FORM 51-102F1
COPPER MOUNTAIN MINING CORPORATION
(The "Company")

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

February 16, 2018

Introduction

Management's discussion and analysis ("MD&A") focuses on significant factors that affected Copper Mountain Mining Corporation's performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 3 of the audited consolidated financial statements for the year ended December 31, 2017. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

Forward-Looking Statements

This MD&A contains certain "forward looking statements" and "forward looking information" (collectively, "forward-looking information") within the meaning of applicable Canadian and United States securities legislation. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "guidance", "scheduled", "estimates", "forecasts", "strategy", "target", "intends", "objective", "goal", "understands", "anticipates" and "believes" (and variations of these or similar words) and statements that certain actions, events or results "may", "could", "would", "should", "might" "occur" or "be achieved" or "will be taken" (and variations of these or similar expressions). All of the forward-looking information in this MD&A is qualified by this cautionary note.

Forward looking information includes, but is not limited to, statements with respect to the anticipated timing, mechanics, completion and settlement of the Offer (as defined below) to acquire all of the issued and outstanding shares of Altona Mining Limited ("Altona"), the market for and listing of the common shares we may issue pursuant to the Offer, the value of our common shares that may be received as consideration under the Offer, our ability to complete the transactions contemplated by the Offer, the development and financing of Altona's Cloncurry Copper Project (the "Cloncurry Copper Project"), the purpose of the Offer, the completion of any compulsory acquisition or subsequent acquisition transaction in connection with the Offer and any commitment to acquire outstanding shares of Altona, our objectives, strategies, intentions, expectations and guidance and future financial and operating performance and prospects, production at our Copper Mountain Mine and additional funding under our equipment financing transaction with Komatsu International (Canada) Inc. or expectations with respect to additional credit facilities, the anticipated effect of external factors on revenue, such as commodity prices, anticipated exploration and new development expenditures at Copper Mountain and activities and the possible success of such activities, estimation of mineral reserves and resources, mine life projections, timing and amount of estimated future production, reclamation costs, economic outlook, government regulation of mining operations, and business and acquisition strategies.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

Although the Company believes the expectations expressed in such forward-looking information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Factors that could cause the actual results to differ materially from those in forward-looking information include, but are not limited to: general business, economic, competitive, political and social uncertainties; the limited operating history of the Company; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labor costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses, detrimental events that interfere with transportation of concentrate or the smelters ability to accept concentrate, including declaration of Force Majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; failure to comply with restrictions and covenants in senior loan agreements, actual results of current exploration activities; volatility in Company's publicly traded securities; and the factors discussed in the section entitled "Risk Factors" in the Company's annual information form and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources. This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves."**

Information concerning Altona. Except as otherwise expressly indicated herein, the information concerning Altona contained in this MD&A has been taken from and is based solely upon Altona's public disclosure on file with the relevant securities regulatory authorities. Altona has not reviewed this document and has not confirmed the accuracy and completeness of the information in respect of Altona contained in this MD&A. Although we have no knowledge that would indicate that any information or statements contained in this MD&A concerning Altona taken from, or based upon, such public disclosure contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, none of our directors or officers have verified the accuracy or completeness of such information or statements or are aware of any failure by Altona to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information or statements. We have no means of verifying the accuracy or completeness of any of the information contained herein that is derived from Altona's publicly available documents or records or whether there has been any failure by Altona to disclose events that may have occurred or may affect the significance or accuracy of any information. Except as otherwise indicated, information concerning Altona is given based on information in Altona's public disclosure available as of the date of the Offer.

Highlights

(In thousands of CDN$, other than per share and per pound amounts)	Three months ended December 31, 2017 $	2016 $	Year ended December 31, 2017 $	2016 $
Revenues	85,687	84,523	304,080	277,996
Cash flow from operations	17,445	22,518	57,274	46,937
Gross profit	20,013	15,836	59,095	19,666
Operating income	17,873	14,164	50,151	12,924
Adjusted earnings (loss) [1]	20,374	7,090	35,786	(11,717)
Net income	23,538	2,881	67,339	11,597
Income attributable to shareholders of the Company	16,479	2,098	47,963	7,723
Earnings per share[2]	0.12	0.01	0.36	0.06
Adjusted earnings (loss) per share [3]	0.15	0.06	0.27	(0.09)
EBITDA[4]	31,566	20,760	122,504	79,082
Adjusted EBITDA[5]	28,402	24,969	90,951	55,768
Cash and cash equivalents			45,133	31,409
Working capital			6,893	(791)
Equity			265,285	195,533
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$1.60	$1.30	$1.38	$1.17
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$2.05	$1.69	$1.81	$1.60
Realized copper price (US$)	$3.12	$2.35	$2.82	$2.19

Year-end Results and Highlights

- Copper, gold and silver production for the 2017 year at the Copper Mountain Mine was 75.8 million pounds of copper, 23,600 ounces of gold and 277,000 ounces of silver.
- Revenue for the year was $304 million from the sale of 73.9 million pounds of copper, 23,800 ounces of gold, and 264,800 ounces of silver, net of pricing adjustments.
- Cash flows from operations before changes in working capital items for the year were $102.8 million.
- Gross profit for the year was $59.1 million.
- EBITDA was $122.5 million for the year.
- Adjusted EBITDA was $91.0 million for the year.
- Site cash costs for the year were US$1.38 per pound of copper produced net of precious metal credits.
- Total cash costs for the year were US$1.81per pound of copper sold net of precious metal credits and after all off-site charges.
- Realized prices on metal sales in the quarter were US$3.12 per pound of copper, US$1,279 per ounce of gold and US$16.77 per ounce of silver.

[1]Adjusted earnings (loss) is a non-GAAP financial measure which removes unrealized gains/losses on interest rate swaps, pricing adjustments on concentrate metal sales and foreign currency gains/losses. Comparatives have been adjusted to include pricing adjustments on concentrate metal sales for comparison.

[2] Calculated based on weighted average number of shares outstanding under the basic method based on earnings attributable to shareholders.

[3] Calculated by dividing the total adjusted earnings by the weighted average number of shares outstanding under the basic method.

[4] Earnings before interest, taxes, depreciation and amortization. Refer to the Non-GAAP Performance measures section of this MD&A.

[5] Adjusted EBITDA is a non GAAP financial measure which removes unrealized gains/losses on interest rate swaps, pricing adjustments on concentrate metal sales and foreign currency gains/losses. Refer to the Non-GAAP Performance measures section of this MD&A.

Recent Developments

Offer to Acquire Altona

On November 19, 2017, the Company announced it had entered into an agreement to acquire the entire issued capital of Altona Mining Limited ("Altona"). The transaction is subject to shareholder approval and will be voted on by Copper Mountain and Altona shareholders in the latter part of March 2018. Under the terms of the agreement, Altona shareholders will be entitled to 0.0974 of either a CHESS Depositary Interest of Copper Mountain, which will trade on the Australian Securities Exchange or, if elected, a Copper Mountain common share, which trades on the Toronto Stock Exchange. The agreement values Altona at an enterprise value of approximately $91 million.

Overview

Copper Mountain Mining Corporation is a mid-tier copper-gold producing company that was incorporated under the provisions of the British Columbia *Company Act* on April 20, 2006. The Company owns 75% of the Copper Mountain mine through a subsidiary and Mitsubishi Materials Corporation ("MMC") owns the remaining 25%.

Following the successful exploration programs of 2007 and 2008 the Company completed an updated Feasibility Study and committed to the development of the Copper Mountain mine. On April 1, 2010 the BC Government issued the approval that allowed for construction of the $438 million development. Mechanical completion of the concentrator and associated facilities was achieved on budget and on schedule at the end of May 2011. Commissioning was finished by the end of June 2011. Production of copper concentrate commenced during the third quarter of 2011.

The development plan was based on mining over time the three existing open pits into one larger super pit and constructing a 35,000 tonnes per day (tpd) concentrator designed to produce approximately 100 million pounds of copper per year in a copper concentrate with gold and silver credits. Over the initial mine life the mine is planned to produce 1.48 billion pounds of copper, 4,490,400 ounces of silver and 452,000 ounces of gold.

In 2013 management confirmed that the ore was harder than anticipated in the mill design and a secondary crusher was necessary. Construction of the $40 million permanent secondary crushing facility was initiated at the end of 2013 and completed in mid-2014. Since early 2015 the mill has been operating at rates in excess of the 35,000 tpd design capacity. Management continues to focus on maximizing production while minimizing costs.

The Company trades on the Toronto Stock Exchange under the trading symbol "CMMC".

Copper Mountain Mine

The Copper Mountain mine is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Based on current reserves, the mine has a life of 16 years from January 1, 2018. The property consists of 135 Crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

The mine is a conventional open pit, truck and shovel operation. Mining is divided into multiple development phases with sequential pushbacks in each of the three main pit areas. This development sequence is designed to maximize the discounted cash flow based on the ore value which is reflected in the planned pit phases. In order to maximize the profit in the initial years, the Company is processing ore greater than 0.21% Cu, while ore that is less than 0.21% Cu but greater than 0.1% Cu is being mined and stockpiled (low grade stockpile) for processing in later years.

The Company's mining equipment fleet consists of two Komatsu PC 8000 hydraulic shovels, a Hitachi EX 5500 hydraulic shovel, eighteen Komatsu 240 tonne capacity haul trucks, seven Euclid 260 tonne haul trucks, a Komatsu WA 1200 loader, four Komatsu D375 dozers, and three Caterpillar 16G graders plus other support equipment typical of an operation of this size.

