400,000 on 28 July 2006. The notes were convertible into ordinary shares of the Group after ninety days and within three years at a conversion price of $0.18. At maturity the notes automatically convert at a conversion price of $0.18 or, if the share price is less than $0.18, a price equal to the volume-weighted average price that the Group's shares have traded on the Australian Stock Exchange over the five trading days prior to maturity date. Prior to the equity consolidation the conversion price was $1.80 (refer note 20 (f)).

On 1 January 2009 note holders holding 139,500 converting notes agreed to extend the notes until 30 June 2011 and the interest rate was renegotiated to 10%. The remaining notes matured on 27 June 2009 and were converted to 78,903,187 ordinary shares at a variable weighted average price of $0.014.

	Consolidated Entity	
	2010 $	2009 $
Reconciliation of converting note liabilities		
Converting note liability brought forward	11,945,987	732,387
Converting note liability derecognised on renegotiation of converting note terms	-	(349,057)
Revised converting note liability recognised on renegotiation of converting note terms	-	11,544,393
	11,945,987	11,927,723
Interest expense	2,304,095	1,124,345
Interest paid	(1,395,000)	(1,106,081)
	12,855,082	**11,945,987**
Current liability	12,855,082	1,395,000
Non-current liability	-	10,550,987
	12,855,082	**11,945,987**

Interest expense is calculated by applying the effective interest rate of 10% (2009: 10%) to the liability component. Interest expensed for the year was $2,304,095 (2009: $1,124,345).

	Consolidated Entity 2010 $	2009 $
17. Current liabilities – provisions		
Employee entitlements	**207,954**	**57,762**
18. Non-current liabilities – borrowings		
Unsecured converting notes	**-**	**10,550,987**

Further information on unsecured converting notes accrued interest is set out in note 16.

	2010 $	2009 $
19. Non-current liabilities – provisions		
Employee entitlements	130,234	101,834
Restoration and rehabilitation	1,204,892	-
	1,335,126	**101,834**
20. Contributed equity		
(a) Share Capital		
Ordinary shares		
245,277,417 fully paid (2009: 672,341,800)	78,588,098	46,764,640
(b) Other equity securities		
Converting notes		
Value of conversion rights (note 20 (d))	-	581,102
Total contributed equity	**78,588,098**	**47,345,742**

		Number of shares	Issue price $	$
(c) Movements in ordinary share capital				
Balance at 1 July 2008				
Shares issued (note 20 (f))	(i)	172,011,200	0.01	1,720,112
	(ii)	36,765,872	0.0089	326,958
	(iii)	40,639,163	0.019	772,144
	(iv)	78,903,187	0.014	1,110,499
Capital raising costs				(205,641)
Balance as at 30 June 2009		**672,341,800**		**46,764,640**
Shares issued (note 20 (f))	(v)	100,000,000	0.018	1,800,000
	(vi)	120,000,000	0.018	2,160,000
	(vii)	1,560,423,980	0.018	28,087,632
	(viii)	(2,207,488,363)	-	-
Capital raising costs				(224,174)
Balance as at 30 June 2010		**245,277,417**		**78,588,098**

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.

(d) Movements in other equity securities	**$**
Balance at 30 June 2008	**13,235,994**
Converting notes matured	(1,110,499)
Transferred to retained earnings on renegotiation of converting notes	(11,544,393)
Balance at 30 June 2009	**581,102**
Transferred to reserves (note 21)	(581,102)
Balance at 30 June 2010	**-**

(e) Options

Details of options issued, cancelled and exercised during the year and options outstanding at 30 June 2010 are included in note 33 to the financial statements. Options carry no rights to dividends and no voting rights.

(f) Shares

(i) On 16 March 2009, 172,011,200 fully paid ordinary shares were issued at 1 cent per share by way of a non-renounceable rights issue.

(ii) On 10 April 2009, 36,765,872 fully paid ordinary shares were issued at 0.89 cents as payment of interest on converting notes.

(iii) On 2 June 2009, 40,639,163 fully paid ordinary shares were issued at 1.9 cents by way of a placement to sophisticated investors.

(iv) On 27 June 2009, 78,903,187 fully paid ordinary shares were issued at a deemed 1.4 cents as consideration for maturing converting notes.

(v) On 22 September 2009, 100,000,000 fully paid ordinary shares were issued at 1.8 cents per share by way of a placement to sophisticated investors.

(vi) On 17 November 2009, 120,000,000 fully paid ordinary shares were issued at 1.8 cents per share by way of a placement to sophisticated investors.

(vii) On 19 February 2010, 1,560,423,980 fully paid ordinary shares were issued to Vulcan Resources Limited shareholders as part of the merger with the Group.

(viii) On 4 November 2009, a re-organisation of capital was approved by shareholders which resulted in the Group consolidating every 10 ordinary fully paid shares into one fully paid ordinary share on 8 February 2010.

(g) Capital Management

When managing capital, management'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. Altona Mining Limited is dependent from time to time on its ability to raise capital from the issue of new shares and its ability to realise value from its exploration and evaluation 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. The Group does not have any debt facilities and is not subject to any external capital requirements. Surplus funds are invested in a cash management account and are available as required.

The material liquidity risk for the Group is the ability to raise debt and equity in the future. The Group's cash flow forecasts show that current funds are sufficient to meet its obligations beyond September 2011. The Group has historically raised sufficient capital to fund its operations, however, it recognises that it is at risk of financial markets which dictate its ability to fund operations beyond its current cash resources. It is noted that the Group has the ability to reduce costs to preserve cash resources if required.

The financial liabilities of the Group at the reporting date are trade and other payables and outstanding converting notes. The trade and other payable amounts are unsecured and usually paid within thirty days of recognition. The terms of the converting notes require settlement of principal in equity rather than cash. Interest on the outstanding converting notes is payable quarterly in cash at a rate of 10% per annum.

	Consolidated Entity	
	2010 $	2009 $
Total borrowings	12,855,082	11,945,987
Less: cash and cash equivalents	12,699,818	(2,251,458)
Net debt	155,264	9,694,529
Total equity	39,158,145	3,249,751
Total capital	**39,002,881**	**(6,444,778)**

Given the fair value adjustments applied to the converting note liability the Group does not consider disclosure of the gearing ratio as relevant or appropriate.