The mill is comprised of one SAG mill, two ball mills, a rougher floatation circuit, regrind mill, a cleaner floatation circuit, a concentrate thickener, and a pressure filter that produces copper concentrate at 9% moisture. Copper concentrate containing about 25% copper is trucked from the mine to the port of Vancouver where it is placed in a 20,000 tonne capacity storage shed for loading onto ocean going vessels for transportation to Japan.

Mining activities continued to be focused in the Pit #2, Saddle and Oriole areas for the fourth quarter of 2017 with a majority of ore coming from the Pit #2 area. Oriole accounted for about 8% of the ore processed during the period. During the year a total of 72.6 million tonnes of material was mined, including 26.2 million tonnes of ore and 46.4 million tonnes of waste for a strip ratio of 1.77:1. High equipment mechanical availability was maintained during the quarter which helped contribute to the above average mining rates of 198,900 tonnes per day moved, well above our 2017 mining guidance rate of 180,000 tonnes per day moved. Mining costs per tonne during the year was $1.69 per tonne moved.

During the year the mill processed a total of 14.1 million tonnes of ore grading 0.317% copper to produce 75.8 million pounds of copper, 23,600 ounces of gold, and 277,000 ounces of silver. Mill recoveries were 77.2% for the year while mill operating time was 90.3%. Mill throughput increased during the second half of the year as planned, after the replacement of the SAG bull gear. The mill achieved an average throughput rate of 38,600 tpd for the 2017 year.

During the year, the Company completed a total of thirteen shipments of copper concentrate containing approximately 73.9 million pounds of copper, 23,800 ounces of gold, and 264,800 ounces of silver which generated $304 million in revenue net of treatment and refining charges and pricing adjustments. Gold and silver revenues accounted for about 14% of gross revenues during the year.

The Company currently has 461 operating employees engaged at the mine site and continues to maintain an excellent safety record.

The following table sets out the major operating parameters for the mine for the three months and year ended December 31, 2017.

Mine Production Information*	**Three months ended December 31,**		**Year ended December 31,**	
Copper Mountain Mine (100% Basis)	**2017**	**2016**	**2017**	**2016**
Mine:				
Total tonnes mined (000's)[6]	18,998	17,477	72,598	68,780
Ore tonnes mined (000's)	7,370	6,073	26,204	23,421
Waste tonnes (000's)	11,628	11,404	46,393	45,359
Stripping ratio	1.58	1.88	1.77	1.94
Mill:				
Tonnes milled (000's)	3,692	3,791	14,086	14,238
Feed Grade (Cu%)	0.32%	0.31%	0.32%	0.32%
Recovery (%)	75.1%	79.4%	77.2%	81.6%
Operating time (%)	93.4%	93.7%	90.3%	92.1%
Tonnes milled (TPD)[7]	40,130	41,200	38,600	38,900
Production:				
Copper production (000's lbs)	19,500	20,800	75,800	82,900
Gold production (oz)	5,200	7,100	23,600	30,800
Silver production (oz)	70,400	71,100	277,000	291,900
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$1.60	$1.30	$1.38	$1.17
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$2.05	$1.69	$1.81	$1.60

Exploration – Mine Site

The Company began a summer 10,000m exploration drilling program at the Copper Mountain Mine. The 2017 program was targeting to further extend Pit 2 to the West and to follow up on the 2016 drilling that indicated a significant north-west extension of Pit 2. Drilling south west of Pit 2 continued to intercept mineralization, but was intermittent as drilling moved outside of the western extremities of the current pit limits, indicating that additional drilling may be required.

During the year, the Company completed a review of historical data from the New Ingerbelle Pit and completed a 14 hole 5,000 metre diamond drill program. Historical drill data in the Ingerbelle deposit consisted of 582 drill-holes totalling 80,500 metres, approximately half of which are below the previously mined area. Drill hole locations were designed to intersect the historically defined mineralization in an evenly distributed pattern to the extent that topography, and water or backfilled areas allowed. The 35 significant drill intersections from the current program, were tabulated in the Company's February news release and had an average Cu Eq grade of 0.48% (0.34% Cu, 0.70g/t Ag and 0.22g/tAu).

The Ingerbelle resource, estimated from the historical data (inferred) that is within a whittle pit shell, generated using a US$2.75 copper price and current mine costs, contains 104Mt grading 0.42% Cu Eq. (0.30% Cu and 0.20g/t Au) based on a 0.2% copper cut-off grade. A revised resource estimate, using both historical and new

[6] Excludes ore re-handle from stockpile
[7] Tonnes per day
* production numbers may not total due to rounding

drill data, will be completed in the near future. Additional drill programs and engineering studies will be designed to upgrade resources to reserve status and targeted to define sufficient reserves that could contribute an additional 10 years of production to Copper Mountain's life-of-mine plan.

Results of Operations

	Three months ended December 31,		Year ended December 31,	
	2017	**2016**	**2017**	**2016**
(CDN$)	**$**	**$**	**$**	**$**
Revenues	85,687	84,523	304,080	277,996
Cost of sales[8]	(65,674)	(68,687)	(244,985)	(258,330)
Gross profit	**20,013**	**15,836**	**59,095**	**19,666**
Other income and expenses				
General and administration	(1,131)	(1,150)	(6,757)	(5,594)
Property investigation	-	(338)	(35)	(338)
Share based compensation	(1,030)	(184)	(2,152)	(810)
Operating income	**17,852**	**14,164**	**50,151**	**12,924**
Pricing adjustments on concentrate and metal sales	(4,404)	(3,134)	(10,691)	(11,041)
Finance income	(41)	56	319	199
Finance expense	(3,368)	(3,418)	(13,070)	(12,642)
Current resource tax expense	(621)	(578)	(1,879)	(1,157)
Deferred income and resource tax recovery	10,956	-	10,956	-
Adjusted earnings[9] **(loss)**	**20,374**	**7,090**	**35,786**	**(11,717)**
Pricing adjustments on concentrate and metal sales	4,404	3,134	10,691	11,041
Unrealized gain (loss) on interest rate swap	610	2,580	(87)	(91)
Unrealized (loss) gain on foreign exchange	(1,871)	(9,923)	20,949	13,007
Loss on sale of fixed asset	-	-	-	(643)
Net income and comprehensive income for the period	**23,517**	**2,881**	**67,339**	**11,597**
Net income and comprehensive income attributable to:				
Shareholders of the company	16,479	2,098	47,963	7,723
Non-controlling interest	7,059	783	19,376	3,874
	23,538	**2,881**	**67,339**	**11,597**
Earnings per share	**0.12**	**0.01**	**0.36**	**0.06**
Adjusted earnings (loss) per share	**0.15**	**0.06**	**0.27**	**(0.09)**

[8] Cost of sales consists of direct mining and milling costs (which include mine site employee compensation and benefits, mine site general and administrative costs, non-capitalized stripping costs, maintenance and repair costs, operating supplies and external services), depreciation and offsite transportation costs.

[9] Adjusted earnings (loss) is a non-GAAP financial measure which excludes unrealized gains/losses on derivative instruments, changes in fair value of financial instruments, foreign currency gains/losses, pricing adjustments related to metal sales and non-recurring transactions.

For the Three Months Ended December 31, 2017

The Copper Mountain mine produced 19.5 million pounds of copper during the three months ended December 31, 2017 as compared to 20.8 million pounds of copper in the fourth quarter of the prior year. The mine shipped and sold a total of 18.0 million pounds of copper, 5,000 ounces of gold, and 65,400 ounces of silver during the three months ended December 31, 2017; compared to a total of 21.0 million pounds of copper, 7,200 ounces of gold and 83,300 ounces of silver during the three months ended December 31, 2016. Site cash costs were US$1.60 per pound of copper produced, net of precious metal credits, and total cash costs were US$2.05 per pound sold, net of precious metal credits, for the three months ended December 31, 2017; compared to site cash costs of US$1.30 per pound of copper produced and total cash costs of US$1.69 per pound of copper sold, net of precious metal credits for the three months ended December 31, 2016.

During the period the Company recognized revenues of $85.7 million, net of pricing adjustments and treatment charges based on an average provisional copper price of US$3.12 per pound; compared to revenues of $84.5 million net of pricing adjustments and an average copper price of US$2.35 per pound for the period ended December 31, 2016. Mining operations for the three month period ended December 31, 2017 resulted in gross profit of $20.0 million as compared to a gross profit of $15.8 million for the period ended December 31, 2016. The increase in net income for the quarter was directly attributable to the increase in the average realized copper price during the quarter as compared to the comparative 2016 quarter.

Cost of sales represent direct mining and milling costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. The cost of sales for the three month period ended December 31, 2017, was $65.7 million compared to $68.7 million for the three month period ended December 31, 2016.

General and administration expenses for the three months ended December 31, 2017, were $1.1 million compared to $1.1 million for the three months ended December 31, 2016.

Other items recorded include finance expense of $3.4 million, current resource tax expense of $0.6 million and a deferred income tax recovery of $11.0 million for the three months ended December 31, 2017, compared to finance expense of $3.4 million, and current resource tax expense of $0.6 million for the three months ended December 31, 2016. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees. The increase in deferred income tax recovery is primarily related to the increase in copper price and increased expected taxable income in the future for which the Company expects to utilize such deferred income tax assets against in the future.

For the Year Ended December 31, 2017

The Copper Mountain mine produced 75.8 million pounds of copper during the year ended December 31, 2017, compared to 82.9 million pounds of copper produced in the prior year. The mine shipped and sold 73.9 million pounds of copper, 23,800 ounces of gold, and 264,800 ounces of silver during the year ended December 31, 2017; compared to 82.7 million pounds of copper, 29,900 ounces of gold and 283,900 ounces of silver during the year ended December 31, 2016. Site cash costs were US$1.38 per pound of copper produced, net of precious metal credits and total cash costs were US$1.81 per pound sold, net of precious metal credits for the year ended December 31, 2017; compared to site cash costs of US$1.17 per pound of copper produced and total cash costs of US$1.60 per pound of copper sold, net of precious metal credits for the year period ending December 31, 2016.

During the period the Company recognized revenues of $304 million, net of pricing adjustments and treatment charges based on an average realized copper price of US$2.82 per pound; compared to revenues of $278 million net of pricing adjustments and an average realized copper price of US$2.19 per pound for the year ended December 31, 2016. Gross profit for the year ended December 31, 2017 was $59.1 million as compared to $19.7 million for the year ended December 31, 2016. The Company reported net income attributable to the shareholders of the Company of $48.0 million or $0.36 per share for the year ended December 31, 2017, compared to a net income of $7.7 million or $0.06 per share for the year ended December 31, 2016. The net income for the year ended December 31, 2017, included a non-cash unrealized foreign exchange gain of $20.9 million which was primarily related to the Company's debt that is denominated in U.S. dollars. This compares to a non-cash unrealized foreign exchange gain of $13.0 million which was primarily related to the Company's debt that is denominated in U.S. dollars for the year ended December 31, 2016.

Cost of sales represent direct mining and milling costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. The cost of sales for the year ended December 31, 2017, was $245.0 million compared to $258.3 million for the year ended December 31, 2016.

General and administration expenses for the year ended December 31, 2017, was $6.8 million compared to $5.6 million for the year ended December 31, 2016. Non-cash share based compensation reflected an expense of $2.2 million for the year ended December 31, 2017, compared to an expense of $0.8 million for the year ended December 31, 2016.

Other items recorded under other income and expense include finance income of $0.3 million, finance expense of $13.1 million, resource tax expense of $1.9 million, a deferred income tax recovery of $11.0 million compared to finance income of $0.2 million, finance expense of $12.6 million and a resource tax expense of $1.2 million for the prior period. Finance expense primarily consists of interest on loans and the amortization of financing fees. The increase in deferred income tax recovery is primarily related to the increase in copper price and increased expected taxable income in the future for which the Company expects to utilize such deferred income tax assets against in the future.

Selected Annual Information

	Years ended December 31, 2017 $	2016 $	2015 $
Revenue	304,080	277,996	241,987
Net income (loss)	67,339	11,597	(102,871)
Earnings (loss) attributed to shareholders	47,963	7,723	(78,451)
Basic earnings (loss) per share	0.36	0.06	(0.66)
Diluted earnings (loss) per share	0.35	0.06	(0.66)
Total assets	667,949	647,790	647,305
Total non-current liabilities[10]	266,975	345,544	386,457

Summary of Quarterly Results

The following table contains selected quarterly financial information derived from the Company's unaudited quarterly financial statements and should be read in conjunction with the consolidated quarterly financial statements, which are reported under IFRS applicable to interim financial reporting.

Quarter	Revenue[11] $	Net income (Loss) $	Profit (Loss) Attributable to Shareholders $	Cash flow from operations $	Earnings (Loss) per Share Basic $	Earnings (Loss) per Share Diluted $
December 31, 2017	85,687	23,538	16,479	17,445	0.12	0.12
September 30, 2017	77,151	26,573	19,538	11,109	0.15	0.14
June 30, 2017	67,146	10,111	7,223	25,870	0.05	0.05
March 31, 2017	74,096	7,117	4,723	2,850	0.04	0.04
December 31, 2016	84,523	2,881	2,098	22,518	0.01	0.01
September 30, 2016	72,195	(7,937)	(6,098)	15,862	(0.05)	(0.05)
June 30, 2016	62,552	(2,275)	(1,894)	13,720	(0.02)	(0.02)
March 31, 2016	58,726	18,928	13,617	(5,163)	0.11	0.11

Cash flow from operations and Net Income (Loss) and Profit (Loss) attributable to the shareholders varies from period to period primarily as a result of operational performance discussed in the overview section above, and non-cash items such as; changes in foreign exchange rates, share based compensation charges, inventory write-downs and valuation of the interest rate swap related to a portion of the Company's long-term debt denominated in U.S. dollars.

Management of the Company believe that as a result of the Company having U.S. denominated debt, selling Copper, Gold and Silver in U.S. dollars and reporting the financial statements in Canadian dollars, the unrealized foreign exchange loss or gain each quarter can have a significant impact on the results of the Company if the reader of the financial statements is just looking at net income only. As a result, management believe that readers of the financial statements would also benefit by looking to adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per share, which removes unrealized foreign exchange losses and gains as an alternative to evaluate the Company's performance during the period. The following table contains selected quarterly non-GAAP financial information derived from the Company's financial statements and should be read in conjunction with the consolidated quarterly financial statements which are reported under IFRS applicable to interim financial reporting.

[10] Non-current liabilities include decommissioning and restoration provision, interest rate swap liability and long-term debt.
[11] Net of treatment and refining charges and price adjustments

Quarter	Revenue[6] $	Adjusted EBITDA $	Cash Flow from Operations before working capital changes $	Adjusted Earnings $	Adjusted Earnings (Loss) per Share Basic $
December 31, 2017	85,687	28,402	31,597	20,374	0.15
September 30, 2017	77,151	27,412	31,570	11,051	0.08
June 30, 2017	67,146	19,108	18,786	4,033	0.03
March 31, 2017	74,096	16,030	20,843	4,304	0.00
December 31, 2016	84,523	24,969	22,518	7,090	0.06
September 30, 2016	72,195	16,611	17,622	(1,332)	(0.01)
June 30, 2016	62,552	10,043	14,335	(5,313)	(0.04)
March 31, 2016	58,726	7,194	15,161	(7,880)	(0.07)

Liquidity Risk

As at December 31, 2017, the Company had working capital of $6.9 million compared to a negative working capital of $0.8 million at December 31, 2016. Included in working capital is $43.6 million due to MMC (Note 16 (c)) and this amount is not expected to be repaid within the next twelve months, which, has the effect of increasing the Company's working capital to $50 million at the end of the year. The Company has no future material commitments for capital expenditures as of December 31, 2017.

The recent strength in US denominated commodity prices have had a positive impact on the Company's operating results, increasing income from operations and cash generated from operating activities. During the year the Company recorded income from operations of $50.2 million as compared to $12.9 million for the previous year and recorded cash from operating activities (before working capital changes) of $102.8 million as compared to $68.9 million for the previous year. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$33.8 million, which the Company expects to be able to fund through cash on hand and cash flows generated from operations. However, the current commodity price and exchange rate environment can be volatile and accordingly will have an impact on the Company's cash flows.

Despite the higher copper price being realized for the year, the Company continues to review its near term operating plans and continues to take steps to reduce costs and maximize cash flow from operations, while still maintaining copper output levels. The Company remains vigilant for ongoing opportunities to reduce costs and improve net cash generation.

The Company holds its excess cash in interest bearing accounts or in cashable Guaranteed Investment Certificates at major Canadian or United States banks.

As at December 31, 2017 the Company had a total of $8.2 million on deposit with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company receives interest from these funds on deposit.

As at December 31, 2017, the Company had the following consolidated contractual obligations:

	Contractual Obligation (CDN$)			
Annual repayments	Long term debt	Lease obligations	Decommissioning & restoration provision	Trade Accounts payable
2018	41,156	6,401	-	23,882
2019	45,628	5,576	-	-
2020	50,608	-	-	-
2021	65,342	-	-	-
2022	59,496	-	-	-
2023 and later	32,849	-	6,260	-
Total	**295,080**	**11,977**	**6,260**	**23,882**

Cash to meet the Company's future cash commitments will come from existing cash on hand and from cash flow from operations. The Company manages liquidity by continuously monitoring and forecasting cash flows.

The Company had no material commitments for capital expenditures as of December 31, 2017.

Capital Resources

As at December 31, 2017 the Company had a total of $71.7 million of capital resources in the form of $45.1 million in cash and cash equivalents, $15.3 million in concentrate sales receivables, and $11.3 million of concentrate inventory. Cash on hand at any particular point in time is variable depending on timing of shipments and timing of finalization of past shipments. During the year, the Company generated an increase in cash of $13.7 million after making all senior credit facility and term debt principal and interest payments.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

All transactions with related parties have occurred in the normal course of the Company's operations and have been measured at their fair value as determined by management.

- During the year ended December 31, 2017 the Company sold copper concentrates to MMC with revenues totalling $304,080 (2016 - $277,996) including pricing adjustments.

- During the year ended December 31, 2017 the Company accrued interest on the subordinated loan with MMC totalling $467 (2016 - $467).

- As at December 31, 2017 the Company has accrued to MMC a guarantee fee related to the Term Loan of $2,919 (2016 - $2,767). The Company has also received funding advances from MMC totalling $39,035 (2016 - $19,054). These advances bear interest at 2.88% to 4.80% with total accrued interest of $901 (2016 - $833).

- A company controlled by a director of the Company agreed to purchase 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company has the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director has the irrevocable right to put the land to the Company at any time after January 16, 2016. The purchase price of the land is $1,530 plus out of pocket expenses.