21. Reserves

Share based payments reserve		
Balance at the beginning of the financial year	657,431	462,823
Option expense	49,206	194,608
	706,637	657,431
Convertible notes equity reserve		
Balance at beginning of the financial year	581,102	-
Convertible notes equity movement (1)	-	581,102
	581,102	581,102
Foreign currency translation reserve		
Balance at beginning of the financial year	-	-
Foreign currency translation movement	(1,509,455)	-
	(1,509,455)	-
Asset revaluation reserve		
Balance at beginning of the financial year	-	-
Asset revaluation reserve movement	240,236	-
	240,236	
Total reserves	**18,520**	**1,238,751**

(1) The convertible notes equity reserve has been transferred from contributed equity (note 20 (d)).

Nature and purpose of reserves

Share based payments reserve

This reserve is used to record the value of equity benefits provided to directors, employees and other parties as part of their remuneration and fees. Refer to note 33 for further details of share based payments.

Convertible note equity reserve

The reserve records the equity portion value in relation to convertible notes issued by the Group.

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.

Asset revaluation reserve

The asset revaluation reserve is used to recognise market valuation movements in assets.

	Consolidated Entity	
	2010	**2009**
	$	**$**
22. Accumulated losses		
Accumulated losses at the beginning of the financial year	(44,753,422)	(41,000,448)
Profit / (Loss) after income tax	5,467,208	(15,297,367)
Transferred from other equity securities on renegotiation of converting notes	-	11,544,393
Accumulated losses at the end of the financial year	**(39,286,214)**	**(44,753,422)**

23. Key management personnel disclosures

(a) Directors

The following persons were directors of Altona Mining Limited during the financial year:

Executive Directors

A. Cowden was appointed 19 February 2010 as Managing Director.

P. Ingram stepped down as Executive Chairman on 20 July 2009 taking up the role of Managing Director. On 19 February 2010 Mr Ingram stepped down as Managing Director and took up the role of a non-executive director.

M. Hoyle resigned as a director on 19 February 2010 and continued as an executive.

Non-Executive Directors

K. Maloney was appointed 20 July 2009 as Non-Executive Chairman.

J. Brewer was appointed 1 October 2007.

F. Harris was appointed 19 February 2010.

P. Ingram became a Non-Executive Director from 19 February 2010.

H. Solin was appointed 19 February 2010.

B. Fulton resigned on 19 February 2010.

J. Walls deceased 30 September 2008.

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year:

Name	Position	Employer
E. Hughes (1)	Chief Financial Officer / Company Secretary	Altona Mining Limited
D. Kelly (2)	Chief Financial Officer / Company Secretary	Altona Mining Limited
M. Hoyle	Exploration Manager – Australia	Altona Mining Limited
J. Vesanto	General Manager – Finland	Altona Mining Limited

(1) Appointed 19 February 2010 (2) Resigned 19 February 2010

	Consolidated Entity 2010 $	2009 $
(c) Compensation of key management personnel		
Short-term employee benefits	1,036,057	707,497
Post-employment benefits	131,350	41,937
Share based payments	49,206	85,607
Termination payment	474,563	-
	1,691,176	**835,041**

(d) Equity instruments disclosures relating to key management personnel

Share holdings
The number of shares in the Group held during the financial year by each director of Altona Mining Limited and the specified executive of the consolidated entity, including their personally related entities, are set out below:

Name	Balance at start of year	Acquired during the year	Equity interest on appointment	Other changes during the year	Balance at end of year
2010					
Directors of Altona Mining Limited					
K. Maloney	58,200,000	60,000,000	-	(106,380,000) [2]	11,820,000
A. Cowden	-	-	4,211,756	-	4,211,756
J. Brewer	-	-	-	-	-
F. Harris	-	-	137,000	-	137,000
P. Ingram	7,425,281	-	-	(6,682,752) [2]	742,529
P. Ingram and M. Hoyle as tenants in common	80,100	-	-	(72,090) [2]	8,010
H. Solin	-	-	1,198,250	-	1,198,250
M. Hoyle	961,680[1]	-	-	(961,680) [1]	-
B. Fulton	-	-	-	-	-
Other key management personnel of the Group					
E. Hughes	-	300,000	-	-	300,000
D. Kelly	-	-	-	-	-
M. Hoyle	961,680	-	-	(865,512) [2]	96,168
J. Vesanto	-	-	240,000	(45,857) [3]	194,143
2009					
Directors of Altona Mining Limited					
P. Ingram and M. Hoyle as tenants in common	80,100	-	-	-	80,100
P. Ingram	4,753,478	2,671,803	-	-	7,425,281
M. Hoyle	672,453	289,227	-	-	961,680
J. Walls	805,910	-	-	(805,910)	-
J. Brewer	-	-	-	-	-
B. Fulton	-	-	-	-	-
Other key management personnel of the Group					
D. Kelly	-	-	-	-	-

(1) This is the director's relevant interest on a pre-consolidated basis when he resigned on 19 February 2010.
(2) These changes are as a result of the equity consolidation completed in February 2010.
(3) Adjustment as a result of the equity consolidation and issue of equity on cancellation of options in Vulcan Resources Limited.

Option holdings

The number of options to acquire ordinary shares in the Group held during the financial year by each director of Altona Mining Limited and the key management personnel of the consolidated entity, including their personally related entities, are set out below:

Name	Balance at start of year	Granted during the year as compensation	Exercised during the year	Other changes during the year (expired)	Balance at end of year	Vested and exercisable at end of year	Unvested
2010							
Directors of Altona Mining Limited							
K. Maloney	-	-	-	-	-	-	-
A. Cowden	-	-	-	-	-	-	-
J. Brewer	1,000,000	-	-	(900,000) (1)	100,000	100,000	-
F. Harris	-	-	-	-	-	-	-
P. Ingram	5,000,000	-	-	(4,500,000) (1)	500,000	500,000	-
H. Solin	-	-	-	-	-	-	-
M. Hoyle	5,000,000 (2)	-	-	(5,000,000) (2)	-	-	-
J. Walls	-	-	-	-	-	-	-
B. Fulton	1,000,000 (2)	-	-	(1,000,000) (2)	-	-	-
Other key management personnel of the Group							
E. Hughes	-	-	-	-	-	-	-
D. Kelly	4,000,000 (2)	-	-	(4,000,000) (2)	-	-	-
M. Hoyle	5,000,000	-	-	(4,500,000) (1)	500,000	500,000	-
2009							
Directors of Altona Mining Limited							
J. Brewer	-	1,000,000	-	-	1,000,000	1,000,000	-
P. Ingram	5,000,000	-	-	-	5,000,000	5,000,000	-
M. Hoyle	1,000,000	4,000,000	-	-	5,000,000	1,000,000	4,000,000
J. Walls	-	-	-	-	-	-	-
B. Fulton	-	1,000,000	-	-	1,000,000	1,000,000	-
Other key management personnel of the Group							
D. Kelly	4,000,000	-	-	-	4,000,000	2,000,000	2,000,000

(1) These changes are as a result of the equity consolidation completed in February 2010.
(2) This is the director's / key management personnel's relevant interest on a pre-consolidated basis at resignation.

(e) Loans to key management personnel

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

(f) Other transactions

Related party transactions are disclosed in note 27.

	Consolidated Entity	
	2010	**2009**
	$	**$**
24. Remuneration of auditors		
Audit services		
Fees paid to BDO Audit (WA) Pty Ltd		
Amounts received or due and receivable by the auditors for:		
Audit or review of the financial reports of Altona Mining Limited	40,557	37,089
Taxation services		
Fees paid to BDO Corporate Tax (WA) Pty Ltd		
Amounts received, or due and receivable by the tax agent for:		
Tax compliance and corporate advice services	64,209	7,774
	104,766	**44,863**

BDO Audit (WA) Pty Ltd was appointed the company auditors on 30 November 1999. Rotation of audit directors occurred on 30 November 2006.

25. Contingent liabilities

(a) The Consolidated Entity 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 Consolidated Entity also has a liability for royalties payable to vendors contingent on the projects coming into production. Those royalties currently negotiated are:

- **Cameron River** – 0.4 % Net smelter return derived from mining operations on the Cameron River tenement.
- **Happy Valley** – 0.9 % Net smelter return derived from mining operations on the Happy Valley tenement.
- **Roseby** – 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.
- There are no royalties payable on tenements in Finland.

(b) The Consolidated Entity accepts that a contingent liability exists in relation to expenditure commitments for restoration and rehabilitation in relation to any applications for exploration licenses granted.

	Consolidated Entity	
	2010	**2009**
	$	**$**
26. Commitment for expenditure		
Lease commitments		
Commitments in relation to operating leases for office premises contracted for at the reporting date but not recognised as liabilities, payable:		
Not later than one year	162,769	123,734
Later than one year but not later than five years	843,841	-
	1,006,610	**123,734**

Altona Mining Limited signed a new operating lease in April 2010 for its office premises for a term of five years.

Exploration tenements

The Consolidated Entity accepts there may be a liability for minimum annual expenditure commitments in relation to maintaining exploration licenses over mineral tenements in good standing. Quantifiable amounts for granted tenements or those with some certainty are disclosed below.

	Consolidated Entity	
	2010	**2009**
	$	**$**
STATE GOVERNMENT AUTHORITY (1)		
Commitments required to maintain licences		
Not later than one year	1,548,160	3,008,907
Later than one year but not later than five years	10,033,283	11,965,827
Later than five years	1,610,740	1,141,596
	13,192,183	**16,116,330**

(1) Expenditure commitments contain amounts that have been proposed to be spent but not yet approved by the Department of Mines and Natural Resources.

Capital Expenditure Commitments

The Consolidated Entity has agreed to capital expenditure commitments in relation to agreements for purchase of mineral tenements as follows:

Dowmill Pty Ltd ('Dowmill') and Nosebi Mining and Management Pty Ltd ('Nosebi')
Pursuant to the terms of the agreements to purchase EL's 5812 (Collector), 5759 (Archer) and 5692 (Burra) from Dowmill and Nosebi (the 'Vendors'), the Vendors retain a 10% interest in each tenement, free carried in each case by the Consolidated Entity to the point where a decision to mine is made. Altona must meet the applicable expenditure commitment required to maintain the tenements in good standing. Archer has since been relinquished. Commitments for expenditure total $45,000 annually.

27. Related parties

Remuneration of Directors

Information on remuneration, share holdings and option holdings of directors is disclosed in note 33 and the Directors' Report.

Transactions with related parties

Dr Cowden has received cash advances in order to cover expenditure incurred in his activities as Managing Director of the Group of which $2,093 (2009: $1,311) was still outstanding at balance date.

Wholly owned group transactions

The Consolidated Entity consists of the Company and the entities included in note 29.

The ultimate parent in the wholly owned group is Altona Mining Limited.

The Group has advanced funds to wholly-owned subsidiaries. The advances are interest free and at the date of this report no repayment schedule has been agreed. These are repayable on demand.

Service fees are levied where the Group provides services of commercial value to another entity within the Group. The charge includes the direct costs of providing the services, such as assistance with project exploration, evaluation and development. The charge also includes a reasonable apportionment of the indirect costs of providing these services, such as non-corporate costs and non-technical staff costs incurred by the head office based in Western Australia that are devoted to the exploration projects. A profit mark-up of 7.5-10% is added to the fully absorbed cost of providing the services.

Service fees of $18,500 (2009: $1,118,105) were charged during the reporting period to wholly owned subsidiaries which are eliminated on consolidation.

28. Parent entity disclosures

Statement of Financial Position

	2010 $	2009 $
Assets		
Current assets	502,222	2,615,951
Non-current assets	43,414,670	15,224,627
Total assets	**43,916,892**	**17,840,578**
Liabilities		
Current liabilities	4,251,065	3,938,679
Non-current liabilities	11,590,316	10,652,821
Total liabilities	**15,841,381**	**14,591,500**
Equity		
Contributed equity	78,588,098	47,345,742
Accumulated losses	(51,800,326)	(44,754,095)
Reserves		
Share based payments reserve	706,637	657,431
Convertible notes equity reserve	581,102	-
Total parent entity equity	**28,075,511**	**3,249,078**

29. Investments in controlled entities

			Amount of Investment		Equity holding	
Name of entity	**Incorporated**	**Class of shares**	**2010 $**	**2009 $**	**2010**	**2009**
Vulcan Resources Limited (1)	Australia	Ordinary	28,087,632	-	100%	-
Roseby Copper Pty Ltd (1)	Australia	Ordinary	9,907,144	9,907,144	100%	100%
Kuhmo Nickel Limited (2)	United Kingdom	Ordinary	118,599	-	100%	-
Vulcan Finland (BVI) Limited (2)	British Virgin Islands	Ordinary	26	-	100%	-
Kylylahti Copper Oy (3)	Finland	Ordinary	12,251	-	100%	-
Vulcan Hautalampi Oy (3)	Finland	Ordinary	4,091	-	100%	-
Vulcan Kotalahti Oy (4)	Finland	Ordinary	4,091	-	100%	-
Kuhmo Metals Oy (4)	Finland	Ordinary	9,690	-	100%	-
Vulcan SW Finland Oy (4)	Finland	Ordinary	4,091	-	100%	-
Vulcan Exploration BV (5)	Netherland	Ordinary	29,287	-	100%	-

(1) Roseby Copper Pty Ltd and Vulcan Resources Limited 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 Limited.