- Key management includes the Company's directors and officers. Compensation awarded to key employees includes:

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
	$	$	$	$
Salaries and short-term employee benefits	376	378	2,480	1,964
Share-based payments	809	219	1,640	655
	1,185	**575**	**4,120**	**2,619**

Proposed Transactions

See recent developments regarding the acquisition of Altona Mining Limited

Critical Accounting Estimates

The Company's significant accounting policies are presented in note 3 of the audited consolidated financial statements for the year ended December 31, 2017. The preparation of consolidated financial statements in accordance with International Financial Reporting Standard "IFRS" requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

- impairment review
- mineral resources and reserves,
- current and deferred income and resource taxes
- the assumptions used in determining the decommissioning and restoration provision
- inventory valuation

Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

Change in Accounting Policies, Including Initial Adoption

None.

New Accounting Standards Adopted

None.

Financial Instruments and Other Instruments

Please refer to note 2(d) of the audited financial statements for the year ended December 31, 2017.

Non-GAAP Performance Measures

This document includes certain non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-GAAP measures to the most directly comparable IFRS measure.

Cash costs per pound

Cash costs of sales include all costs absorbed into concentrate inventory, as well as precious metal credits, treatment & refining costs and transportation costs, less non-cash items such as depreciation. Total cash cost per pound sold is calculated by dividing the aggregate of the applicable costs by copper pounds sold. Site cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges such as trucking charges of concentrate inventory. Site cash costs per pound produced are calculated by dividing the aggregate of the applicable costs by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

Site Cash Cost Per Pound of Copper Produced	**Three months ended December 31,**		**Year ended December 31,**	
	2017	**2016**	**2017**	**2016**
Cash Cost of Sales	56,608	60,228	216,898	230,292
Net change in concentrate inventory	4,241	287	4,533	880
	60,849	**60,515**	221,431	**231,172**
Less: Off-site related costs				
Treatment & refining charges	(5,887)	(5,480)	(23,403)	(25,846)
Transportation costs	(4,189)	(4,994)	(14,055)	(16,304)
Trucking charges	(1,341)	(1,095)	(5,341)	(5,335)
Total Site Cash Costs of Production	**49,432**	**48,946**	**178,633**	**183,687**
Average foreign exchange rate (CDN$ to US$)	0.7874	0.7494	0.7701	0.7550
Total Site Cash Costs of Production (US$)	**38,923**	**36,680**	**137,558**	**138,684**
Less precious metal credits (US$)	(7,710)	(9,657)	(33,295)	(41,334)
	31,213	**27,023**	**104,263**	**97,350**
Total pounds of copper produced	**19,500**	**20,800**	**75,800**	**82,900**
Total ounces of gold produced	5,200	7,100	23,600	30,800
Total ounces of silver produced	70,400	71,100	277,000	291,900
Site cash costs per pound net of precious metal credits (US$)	**$1.60**	**$1.30**	**$1.38**	**$1.17**

Total Cash Cost of Sales Per Pound of Copper Sold	**Three months ended December 31, 2017**	**2016**	**Year ended December 31, 2017**	**2016**
Cost of Sales	**65,674**	**68,687**	**244,985**	**258,330**
Add: Treatment & refining charges	5,887	5,480	23,404	25,847
Less: non-cash items:				
Depreciation	(14,953)	(13,939)	(51,491)	(53,885)
Cash costs of sales	**56,608**	**60,228**	**216,898**	**230,292**
Average foreign exchange rate (CDN$ to US$)	0.7874	0.7494	0.7701	0.7550
Cash costs of sales (US$)	**44,573**	**45,135**	**167,024**	**173,870**
Less: Precious metal credits (US$):	(7,710)	(9,657)	(33,295)	(41,334)
Net cash costs of sales (US$)	**36,863**	**35,478**	**133,729**	**132,536**
Total pounds of copper sold	**18,000**	**21,000**	**73,900**	**82,700**
Total ounces of gold sold	5,000	7,200	23,800	29,900
Total ounces of silver sold	65,400	83,300	264,800	283,900
Cash Cost per pound of copper sold net of precious metal credits (US$)	**$2.05**	**$1.69**	**$1.81**	**$1.60**

Cash Margin

Cash margin represents the average realized copper price per pound sold less total cash cost per pound sold.

	Three months ended December 31, 2017	**2016**	**Year ended December 31, 2017**	**2016**
Average realized copper price for the period (US$ per pound)	$3.12	$2.35	$2.82	$2.19
Less:				
Total cash cost of sales net of precious metal credits(US$ per pound sold)	$2.05	$1.69	$1.81	$1.60
Cash margin (US$ per pound)	**$1.07**	**$0.66**	**$1.01**	**$0.59**

Adjusted Earnings (Loss)

Adjusted earnings (loss) removes the effects of the following transactions from operating income as reported under IFRS:

- Unrealized gains/losses on derivative instruments;
- Changes in fair value of financial instruments;
- Foreign currency translation gains/losses and
- Non-recurring transactions

Management believes that these transactions do not reflect the underlying operational performance of the Company's mining operations and are also not indicative of future operating results.

EBITDA and Adjusted EBITDA

EBITDA represents earnings before interest, income taxes and depreciation. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the future operating performance of the Company. The Company believes EBITDA and Adjusted EBITDA are appropriate supplemental measure of debt service capacity and performance of its operations.

Adjusted EBITDA is calculated by removing the following income statement items:

- Unrealized loss/gain on interest rate swaps;
- Foreign exchange loss/gain;
- Pricing adjustments on concentrate and metal sales

EBITDA and Adjusted EBITDA	**Three months ended December 31,**		**Year ended December 31,**	
	2017	**2016**	**2017**	**2016**
Net income	23,538	2,881	67,339	11,597
Add (Deduct):				
Finance income	41	(56)	(319)	(199)
Finance expense	3,368	3,418	13,070	12,642
Depreciation	14,954	13,939	51,491	53,885
Deferred income and resource tax recovery	(10,956)	-	(10,956)	-
Current resource tax expense	621	578	1,879	1,157
EBITDA	**31,566**	**20,760**	**122,504**	**79,082**
Add (Deduct):				
Pricing adjustments on concentrate and metal sales	(4,404)	(3,134)	(10,691)	(11,041)
Unrealized (gain) loss on interest rate swaps	(610)	(2,580)	87	91
Unrealized Foreign exchange loss (gain)	1,871	9,923	(20,949)	(13,007)
Loss on sale of fixed asset	-	-	-	643
Adjusted EBITDA	**28,423**	**24,969**	**90,951**	**55,768**

Other MD&A Requirements

(a) Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

The following details the share capital structure as at February 16, 2018 the date of this MD&A.

	Expiry Date	Exercise Price	Number	Number
Common shares				134,301,858
Share purchase options	Feb. 20, 2019	1.92	3,200,000	
	Sep. 18, 2020	0.59	532,500	
	Jan. 26, 2021	0.39	2,993,402	
	June 30, 2021	0.50	66,667	
	Jan. 13, 2021	1.18	1,750,000	
	Feb. 1, 2020	1.23	100,000	
	Feb. 2, 2020	1.23	150,000	
	Apr. 24, 2022	0.93	35,000	
	Apr. 6, 2022	1.05	120,000	
			7,947,569	
Warrants	August 2, 2019	0.75	**5,096,750**	
Fully diluted shares outstanding				**147,346,177**

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Our internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Our internal control system over disclosure controls and procedures is designed to provide reasonable assurance that material information relating to the Company is made known to management and disclosed to others and information required to be disclosed by the Company in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial reporting and disclosure. There have been no changes in our internal control over financial reporting and disclosure controls and procedures during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

The Company’s management, at the direction of our chief executive officer and chief financial officer, have evaluated the effectiveness of the design and operation of the internal controls over financial reporting and disclosure controls and procedures as of the end of the period covered by this report, and have concluded that they were effective at a reasonable assurance level.

Risks and Uncertainties

The Company’s success depends on a number of factors, most of which are beyond the control of the Company. Typical risk factors include copper, gold and silver price fluctuations, foreign currency fluctuations, and operating uncertainties encountered in the mining business. Future government, legal or regulatory changes could affect any aspect of the Company’s business, including, among other things, environmental issues, land claims, permitting and taxation costs all of which could adversely affect the ability of the Company to develop the Copper Mountain mine. These risks and uncertainties are managed by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.

ANNUAL INFORMATION FORM

COPPER MOUNTAIN MINING CORPORATION

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Telephone: 604-682-2992
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For the year ended December 31, 2017

(Dated as of March 29, 2018)

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Incorporation of Financial Statements and Technical Reports

Incorporated by reference into this annual information form (the "Annual Information Form" or "AIF") are the audited consolidated financial statements and Management Discussion and Analysis for Copper Mountain Mining Corporation (the "Company" or "Copper Mountain") for the fiscal years ended December 31, 2017 and 2016, together with the auditor's report thereon and the Annual Information Form dated March 30, 2017. The financial statements are available for review on the SEDAR website at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") using Canadian dollars.

Currency and Exchange Rates

All dollar amounts in this AIF refer to Canadian dollars unless otherwise indicated. "US$" is used to indicate United States dollar values. The noon rate of exchange on March 29, 2018 as reported by the Bank of Canada for the conversion of Canadian dollars into United States ("US") dollars was Cdn$1.00 equals US$0.7751 The following table shows the conversion of Cdn dollars into US dollars as reported by the Bank of Canada.