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

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

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

30. Events occurring after balance date

On 2 August 2010, the Group announced the completion of the Definitive Feasibility Study of the Outokumpu Copper Project together with its intent to develop this project. Commencement of construction of this project is dependent upon the

Group raising sufficient funds through debt and equity. At the date of this report, the Group had issued an Information Memorandum and Invitation to Participate in Finance and Off-take of this project.

On 6 August 2010, at a General Meeting, shareholders approved the change of Universal Resources Limited's name to Altona Mining Limited and the issue of share rights as part of the employee incentive scheme. This name change was effected with the Australian and Securities Investment Commission on the same day with trading on ASX commencing under the ASX code AOH on 11 August 2010.

On 23 August 2010, Altona Mining Limited announced the divestment of several non-core tenements located in the Mt Isa area of Queensland, Australia to Syndicated Metals Limited. The consideration for the disposal is 1.5 million fully paid ordinary shares in Syndicated Metals Limited, but receipt of this consideration is subject to a number of conditions which at the date of this report have not yet been met.

	Consolidated Entity	
	2010	**2009**
	$	**$**
31. Non-cash financing and investing activities		
Ordinary shares issued in lieu of a cash payment of interest on converting notes	-	326,959
	-	**326,959**

The Group has acquired Vulcan Resources Limited and its subsidiaries by issuing shares – refer note 2.

32. Notes to cash flow statements

(a) Reconciliation of cash balances comprises:

	2010 $	2009 $
Cash on hand	1,306	302
Cash at bank	1,817,602	82,791
Cash on deposit	10,880,910	2,168,365
Total cash and cash equivalents	**12,699,818**	**2,251,456**

	Consolidated Entity	
	2010	2009
	$	$
(b) Reconciliation of profit / (loss) after income tax expense		
Profit / (loss) after income tax	5,467,208	(15,297,367)
Adjustments for:		
Depreciation and amortisation	101,900	98,028
Deferred exploration expenditure written off	-	1,160,947
Employee options	49,206	194,608
Employee benefits allocated to exploration	-	738,035
Loss on sale of fixed assets	16,622	-
Loss on issue of converting notes	-	11,195,336
Non-cash transaction (see note 31)	-	326,959
Finance costs	2,319,669	1,124,345
Net (loss) on foreign exchange	(815,329)	-
Tax offset accrued	(162,260)	(337,400)
(Gain) on acquisition of Vulcan Resources Limited (see note 2)	(14,704,158)	-
Change in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(835,467)	(214,451)
(Decrease) / increase in trade and other payables	229,036	(51,873)
(Decrease) / increase in provisions	842,595	(4,470)
(Decrease) / increase in other operating liabilities	-	(137,477)
Net cash outflows from operating activities	**(7,490,978)**	**(1,204,780)**

33. Share based payments

(a) Employee Share Option Plan

The Altona Mining Limited Employee Share Option Plan ('ESOP') was adopted for the purpose of recognising the efforts of, and providing incentive to, employees of the Group.

Under the plan the Group may offer options to subscribe for shares in the Group to eligible persons. Directors and part-time or full-time employees are Eligible Persons for the purposes of the ESOP. The directors of the Group in their absolute discretion determine the number to be offered and any performance criteria that may apply before options may be exercised. Offers made under the ESOP must set out the number of options, the period of the offer and the calculation of exercise price. The exercise price is determined with reference to the market value of the Group's shares at the time of resolving to make the offer.

Options are granted under the plan for no consideration, unless the directors determine otherwise.

On exercise, each 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 Eligible Person the options held by them will automatically lapse except if the person ceases to be an Eligible Person by reason of retirement at age 60 or over, permanent disability, redundancy or death, in which case the options may be exercised within three months of that event happening or such longer period as the Board determines.

Options may not be offered to a director or associates except where approval is given by shareholders at a general meeting.

Options issued under this ESOP carry no dividend or voting rights.

Amounts received on the exercise of options are recognised as share capital.

(b) Option valuation models

The assessed fair value 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 granted during the period ended 30 June 2010.

The assessed fair value at grant date of options granted during the year ended 30 June 2009 was 1.39 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, 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 model inputs for options granted during the period ended 30 June 2009 included:

Grant date	30 June 2008
Expiry date	16 December 2013
Quantity	6,000,000
Exercise price	$0.15
Consideration	Nil
Share price at grant date	6 cents
Expected price volatility of the Group's shares (1)	49.4%
Expected dividend yield	Nil
Risk-free interest rate	5.54%

The Group has assumed a volatility level of 49.4%, as determined by an independent valuation from Stanton Partners, given the industry in which the Group operates, its financial position and the volatility of listed shares of other companies comparable to Altona.

(c) Options outstanding

Unissued shares under option at the end of the financial year are as follows:

Number of ordinary shares subject to option	Expiration date	Exercise price
238,500	14 September 2010	$1.50
100,000	12 March 2012	$1.50
80,000	5 September 2011	$1.50
500,000	27 December 2012	$1.50
365,000	30 June 2013	$1.50
600,000	16 December 2013	$1.50

On 4 November 2009 shareholders approved the re-organisation of capital of the Group resulting in the exercise price of options changing from 15 cents to $1.50 on 8 February 2010.

There are no unissued shares under options at the end of the financial year other than those referred to above. The options do not entitle the holder to participate in any share issue of any other body corporate.

A total of 1,883,500 options were exercisable at 30 June 2010 at a weighted average exercise price of $1.50 (2009: 18,835,000 options at $0.15).

(d) 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:

	Consolidated Entity	
	2010	**2009**
	$	**$**
Options issued to directors and employees	**49,206**	**194,608**

Option expenses for the period ending 30 June 2010 relate to options granted in prior periods. This amount has been expensed during this period as a result of adherence with applicable accounting standards.