Years Ended December 31

	2017	2016	2015	2014	2013	2012
High	US$0.8245	US$0.8002	US$0.8527	US $0.9399	US $1.0165	US $1.0327
Low	US $0.7276	US $0.6821	US $0.7148	US $0.8579	US $0.9342	US $0.9618
Average	US $0.7788	US $0.7548	US $0.7843	US $0.9053	US $0.9710	US $1.0004

Historical Copper Prices

The following table shows the variation in the average daily London Metals Exchange spot copper price in US dollars per pound as reported by Metalprices.com for the following years.

Years Ended December 31

	2017	2016	2015	2014	2013	2012
High	US $3.27	US $2.69	US $2.92	US $3.34	US $3.74	US $3.84
Low	US $2.48	US $1.96	US $2.05	US $2.87	US $3.01	US $3.36
Average	US $2.80	US $2.20	US $2.49	US $3.11	US $3.32	US $3.61

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Metric	To Imperial	Multiply by
Hectares	Acres	2.47105
Metres	Feet	3.28084
Kilometres	Miles	0.62137
Tonnes	Tons	1.10231
Grams/Tonne	Ounces (troy)/ton	0.03215

Cautionary Statement Regarding Forward-Looking Information

This AIF may contain certain “forward looking statements” and “forward looking information” (collectively, “forward-looking information”) within the meaning of applicable Canadian and United States securities legislation. All information contained in this AIF, other than statements of current and historical fact, is forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budget”, “guidance”, “scheduled”, “estimates”, “forecasts”, “strategy”, “target”, “intends”, “objective”, “goal”, “understands”, “anticipates” and “believes” (and variations of these or similar words) and statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” “occur” or “be achieved” or “will be taken” (and variations of these or similar expressions). All of the forward-looking information in this AIF is qualified by this cautionary note.

Forward looking information includes, but is not limited to, statements with respect to the anticipated timing, mechanics, completion and settlement of the Offer (as defined below) to acquire all of the issued and outstanding shares of Altona Mining Limited (“Altona”), the market for and listing of the common shares we may issue pursuant to the Offer, the value of our common shares that may be received as consideration under the Offer, our ability to complete the transactions contemplated by the Offer, the development and financing of Altona’s Cloncurry Copper Project (the “Cloncurry Copper Project”), the purpose of the Offer, the completion of any compulsory acquisition or subsequent acquisition transaction in connection with the Offer and any commitment to acquire outstanding shares of Altona, our objectives, strategies, intentions, expectations and guidance and future financial and operating performance and prospects, production at our Copper Mountain Mine and additional funding under our equipment financing transaction with Komatsu International (Canada) Inc. or expectations with respect to additional credit facilities, the anticipated effect of external factors on revenue, such as commodity prices, anticipated exploration and new development expenditures at Copper Mountain and activities and the possible success of such activities, estimation of mineral reserves and resources, mine life projections, timing and amount of estimated future production, reclamation costs, economic outlook, government regulation of mining operations, and business and acquisition strategies.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

Although the Company believes the expectations expressed in such forward-looking information are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Factors that could cause the actual results to differ materially from those in forward-looking information include, but are not limited to: general business, economic, competitive, political and social uncertainties; the limited operating history of the Company; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labor costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses, detrimental events that interfere with transportation of concentrate or the smelters ability to accept concentrate, including declaration of Force Majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; failure to comply with restrictions and covenants in senior loan agreements, actual results of current exploration activities; volatility in Company's publicly traded securities; and the factors discussed in the section entitled "Risk Factors" in the Company's annual information form and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources. This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves."**

Information concerning Altona. Except as otherwise expressly indicated herein, the information concerning Altona contained in this AIF has been taken from and is based solely upon Altona's public disclosure on file with the relevant securities regulatory authorities. Altona has not reviewed this document and has not confirmed the accuracy and completeness of the information in respect of Altona contained in this AIF. Although we have no knowledge that would indicate that any information or statements contained in this AIF concerning Altona taken from, or based upon, such public disclosure contain any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, none of our directors or officers have verified the accuracy or completeness of such information or statements or are aware of any failure by Altona to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information or statements. We have no means of verifying the accuracy or completeness of any of the information contained herein that is derived from Altona's publicly available documents or records or whether there has been any failure by Altona to disclose events that may have occurred or may affect the significance or accuracy of any information. Except as otherwise indicated, information concerning Altona is given based on information in Altona's public disclosure available as of the date of the Offer.

Glossary of Terms

Except as otherwise defined, the following terms, when used in this AIF, shall have the following meanings:

"Altona"	Altona Mining Limited is an Australian copper exploration and development company dual listed on the Australian Stock Exchange and the Frankfurt Stock Exchange that was incorporated under the security laws of Australia.
"Business Corporations Act"	*Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended, including the regulations promulgated hereunder.
"Common Share"	A common share without par value of the Company.
"Company" or "Copper Mountain"	Copper Mountain Mining Corporation, including, unless the context otherwise requires, the Company's subsidiary, Copper Mountain Mine (BC) Ltd.
"Copper Mountain Mine" or "Mine"	The 135 Crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometres, located 15km south of Princeton, British Columbia, and certain assets situated on such property.
"CMM"	Copper Mountain Mine (BC) Ltd, the Company's subsidiary.
"Cu"	Copper
"Exchange"	TSX Exchange.
"m"	Metre
"mineral reserve"	The economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" used in this AIF are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM"), Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on August 20, 2000 (the "CIM Standards").
"mineral resource"	A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The term "mineral resource" covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase "reasonable prospects for economic extraction" implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A mineral resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable. The term "mineral

	resource" used in this AIF is a Canadian mining term as defined in accordance with NI 43-101 – under the guidelines set out in the CIM Standards.
"mineralization"	Mineral-bearing rock; the minerals may have been either a part of the original rock unit or injected at a later time.
"mineralized"	Metallic mineral-bearing material; the minerals may have been either a part of the original rock unit or injected at a later time.
"MMC"	Mitsubishi Materials Corporation
"NI 43-101"	Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Regulators.
"ounces"	Troy ounces.
"Qualified Person"	An individual who, in accordance with NI 43-101: (a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; (b) has experience relevant to the subject matter of the mineral project and the technical report; and (c) is a member in good standing of a recognized professional association.
"Similco"	Similco Mines Ltd., the Company's subsidiary. Name changed to Copper Mountain Mine (BC) Ltd on July 1, 2012.
"SFL"	Similco Finance Ltd., the Company's subsidiary.
"ton" or "T"	A short ton (2,000 pounds).
"tonne" or t	A metric tonne (2,204 lbs)
"Tpd"	Short ton per day.
"tpd"	Metric tonne per day.

Resource Category (Classifications) Used in this AIF

The discussion of mineral deposit classifications in this AIF adheres to the resource/reserve definitions and classification criteria developed by the Canadian Institute of Mining and Metallurgy in 2000 and updated in 2005 ("CIM 2005"). There are two broad categories dependant on whether the economic viability has been established: "mineral resources" are used where economic viability has not yet been established and "mineral reserves" are used where economic viability has been demonstrated. Resources are subdivided into categories depending upon the confidence level of the estimate based on the level of detail of sampling and geological understanding of the deposit. The categories, from lowest to highest confidence are inferred mineral resource, indicated mineral resource and measured mineral resource. Reserves are similarly sub-divided by order of confidence into probable (lowest) and proven (highest). These classifications can be more particularly described as follows:

A "**Mineral Resource**" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on Earth's crust in such a form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from a specific geological evidence and knowledge.

An "**Inferred Mineral Resource"** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, workings and drill holes.

An "**Indicated Mineral Resource**" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gather through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A "**Measured Mineral Resource**" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

A "**Mineral Reserve**" is the economically mineable part of a Measure or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A "**Probable Mineral Reserve**" is the economically minable part of an Indicated, and in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information n mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A "**Proven Mineral Reserve**" is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time reporting, that economic extraction is justified.

ITEM 3 CORPORATE STRUCTURE

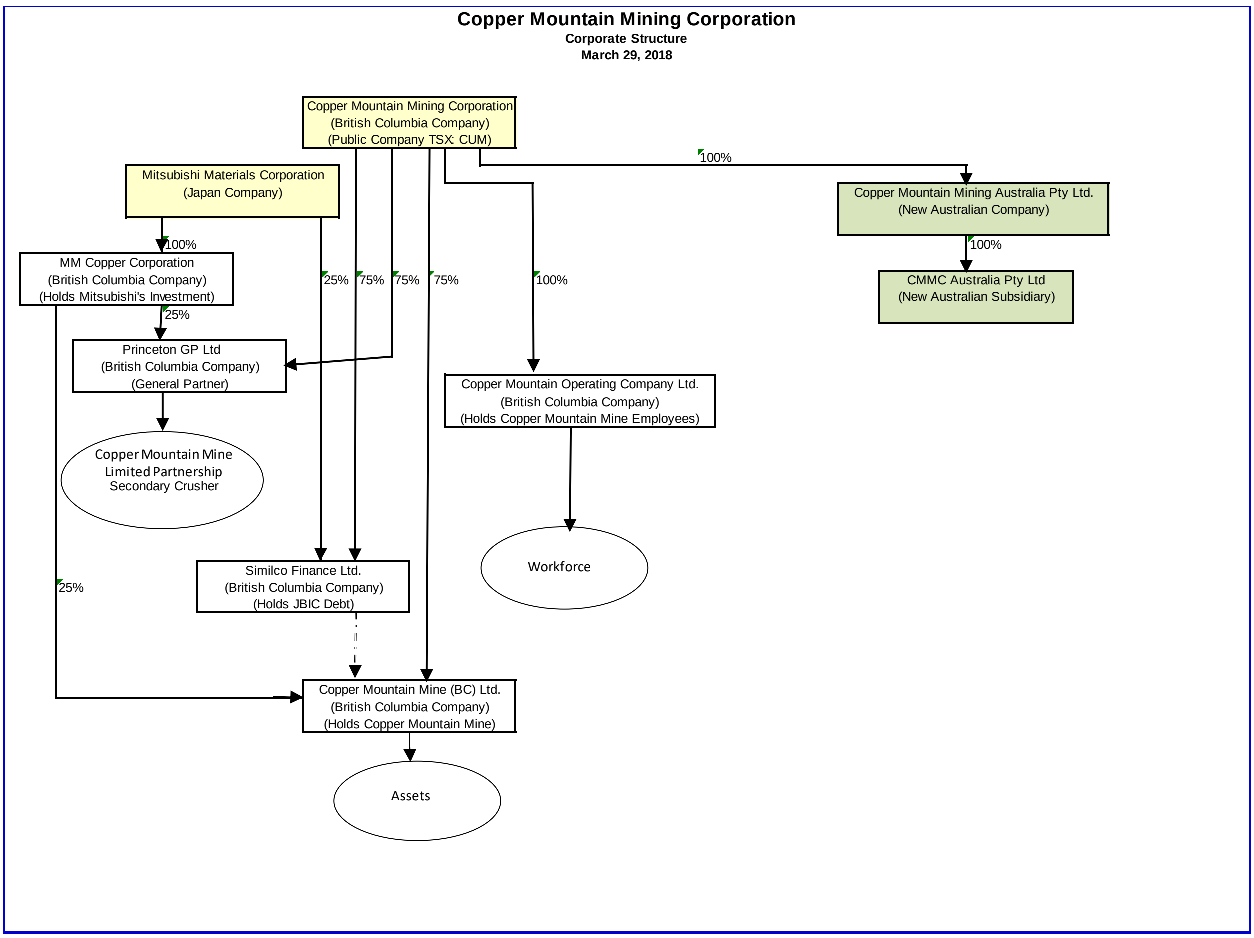
Name and Incorporation

Copper Mountain Mining Corporation was incorporated pursuant to the provisions of the Business Corporations Act on April 20, 2006.

The head office of the Company is located at Suite 1700-700 West Pender Street, Vancouver, British Columbia, V6C 1G8 and the registered office of the Company is located at Suite 2600-700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. The Company's Common Shares are listed on the TSE Exchange under the symbol "CMMC".

Intercorporate Relationships

The Company has six subsidiaries. One subsidiary, Copper Mountain Mine (BC) Ltd., through which the Company owns a 75% interest in the Copper Mountain mine. Mitsubishi Materials Corporation owns the other 25% ownership in the Copper Mountain mine through their wholly owned subsidiary MM Copper Corporation. CMM was created pursuant to the laws of the Province of British Columbia on November 1, 1996, pursuant to the amalgamation of Similco Mines Ltd. (incorporated in British Columbia on April 20, 1988) and Similco Resources Ltd. (incorporated in British Columbia on September 8, 1994). Another subsidiary is SFL and is owned 75% by the Company, and was created solely for the purpose of facilitating the financing of the Copper Mountain mine. SFL was created pursuant to the laws of the Province of British Columbia on January 7, 2010. Another subsidiary is Princeton GP Ltd. ("PGP") and is owned 75% by the Company, and was created solely to act as the general partner for the partnership that hold the assets of the secondary crusher facility constructed in 2014. The Company owns 75% of the Partnership and MM Copper Corporation own the remaining 25%. PGP was created pursuant to the laws of the Province of British Columbia on April 11, 2014. The other subsidiary is Copper Mountain Operating Company Ltd. ("CMOC") which is owned 100% by the Company, and was created solely for the purpose of facilitating the development of the Copper Mountain mine. CMOC was created pursuant to the laws of the Province of British Columbia on May 1, 2010. Two other subsidiaries were formed in early 2018 to facilitate the acquisition of Altona, they are Copper Mountain Mining Australia Pty Ltd and CMMC Australia Pty Ltd. Please see chart below for schematic of corporate structure.



ITEM 4 GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

The principle business activity of the Company for the past three years has been to advance the operation of the Copper Mountain mine which constitutes a majority of the assets and activity disclosed by the Company's consolidated financial statements summarized below. The consolidated financial statements below have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and are expressed in thousands of Canadian dollars except for per share and share amounts.

The Copper Mountain mine site is located approximately 20 km southwest of Princeton, British Columbia and is approximately 300 km from the Port of Vancouver. The Company initiated construction in the fall of 2009 with the pouring of concrete foundations and on April 1, 2010 the final mine development permit was received and construction commenced with steel erected at the site. By the end of May 2011 the Company had completed construction on the new 35,000 tpd concentrator, primary crusher, truck maintenance shop with commissioning activities in the concentrator underway. By July 2011, production at the new mine began and by September 2011 the mine had shipped its first shipment of concentrate to a smelter in Japan.

During 2012, the Company continued to optimize the operation at the mine and resolve a number of supplier related equipment issues at the mine site leaving mill availability and mill throughput as the final remaining issue to attaining design capacity. During 2013 the mine implemented a number of short term secondary crushing strategies that significantly improved mill throughput and by year end the Company had completed a $30 million equity financing to fund its share of a new $40 million permanent secondary crusher. The Company completed construction on the permanent secondary crusher in July 2014 and by the end of 2014 the mill was operating at design capacity. The secondary crusher addition was very positive and the average 2015 mill throughput was 35,100 tpd, slightly above the 35,000 tpd design criteria. During 2016 the Company continued to optimize the operation of the mill and during 2016 the mill throughput averaged 38,900 tpd. During 2017 mill production was limited as a result of a planned SAG Mill bull gear replacement that required 12 days of down time in April. Post replacement of the SAG Mill bull gear the mill throughput averaged 40,200 tpd. In 2017 the mine produced 88.3 million pounds of copper equivalent, consisting of 75.8 million pounds of copper, 23,600 ounces of gold, and 277,000 ounces of silver.

Late in 2017, the Company announced its intention to acquire Altona, an Australian listed company who's main asset is the Eva Copper Project in Queensland, Australia found within a dominant 397,000 hectare land package in a highly prospective mineralized belt. On March 26, 2018 the Company held a Special Meeting to approve the acquisition of Altona and shareholders of the Company voted in favour of the acquisition which is expected to close in mid April 2018.

Significant Acquisitions
The only significant acquisitions made by the Company since its incorporation was the acquisition and development of the Copper Mountain Project through the acquisition of Similco in December 2006 and the acquisition of Altona Mining Limited which is expected to close in mid April 2018.

ITEM 5 DESCRIPTION OF THE BUSINESS

General - Overview
The Company is engaged in the business of mineral exploration, development and operation of mineral deposits. The Company's major property, at this time, is the 75% owned Copper Mountain mine located near Princeton, British Columbia, (see Figure 1). The Copper Mountain Mine is a conventional open pit, truck and shovel operation that has a 35,000 tpd concentrator that produces a copper concentrate with gold and silver credits. (**See Figure 2 on page 12).**