34. Earnings per share

	Consolidated Entity	
	2010	**2009**
	Cents	**Cents**
Basic and diluted earnings per share	**2.46**	**(1.54)**

	Consolidated Entity	
	2010	**2009**
	$	**$**
Profit / (Losses) used in calculating losses per share		
Earnings used in the calculation of basic and diluted earnings per share	**5,467,208**	**(15,297,367)**

	Consolidated Entity	
	2010	**2009**
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**221,874,357**	**992,935,320**

There are no converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted earnings per share.

35. Financial Risk Management

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

The Group manages its exposure to these risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are market risk (e.g. foreign currency risk, interest rate risk and price 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 interest rates and foreign exchange risk and assessment of market forecasts for interest rate 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 reviews and agrees policies for managing each of these risks as summarised below.

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 risks identified below, including future cash flow forecast projections.

(a) Market risk

Foreign currency risk

The Group has operations in Finland and as such the Group's Statement of Financial Position can be affected by movements in the Euro / $A exchange rates. The Group currently does not hedge its net investment in its foreign operations.

The Group also has transactional currency exposures. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

Approximately 16% (2009: nil%) of Group costs is denominated in currencies other than the functional currency of the entity incurring the cost. The Group attempts to mitigate the effect of its foreign currency exposure by acquiring Euros as per budgeted expenditures when the exchange rate is favourable.

At 30 June 2010, the Group had the following exposure to Euro foreign currency that is not designated in cash flow hedges:

	Consolidated Entity	
	2010	**2009**
	$	**$**
Financial assets		
Cash and cash equivalents	4,352,407	-
	4,352,407	-
Financial liabilities		
Trade and other payables	(350,747)	-
Net exposure	**4,001,660**	**-**

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. The sensitivity is also based on foreign currency risk exposures to financial asset and liability balances at balance date which are on average not expected to significantly increase over the next twelve months.

At 30 June 2010, 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:

	Post tax profit Higher / (Lower)	
	2010	**2009**
	$	**$**
Judgments of reasonably possible movements:		
Consolidated		
AUD / Euro + 5%	200,083	-
AUD / Euro - 5%	(200,083)	-

The movements in equity in 2010 are more or less sensitive than in 2009 depending on the level of Euro cash and cash equivalents of the reporting entity at balance date.

Price risk

The Group is exposed to equity securities price risk as it holds investments in securities classified on the Statement of Financial Position either as available-for-sale. The Group is not exposed to commodity price risk on its financial instruments.

Interest rate risk

The Group's exposure to interest rates related primarily to the Group's cash and cash equivalents. The converting notes are at fixed interest rates therefore do not subject the Group to cash flow interest rate risk.

At balance date, the Group had the following exposure to Australian variable interest rate risk.

	Consolidated Entity	
	2010 **$**	**2009** **$**
Financial assets		
Cash and cash equivalents	12,699,818	2,251,458
	12,699,818	**2,251,458**

The following sensitivity analysis is based on the interest rate risk exposure in existence at the Statement of Financial Position date. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Consolidated Entity Higher / (Lower)	
	2010 **$**	**2009** **$**
Judgments of reasonably possible movements:		
Pre tax profit		
+1.0% (100 basis points)	74,756	30,612
-1.0% (100 basis points)	(74,756)	(30,612)

The movements in profit are due to higher/lower interest income from cash balances. The movement in 2010 is more sensitive than in 2009 due to the cash balances being greater.

The Group's policy is to manage its finance exposures using a mix of fixed and variable rate financial product. 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.

(b) Credit risk

The Group's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (refer to note 8) and trade and other receivables (refer to note 9).

The Group trades only with recognised, credit worthy third parties. The Group only invests in high credit quality financial institutions with a credit rating of AA or better.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The earliest remaining contractual maturities of the Group's financial liabilities are:

	Consolidated Entity	
	2010	**2009**
	$	**$**
12 months or less	14,409,854	3,938,679
Greater than 12 months	-	11,927,026
	14,409,854	**15,865,705**

The principal amount of $14,409,854 is due to be settled by the issue of equity or Altona Mining Limited may elect to repay this amount in cash. The Group funds its activities through debt or equity raising in order to limit its liquidity risk.

(d) Fair values

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

As of 1 July 2009, Altona Mining Limited has adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) 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) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Assets				
Available-for-sale financial assets				
Equity securities	1,159,197	-	-	1,159,197
Total assets	**1,159,197**	**-**	**-**	**1,159,197**

The fair value of financial instruments traded in active markets such as available-for-sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The Group does not currently have any financial instruments that are not traded in an active market included in level 2 and 3.

The Group currently has convertible notes included as borrowings (refer to note 16). The face value of these notes on issue is $13,950,000.

36. 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 WA 6005

Directors' Declaration

The Directors of the Company declare that:

1. The 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 the Accounting Standard and the Corporations Regulations 2001; and

   (b) give a true and fair value of the consolidated entity's financial position as at 30 June 2010 and its performance for the year ended on that date.

2. The Company has included in the notes 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 pages 10 to 17 of the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2010, 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 21st day of September 2010

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

21st September 2010

Altona Mining Limited
Board of Directors
Ground Floor
1 Altona Street
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ALTONA MINING LIMITED

As lead auditor of Altona Mining Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Altona Mining Limited and the entities it controlled during the period.

C Burton

CHRIS BURTON
Director

BDO

BDO Audit (WA) Pty Ltd

Perth, Western Australia

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Australia

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 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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.

Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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 opinions.

Independence

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* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's 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 2010 and of it's performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Altona Mining Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO Audit
C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 21st day of September 2010

5.0 ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

The following information was applicable as at 17 September 2010.

SHAREHOLDINGS

Substantial shareholders

There were no substantial shareholders at 17 September 2010.

Class of shares and voting rights

At 17 September 2010, there were 5,703 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 him, or in respect of which he is 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 17 September 2010, there were options over 1,645,000 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 options have been exercised.

At 17 September 2010, there were 139,500 converting notes maturing 30 June 2011 on issue. These notes are unlisted with no voting rights until converted to ordinary shares.

At 17 September 2010, there were share rights over 5,000,000 unissued ordinary shares. There are no voting rights attached to the unissued 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.

Distribution of Share / Option / Converting note holders (as at 17 September 2010)

	Number of holders			
Category	**Ordinary shares**	**Unlisted options**	**Unlisted converting notes**	**Share Right**
1 – 1,000	1,257	-	7	-
1,001 – 5,000	1,716	-	1	-
5,001 – 10,000	902	-	-	-
10,001 – 100,000	1,542	4	-	-
100,001 and over	286	5	1	1
	5,703	**9**	**9**	**1**

There were 2,372 holders holding less than a marketable parcel of ordinary shares.