Figure 1 – Property Location Map

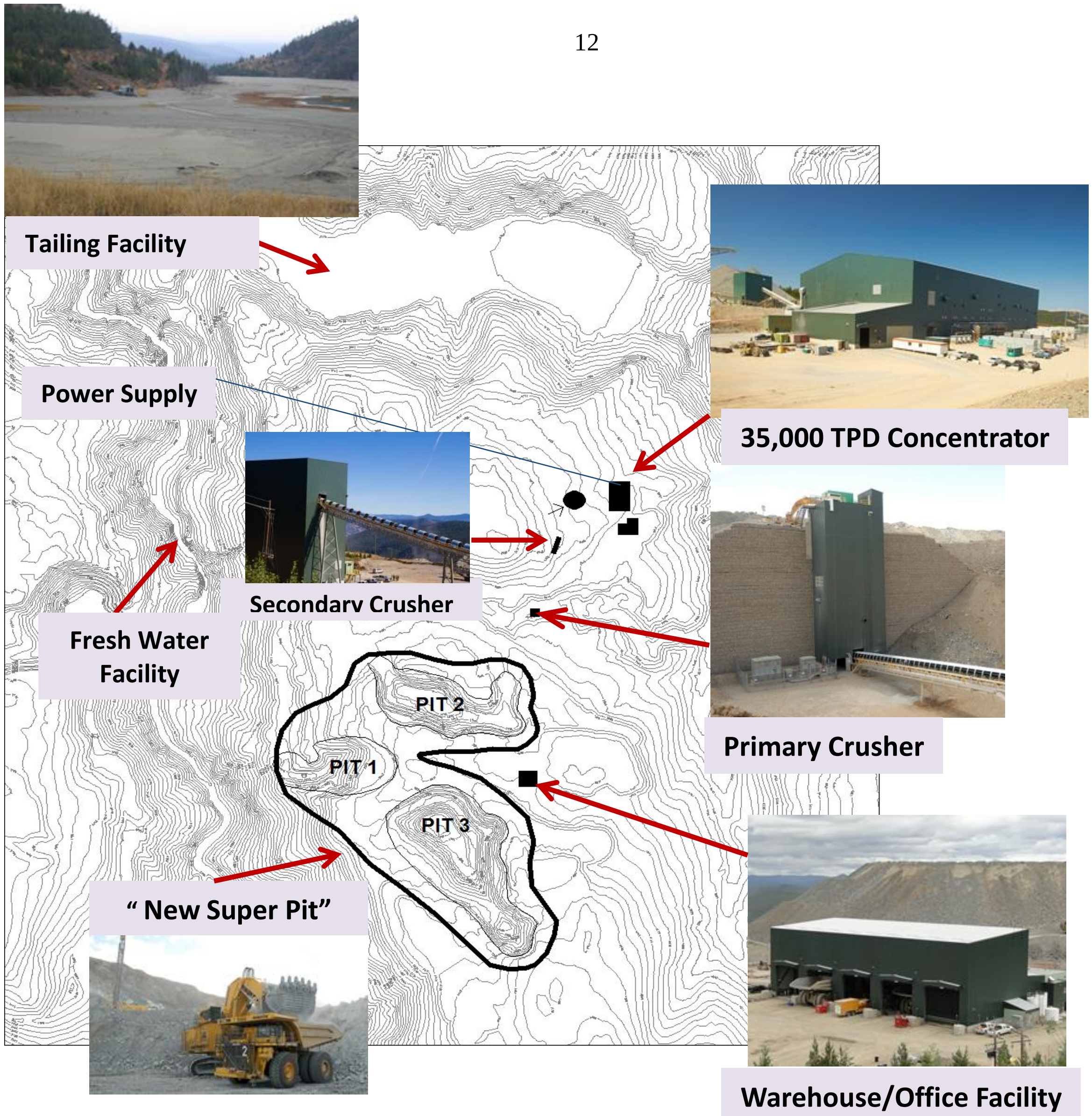


Figure 2 – Development Plan

The primary crusher and 35,000 tpd concentrator were built close to the existing three pits and the ultimate planned new super pit. The mine site and is connected to the BC Hydro grid via a 138 kv power line and obtains its make-up-water from a 5,500 gpm fresh water facility. The truck maintenance shop was built adjacent to the existing warehouse to service the mining fleet. The $500 million development utilizes the existing tailings management facility already established on site. Copper concentrate from the mine is trucked to the port of Vancouver where it is placed in a 15,000 tonne capacity storage shed prior to loading onto ocean going vessels for transport to Japan.

The mine is a conventional open pit, truck and shovel operation. Mining is divided into multiple development phases with sequential pushbacks in each of the pits. This development sequence is designed to maximize the discounted cash flow which is reflected in the planned pit phases. In order to maximize the head grade being delivered to the concentrator in the initial years, the Company is processing ore greater than 0.18% Cu, while ore that is less than 0.18% Cu but greater than 0.1% Cu is being mined and stockpiled (low-grade stockpile) for processing in later years.

During the 2017 year the mill processed a total of 14.1 million tonnes of ore grading 0.317% copper to produce 75.8 million pounds of copper, 23,600 ounces of gold, and 277,000 ounces of silver.

During 2017, the Company completed a total of thirteen shipments of copper concentrate containing approximately 73.9 million pounds of copper, 23,800 ounces of gold, and 264,800 ounces of silver which generated $304 million in revenue net of treatment and refining charges and pricing adjustments. Gold and silver revenues accounted for about 14% of gross revenues during the year.

The Company currently has 460 operating employees engaged at the mine site and has maintained its excellent safety record of no loss time accidents.

Property Description, Location and Access

The Copper Mountain Project is situated 20 km south of Princeton, British Columbia and 300 km east of Vancouver (Lat. 49 20’ N; Long. 120 31’ W). The National Topographic System map sheet is 92H/7E. Access to the Copper Mountain mine is via a 28km paved road from the town of Princeton to the mine gate. Almost all of the Project area is accessible by highways, paved access road. The property consists of 135 Crown granted mineral claims, 176 located mineral claims, 15 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometres. Approximately 22% of the claim area is subject to certain production royalties (from 1% to 5%). The claims which have royalties are generally peripheral to the active mining areas and are not in the Company’s current mine plans, except for the Virginia Pit, which was mined out in 2016. There are five individual claims north and south of the mined pits which are only partially owned by Copper Mountain (50% to 93.75%). The Company has no royalty obligations and has full ownership of the claims covering the super-pit.

The total claim area straddles the Similkameen River with the Ingerbelle deposit on the west side of the river and the Copper Mountain deposits on the east side of the river. The Ingerbelle side of the property is immediately adjacent to the Hope-Princeton Highway (Hwy. 3) and has numerous roads from previous mining activity. The original mill complex is located on the Ingerbelle side west side and was connected to the Copper Mountain side by a conveyor system. Much of the milling equipment has been removed.

History

The Copper Mountain area has a long history of exploration and production, beginning with initial exploration in the late 1890’s. Successful production was attained in 1923 as an underground mine and continued with minor shut-downs through to 1957 and is referred to as the underground phase. Open pit mining began in 1972 and continued, intermittently through to late 1996 and is termed the open pit phase. An exploration drilling program was carried out in 1997 and thereafter the property was dormant until the Company purchased the property and resumed exploration in January 2007.

A few attempts at initiating production were made during the period from 1892 to 1922 but were unsuccessful. In 1923, Granby Consolidated Mining, Smelting and Power Company (“Granby”) acquired the property, built a milling facility in Allenby adjacent to Princeton and extracted 31.5 million tonnes of ore with an average recovered grade of 1.08% copper, primarily from underground excavations. The Granby mining period was from 1925 to 1930 and 1937 to 1957 in, and below, what are now the Pit 1 and Pit 3 areas. Ore was transported from an adit on the east wall of the Similkameen River canyon and transported by rail to the concentrator near the town of Allenby. Mining operations were suspended in 1957, partly due to low metal prices and partly due to escalating transportation charges by the owners of the rail line.

Modern exploration activity began in 1966 when Newmont Mining Corporation of Canada (“Newmont”) optioned claims opposite the historical Granby Mine on the west side of the Similkameen River. Newmont carried out geological mapping, soil sampling and geophysics which resulting in bulldozer trenching delineating a significant mineralized zone. Subsequent drilling defined sufficient resources to contemplate production. During this same time, Granby was drilling off open pit reserves on Copper Mountain. In late 1967, Newmont purchased Granby’s entire mining interest in the district, including a tailings impoundment area. Newmont continued exploration including an underground bulk sample from the Ingerbelle deposit. Production commenced from the Ingerbelle deposit in 1972 at 13,600 T/day, and in 1974 the mill was expanded to 20,000 T/day.

In 1979, development of mineable reserves on the Copper Mountain side of the project commenced with the installation of a new primary crusher and conveyer system. Initial production on the Copper Mountain side was from Pit 2 with additional production from Pit 3 in 1983. Newmont sold its Copper Mountain assets as part of a corporate re-structuring. The entire property was sold to Cassiar Mining Corporation (later to become Princeton Mining Corp. (“PMC”)) in 1988 and operated under the name Similco Mines Ltd. Similco continued mining from Pits 3 and 1 and later added a small tonnage from the Virginia Pit. Total production from the camp to 1993 is 1.7 billion pounds of copper, 8.4 million ounces of silver and 0.62 million ounces of gold.

In November of 1993, Similco was shut down due to low metal prices and the property was placed on care and maintenance. An improving copper price, combined with a favourable US-Canadian dollar exchange rate, allowed the mine to re-open in August 1994. The mine was closed in late 1996 due to falling metal prices and the Company purchased the mine in late December 2006. In 2007 and 2008 the Company conducted an extensive exploration program and delineated a five-billion-pound copper resource. In 2009, MMC, through a wholly owned subsidiary acquired a 25% interest in the project. An agreement with MMC included debt financing for the development and a life of mine off-take agreement at LME pricing. Shortly after signing the agreement with MMC the Company received the required permit approvals and started construction of new facilities in 2010 and by June 2011construction was complete and the mine was back in production.

Geological Setting

The Copper Mountain Project is an alkalic porphyry copper-gold camp and is part of a northerly trending Mesozoic tectonostratigraphic terrain termed Quesnellia, composed of a volcanic arc with overlying sedimentary sequences, all of which were built on top of a deformed, oceanic sedimentary-volcanic complex (Harper Ranch and Okanogan sub-terrains). Quesnellia was formed off-shore to the southwest of continental North America and accreted, with other terrains, onto North America in late Mesozoic times. The principle rock formation of Quesnellia is the Late Triassic Nicola Group, a predominately subaqueous island-arc assemblage composed of volcanic and lesser sedimentary rocks that have been intruded by early Jurassic alkalic, calc-alkalic and zoned mafic (Alaska-type) plutons and batholiths.

The Nicola Group rocks have a stratigraphic thickness of approximately 7.5km and form a 25km wide band that extends from the Canada-U.S. border north to beyond Kamloops Lake. This band has been divided into four lithologic assemblages that are commonly bounded by sub-parallel fault systems. The ‘western belt’ is a steeply dipping, east-facing assemblage of sub-aqueous felsic to mafic rocks of calc-alkaline affinity that grade upwards into volcanoclastic rocks.

The Copper Mountain alkalic porphyry copper-gold camp occurs in the ‘eastern volcanic belt’ of the Nicola Group. These volcanic strata are intruded by a suite of early Jurassic alkalic dykes, sills, irregular plugs and zoned plutons of the Copper Mountain suite, but other than local contact effects and alteration associated with mineralization, the stratified rocks are relatively fresh having undergone only lower greenschist metamorphism.