5.0 ASX Additional Information (continued)

Unquoted securities

The options on issue were issued as part of an Employee Incentive Scheme and are unquoted.

The unlisted converting notes are held by nine registered holders, with BBY Nominees Pty Ltd holding greater than 20% with a total of 132,600 notes.

The share rights were issued as part of an employment incentive and approved by shareholders at a general meeting held on 6 August 2010.

Restricted securities

There were no restricted securities as at 17 September 2010.

Twenty largest security holders (as at 17 September 2010)

Holder name	Ordinary shares Number	Ordinary shares %
National Nominees Limited	36,527,345	14.89
Tulla Resouces Group Limited	11,820,000	4.82
ANZ Nominees Limited	10,505,157	4.28
Merrill Lynch (Australia) Nominees Pty Limited	7,794,523	3.18
Finnish Industry Investment	7,329,500	2.99
Prufrock Partners Ltd	6,222,649	2.54
Sovereign Gold Nl/C	5,575,864	2.27
Dempsey Resources Pty Ltd	4,985,772	2.03
Drumfrochar Pty Ltd	4,211,756	1.72
Mount Isa Mines Limited	3,000,000	1.22
Code Nominees Pty Ltd	2,500,000	1.02
Leet Investments Pty Ltd	2,500,000	1.02
Sheerwater Pty Ltd	2,102,485	0.86
Piat Corp Pty Ltd	1,750,000	0.71
Macquarie Bank Limited	1,712,500	0.70
Citicorp Nominees Pty Limited	1,668,035	0.68
Bill Brooks Pty Ltd	1,644,000	0.67
Bt Portfolio Services Limited	1,606,667	0.66
Mr Michael Blakiston	1,536,935	0.63
Mr Peter Charles Hazelton + Mrs Billie Judith Hazelton	1,250,000	0.51
Total	**116,243,188**	**47.39**

Other information

Altona Mining Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Tenement Schedule

Australia

The following tenement schedule was applicable as at 17 September 2010.

QUEENSLAND

ROSEBY PROJECT

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)
Exploration Permit for Minerals						
EPM 8506	Mt Roseby	AOH / RCPL	19/08/2010 (2yr extn)	26/11/1991	25/11/2010	11,277
EPM 9056	Pinnacle	AOH / RCPL	26/07/2010 (2yr extn)	29/10/1992	28/10/2010	1,289
EPM 10266	Highway	AOH / RCPL		20/10/1994	31/12/2011	25,800
EPM 10833	Cameron	AOH / RCPL	28/09/2010 (2yr extn)	05/01/1996	31/12/2009	29,275
EPM 11004	Ogorilla	AOH / RCPL		23/04/1996	31/12/2011	8,035
EPM 11611	Gulliver	AOH / RCPL		09/03/2006	08/03/2011	2,900
EPM 12121	Gulliver East	AOH / RCPL		09/03/2006	08/03/2011	967
EPM 12492	Queen Sally	AOH / RCPL		09/03/2006	08/03/2011	4,193
EPM 12493	Quamby	AOH / RCPL		13/03/2006	12/03/2011	1,933
EPM 12529	Cabbage Tree	AOH / RCPL		13/03/2006	12/03/2011	2,578
EPM 13249	Lilliput	AOH / RCPL		20/03/2001	19/03/2011	3,222
EPM 14363	Bannockburn	AOH	15/01/2010 (2yr extn)	20/04/2005	19/04/2010	6,125
EPM 14365	Corella	AOH	20/04/2010 (2yr extn)	21/07/2005	20/07/2010	14,780
EPM 14535	Roseby Infill	AOH / RCPL		28/02/2005	27/02/2012	13,829
EPM 14545	Murrumba[(1)]	AOH	20/04/2010 (2yr extn)	21/07/2005	20/07/2010	4,820
EPM 14556	Coolullah	AOH	16/06/2010 (2yr extn)	22/09/2005	21/09/2010	6,135
EPM 14822	River Gum	AOH		10/04/2006	09/04/2011	3,546
Mineral Development Licence						
MDL 12	Little Eva	AOH / RCPL		14/11/1991	30/11/2011	16.30
MDL 80	Roseby	AOH / RCPL		23/01/1992	31/01/2012	102.20
MDL 81	Bedford	AOH / RCPL		04/03/1992	31/03/2012	32.00
MDL 82	Green Hills	AOH / RCPL		30/09/1991	30/09/2011	64.16
MDL 83	L. E. Insurance No 1 & 2	AOH / RCPL		23/01/1992	31/01/2012	11.89
MDL 84	L. E. Insurance No 3	AOH / RCPL		23/01/1992	31/01/2012	12.13
Mining Lease						
ML 2581	Scanlan 1	AOH / RCPL		10/01/1974	31/01/2012	129.50
ML 2582	Scanlan 2	AOH / RCPL		10/01/1974	31/01/2012	128.00
ML 2583	Scanlan 3	AOH / RCPL		10/01/1974	31/01/2012	129.50
ML 2584	Scanlan 4	AOH / RCPL		10/01/1974	31/01/2012	129.50
ML 2585	Scanlan 5	AOH / RCPL		10/01/1974	31/01/2012	129.50
ML 2600	Dugald River 58	AOH / RCPL		24/01/1974	31/01/2012	119.80
ML 2647	Lady Clayre / Rodex 1	AOH / RCPL		21/02/1974	31/01/2012	2.02
ML 2648	Lady Clayre / Rodex 2	AOH / RCPL		21/02/1974	31/01/2012	129.50
ML 2649	Lady Clayre / Rodex 3	AOH / RCPL		24/04/1974	31/01/2012	125.50
ML 2650	Lady Clayre / Rodex 4	AOH / RCPL		21/02/1974	31/01/2012	129.50
ML 2651	Lady Clayre / Rodex 5	AOH / RCPL		21/02/1974	31/01/2012	36.42
ML 2652	Rodex 6	AOH / RCPL		09/05/1974	31/01/2012	99.54
ML 2653	Rodex 7	AOH / RCPL		09/05/1974	31/01/2012	80.13
ML 2654	Rodex 8	AOH / RCPL		09/05/1974	31/01/2012	124.64

Tenement Schedule (continued)

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)
ML 2655	Rodex 9	AOH / RCPL		21/02/1974	31/01/2012	62.83
ML 7497	Longamundi	AOH / RCPL		30/07/1992	31/07/2012	12.70
ML 90048	Longamundi 2	AOH / RCPL		25/01/1995	31/07/2012	116.80
ML 90052	Scanlan 7	AOH / RCPL		25/01/1995	31/01/2012	4.36
ML 90053	Scanlan 8	AOH / RCPL		25/01/1995	31/01/2012	3.09
ML 90054	Scanlan 9	AOH / RCPL		25/01/1995	31/01/2012	0.03
ML 90055	Caroline Revised	AOH / RCPL		25/01/1995	31/01/2012	8.09
ML 90056	Rodex 10	AOH / RCPL		25/01/1995	31/01/2012	1.17
Mineral Selection						
MS 2874	Longamundi	AOH / RCPL		-	-	12.54
MS 3072	Little Eva	AOH / RCPL		-	-	16.19
Mining Lease Application						
MLA 90162	Scanlan	AOH / RCPL	08/04/2005	Pending		2,097
MLA 90163	Longamundi	AOH / RCPL	08/04/2005	Pending		1,411
MLA 90164	Blackard	AOH / RCPL	08/04/2005	Pending		5,131
MLA 90165	Little Eva	AOH / RCPL	08/04/2005	Pending		5,030
MLA 90166	Village	AOH / RCPL	08/04/2005	Pending		616
QUEENSLAND REGIONAL PROJECTS						
Exploration Permit for Minerals						
EPM 8059	Cameron River	AOH	08/07/2010 (2yr extn)	14/10/1991	13/10/2010	11,263
EPM 9611	Happy Valley	AOH		26/08/1993	25/08/2013	3,854
EPM 14362	Malbon Vale[1]	AOH	31/03/2010 (2yr extn)	05/07/2005	04/07/2010	3,847
EPM 14366	Bushy Park [1]	AOH		21/07/2005	20/07/2012	19,206
EPM 14367	Spider JV (Deep Yellow 51%, AOH 49%)	AOH	02/04/2010 (5yr extn)	21/07/2005	20/07/2010	8,045
EPM 14369	Dronfield [1]	AOH	16/06/2010 (5yr extn)	22/09/2005	21/09/2010	8,323
EPM 14370	Malakoff	AOH	14/04/2010 (2yr extn)	21/07/2005	20/07/2010	7,084
EPM 14371	Mt Angelay	AOH	12/03/2010 (2yr extn)	27/06/2005	26/06/2010	2,889
EPM 14415	Mt Malakoff	AOH	27/04/2010 (2yr extn)	02/08/2005	01/08/2010	3,201
NEW SOUTH WALES PROJECTS						
Exploration Licence						
EL 5692	Burra (Private interests 10%, AOH 90%)	AOH		07/02/2000	06/02/2012	2,035
AOH	*Altona Mining Limited*					
RCPL	*Roseby Copper Pty Ltd*					

[1] These tenements are currently in the process of being transferred under a sale agreement with Syndicated Metals Limited (refer to ASX release dated 23 August 2010).

Tenement Schedule (continued)

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)

Finland

KYLYLAHTI PROJECT

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)
Mining Licences						
3593/1a	Kylylahti	Kylylahti Copper Oy		1993		91.96
3593/1b	Kylylahti	Kylylahti Copper Oy		2003		12.22
3593/2a	Kylylahti 2	Kylylahti Copper Oy		2003		9.92
3593/1c	Kylylahti ML extension	Kylylahti Copper Oy	28/04/2006	05/09/2007		66.62
Claims						
7799/1	Kylylahti 1	Kylylahti Copper Oy	14/08/2009 (3yr extn)	Pending		30.63
7799/2	Kylylahti 2	Kylylahti Copper Oy	14/08/2009 (3yr extn)	Pending		60.85
7799/3	Kylylahti 3	Kylylahti Copper Oy	14/08/2009 (3yr extn)	Pending		95.71
7799/4	Kylylahti 4	Kylylahti Copper Oy	14/08/2009 (3yr extn)	Pending		50.62
7914/1	Saramäki 1	Kylylahti Copper Oy	25/01/2005	10/02/2005	31/12/2009	93.68
7906/1	Perttilahti 1	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	70.64
7906/2	Perttilahti 2	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	34.45
7906/4	Vuonos 2	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	65.24
7906/5	Vuonos 3	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	30.10
7906/3	Vuonos 1	Kylylahti Copper Oy	30/12/2004	10/02/2005	31/12/2009	85.47
8393/1	Polvikoski 1	Kylylahti Copper Oy	24/04/2007	26/11/2008	26/11/2013	97.70
8393/2	Polvikoski 2	Kylylahti Copper Oy	24/04/2007	26/11/2008	26/11/2013	94.20
8393/3	Kylylahti 6	Kylylahti Copper Oy	24/04/2007	26/11/2008	26/11/2013	16.90
8394/1	Saramäki 2	Kylylahti Copper Oy	03/05/2007	20/11/2008	20/11/2013	80.10
8525/1	Sukkula 1	Kylylahti Copper Oy	21/11/2007	26/02/2009	26/02/2014	84.19
8525/2	Sukkula 2	Kylylahti Copper Oy	21/11/2007	26/02/2009	26/02/2014	6.750

KUHMO JOINT VENTURE (Kuhmo Metals Oy 95%, Dragon 5% free carried)

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)
Mining Licences						
7014	Hietaharju	Kuhmo Metals Oy	14/03/2008			31.08
Claims						
Saarikylä belt						
7789	Vaara	Kuhmo Metals Oy	22/04/2009 (3yr extn)	Pending		60.82
8049/1	Kotisuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	25.05
8049/2	Kauniinlampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	88.94
8049/3	Hoikkalampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	84.02
8049/4	Rytys	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	91.05
8049/5	Vaara North	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	37.68
8396/1	Hoikka	Kuhmo Metals Oy	14/05/2007	25/11/2008	25/11/2013	83.30
8618/1	Hakovaara	Kuhmo Metals Oy	21/04/2008	06/04/2009	06/02/2014	93.30
8602/1	Vaara West	Kuhmo Metals Oy	10/03/2008	26/02/2009	26/02/2014	82.95
8708/1	Vaara NE	Kuhmo Metals Oy	07/11/2008	Pending		9.00
8708/2	Rytys SW	Kuhmo Metals Oy	07/11/2008	Pending		38.70
8708/3	Rytys East	Kuhmo Metals Oy	07/11/2008	Pending		45.10
8708/4	Rytys NW	Kuhmo Metals Oy	07/11/2008	Pending		38.40

Tenement Schedule (continued)

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)
8708/5	Kauniinvaara	Kuhmo Metals Oy	07/11/2008	Pending		28.40
Kiannanniemi						
7922/1	Peura-aho	Kuhmo Metals Oy	17/02/2005	16/03/2005	16/03/2010	64.29
8033/3	Peura-aho North	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	12.33
8033/1	Peura-aho East	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	7.03
8033/2	Peura-aho NE	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	10.15
8033/5	Peura-aho SW	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	8.34
8033/4	Peura-aho South	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	18.80
8618/3	Myllyaho 1	Kuhmo Metals Oy	21/04/2008	06/04/2009	06/04/2014	94.40
8618/4	Myllyaho 2	Kuhmo Metals Oy	21/04/2008	06/04/2009	06/04/2014	8.30
8745/1	Hietaharju North	Kuhmo Metals Oy	19/03/2009	Pending		30.10
8745/2	Tupakkiloma	Kuhmo Metals Oy	19/03/2009	Pending		59.30
8745/3	Murronkumpu	Kuhmo Metals Oy	19/03/2009	Pending		13.60
8745/4	Syrjäjoki	Kuhmo Metals Oy	19/03/2009	Pending		26.10
8745/5	Yliniitynsuo	Kuhmo Metals Oy	19/03/2009	Pending		37.80
8745/6	Uuransuo	Kuhmo Metals Oy	19/03/2009	Pending		31.40
Huutoniemi						
8476/1	Huutoniemi 1	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	20.51
8476/2	Huutoniemi 2	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	90.44
8476/3	Huutoniemi 3	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	95.79
8476/4	Huutoniemi 4	Kuhmo Metals Oy	12/09/2007	24/02/2009	24/02/2014	35.97
Moisiovaara						
8047/4	Luokkivaara	Kuhmo Metals Oy	16/09/2005	02/11/2005	02/11/2010	100.00
8055/1	Luokkipuro	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	73.88
8055/2	Hyyrylainen	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	13.04
8049/7	Sika-aho	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	92.45
8049/8	Paatola	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	36.98
8049/9	Likosuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	99.98
8049/10	Karsikkosuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	60.45
8049/11	Lehdonmaa	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	26.92
8049/12	Harju	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	19.11
8049/13	Yhteisenaho	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	33.74
8049/14	Selkajarvi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	97.44
8049/15	Kaartilanvaara	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	64.81
8049/16	Kaivolampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	13.03
8049/17	Paatolaislampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	34.50
8233/1	Kinnula	Kuhmo Metals Oy	12/09/2006	05/07/2007	05/07/2012	40.10
8233/2	Kupusenkangas	Kuhmo Metals Oy	12/09/2006	05/07/2007	05/07/2012	60.00
8242/6	Metsälä	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	36.50
8242/4	Viima-aho	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	51.50
8242/5	Rinneaho	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	94.60
8242/3	Kemppaanlehto	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	96.70
Arola – Harma North						
7457/1	Hautalehto 1	Kuhmo Metals Oy	10/10/2007 (extn)	12/11/2008	14/10/2010	21.60
7457/4	Korkea-aho	Kuhmo Metals Oy	10/10/2007 (extn)	12/11/2008	14/10/2010	52.11

Tenement Schedule (continued)

Number	Name	Holder	Applied	Granted	Expiry	Area (ha)
7923/1	Arola	Kuhmo Metals Oy	17/02/2005	16/03/2005	16/03/2010	54.20
8047/1	Arola South	Kuhmo Metals Oy	16/09/2005	02/11/2005	02/11/2010	47.00
8047/2	Palovaara South	Kuhmo Metals Oy	16/09/2005	02/11/2005	02/11/2010	12.90
8047/3	Tiikkaja-aho	Kuhmo Metals Oy	17/09/2005	02/11/2005	02/11/2010	20.40
8043/1	Kelosuo South	Kuhmo Metals Oy	01/09/2005	07/11/2005	07/11/2010	41.00
8049/18	Karhujarvi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	99.60
8049/19	Palovaara	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	92.52
8049/20	Putkisuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	83.09
8049/21	Kelosuo	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	47.33
8049/22	Pitkaaho	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	75.50
8242/2	Antinaho	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	48.10
8242/1	Nyberginlehto	Kuhmo Metals Oy	21/09/2006	09/07/2007	09/07/2012	45.30
8500/1	Korkea-aho 2	Kuhmo Metals Oy	10/10/2007	23/02/2009	23/02/2014	11.98
8500/2	Korkea-aho 3	Kuhmo Metals Oy	10/10/2007	23/02/2009	23/02/2014	9.62
8762/1	Naurissuo	Kuhmo Metals Oy	28/04/2009	Pending		39.68
8762/2	Tiikkaja-aho 2	Kuhmo Metals Oy	28/04/2009	Pending		19.95
Kuhmo Area						
8055/3	Siivikkovaara	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	14.72
8055/4	Niemenkyla	Kuhmo Metals Oy	04/10/2005	02/11/2005	02/11/2010	33.56
8049/24	Riihilampi	Kuhmo Metals Oy	29/09/2005	03/11/2005	03/11/2010	23.77
Reservations						
2009026	Moisio 1	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	742
2009026	Moisio 2	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	891
2009026	Moisio 3	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	790
2009026	Tapanikylä 1	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	890
2009026	Tapanikylä 2	Kuhmo Metals Oy	24/04/2009	07/05/2009	24/04/2010	746
Tulikivi Oyj claims. Base metals rights held by Kuhmo Metals Oy and gold rights by Polar Mining Oy						
7871/1	Savelahti	Tulikivi Oyj	15/09/2004	08/11/2004	08/11/2009	3.70
Kylylahti Copper Oy Nickel-Copper-PGE Tenements						
Claims						
8366/1	Haukiaho 1	Kylylahti Copper Oy	20/03/2007	21/10/2008	21/10/2013	95.30
8366/2	Haukiaho 2	Kylylahti Copper Oy	20/03/2007	21/10/2008	21/10/2013	89.70
8676/1	Haukiaho 3	Kylylahti Copper Oy	01/09/2008	07/04/2009	07/04/2014	88.30
8676/2	Haukiaho 4	Kylylahti Copper Oy	01/09/2008	07/04/2009	07/04/2014	99.00
8704/1	Haukiaho 11	Kylylahti Copper Oy	31/10/2008	Pending		93.20
Reservations						
2008105	Rusamo	Kylylahti Copper Oy	31/10/2008	26/11/2008	31/10/2009	856

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