Mineralization

As a broad simplification, mineralization at Copper Mountain consists of structurally controlled, multi-directional veins and vein stock works. Mineralization includes four types, as follows: 1) disseminated and stock work chalcopyrite, bornite, chalcocite and pyrite in altered Nicola and LHIC rocks; 2) hematite-magnetite-chalcopyrite replacements and/or veins; 3) bornite-chalcocite-chalcopyrite associated with pegmatite type veins and 4) magnetite breccias. Each mineralization type can be found in all pit areas, but each pit is unique with respect to the relative quantities and character of mineralization type. The alteration that is associated with each mineralization type has some degree of variation as well. Each pit area also has distinctive Cu:Ag:Au ratios which may reflect the relative abundance of mineralization/alteration type or zonation caused by a camp scale thermal regime.

Exploration History

There is little documentation of the early exploration history (pre-1950’s) on the property and most of this information must be inferred. Evidence of early workings such as trenches and adits, indicate that early prospecting (1900-1940’s) must have been fairly significant. By the mid 1950’s Granby was using diamond drilling in addition to percussion drilling for exploration. During their exploration and production drilling, Granby located most known zones of mineralization, with possible exception of the Virginia and Alabama zones, but did not define significant resources in all locations. Most of Granby’s exploration work took place along the Copper Mountain Fault where grades were sufficient to support underground mining. Exploration was also conducted on the Voigt zone but this deposit was never developed.

Although Granby developed some small areas of open pit ore at a few locations during the later stages of the mine life, their equipment was ill-suited for efficient open pit mining and most of their exploration was directed towards development of underground resources. Newmont initiated exploration on claims on the western side of the Similkameen River and successfully delineated the Ingerbelle deposit. Following acquisition of Granby’s Copper Mountain property, Newmont applied the same exploration techniques that had been successful in discovering the Ingerbelle deposit, namely Induced Polarization geophysical surveys and extensive diamond drilling. Newmont’s IP surveys covered a significant part of the area east of the Copper Mountain fault between Pits 1 and 3 and resulted in focused exploration in the Pit 2 area. Most of Newmont's drilling on Copper Mountain was in the Pit 1 and Pit 2 areas.

Similco Mines carried out diamond drill programs during the periods of 1989-1991 and from 1993-1997. The early drill programs were carried out in the area extending from the eastern end of Pit 2 to the northeast through the Mill Zone across the Lost Horse Gulch and into the eastern end of the Alabama Zone. All holes encountered some mineralization with the most success coming from what would become the Virginia deposit. Drilling in the Alabama area yielded favourable results, resulting in an inferred resource being estimated for the Alabama area by the mine operators. Drilling in the Ingerbelle area in 1994 and 1995 defined additional resources extending easterly, and at depth from the Ingerbelle deposit; the 'low-strip' part of these newly defined resources were mined through 1996. A 61 hole, 11,800 metre drill program was undertaken in late 1996 and early 1997 to see if additional resources could be defined in the areas surrounding Pit 2 and Pit 3 and these results are incorporated into the Company's resources.

Precious metals were not routinely analyzed for in the historical data and consequently were not included in estimates of historical resources. Precious metal contents are reasonably well known from production records and grades can be back-calculated using assumed metallurgical recoveries. The ratio of silver to gold varies, somewhat systematically, from north to south, and in general, historical precious metal payments received from smelters generally averaged about 12% of the concentrate's value, however, at current metal prices the value of precious metals within the concentrate is higher.

An extensive amount of both exploration and production drilling has been carried out on the Copper Mountain mine. The exploration database compiled and verified by the Company contains approximately 6,200 drill holes or 'data strings' representing a total of approximately 1.32 million feet (404,000 m). Within this database there are more than 100,000 assays or analyses. It is estimated that between 30% and 40% of the volume represented by the drilling has been mined out. Drilling can be divided into three phases: 1) drilling by Granby during the underground era, 2) drilling by Newmont during the open-pit era, 3) drilling by Princeton (Similco Mines Inc.) up to 1996.

1. Granby initiated exploration and production in the 1930's and maintained very good records of drill locations, results and logs. All the Granby drill data was incorporated into the Copper Mountain data base and used by past operators in reserve estimates and production planning for Pits 1, 2 and 3. Although none of the Granby era core has remained useable for verification today, the high level of correlation between reserves supported by Granby drill data and mill-head grades mined from Pits 1 and 3 suggest that both the location and copper assays of the Granby data were generally of high quality. Granby drilled more than 850 holes on the property, with the highest concentration in the Pit 3 area where underground mining took place. A significant feature of the Granby drill-holes is that much of the underground drilling was in flat or horizontal holes, which provides excellent data for mineralization occurring in dominantly vertical structures.

2. Newmont began exploration on the western side of the Similkameen River which led to the discovery of the Ingerbelle deposit. Newmont relied almost exclusively on vertical drill holes in the Ingerbelle, Pit 1 and Pit 2 deposits, which tended to lead to overestimates of resource grades and underestimates of tonnage. Newmont carried out limited exploration drilling on other exploration targets around the property through the 1980's.

3. Similco Mines carried out exploration drill programs periodically during its mining operations, most notably during the periods of 1989-91, and 1994-1997. Most of these programs were focused in a few small areas and lead to the definition of reserves in the Virginia deposit and resources in the Alabama deposit, although numerous other areas also received some attention.

The Company initiated an exploration program in early 2007 immediately after acquiring and compiling available historical data, including the recovery of historical digital data from the mine site. Figure 4 shows a schematic diagram of Copper Mountain in early 2007 showing historical open pits, areas of known mineralization and areas designated for future exploration.

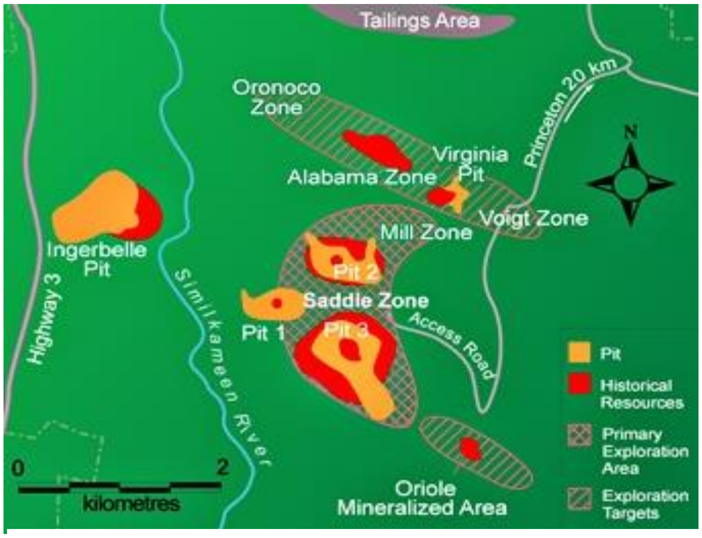


Figure 4 – Schematic Diagram of Copper Mountain Showing Historical Open Pits

During 2007 and 2008 the Company drilled 419 holes in the Pit 2, Pit 3 and Saddle zone areas for a total of 106,000 metres. The updated resource estimate is based on data from over 5,700 historical drill holes totalling approximately 373,000 metres, as well as the data from the 2007 and 2008 exploration programs. The updated resource estimated was prepared by Giroux Consultants Ltd. of Vancouver, British Columbia, an independent qualified person as defined by Canada's National Instrument 43-101 and is included in this document under the section titled Mineral Resource and Mineral Reserve Estimation.

During 2010 and 2011 the Company completed a two phased 18,400 meter drill program. Phase I was designed to provide more drill information for detailed mine design, while Phase II was focused on the deep drilling of geophysical targets below the Pits to better understand the total resource potential and to assist in long term mine planning. Significant drill results have been presented in press releases which are available on the company's website. Percussion and diamond drilling in the Oriole area were also completed during this time to better define complex lithologies and mineralized. The Company has incorporated these results into the mine plan.

Current Exploration

Exploration in 2016 and 2015 was minimal in keeping with mine site cost controls. In 2015 two small exploratory drill programs were undertaken. Four drill holes for a total of 1,500m were completed in the Virginia Pit area, to test for mineralization south of the design pit, and to depth, below the known mineralization, in the planned pit area. No economic mineralization was defined by the drilling. In addition, during 2015 five short holes in the Saddle zone (area where Pits 2 and 3 merge) were drilled to provide additional information for long-term pit design. In 2016 the mine completed a small 5,000 meter Pit 2-West expansion program that resulted in a reserve upgrade of approximately one year's production. The 2016 program was followed up in 2017 with an 8,900m diamond drilling program to further expand the resources on the western side of the pit 2 area, test mineralization at depth at the eastern end of Pit 2, and perform infill drilling in the saddle area. In addition, a 5,000 meter program was completed on the New Ingerbelle deposit to validate and confirm historical data which has the potential to add an extra 8 to 10 years to the mine life of the operation. Additional drilling in both the Pit 2 west extension and the New Ingerbelle deposit is planned for 2018.

Sampling and Analytical Procedure

Historical sample preparations and analyses were completed by large, international mining companies, who used on-site sampling and assaying laboratories for their samples taken in the project area during times when mining operations were active. No reports or data detailing the methods of sample preparation or full analytical methods used, quality control measures utilized by Granby or Newmont were available to the Company for review. However, in the case of the Princeton and Similco exploration programs, quality control of sampling and analyses was provided by taking the pulp of approximately every 20th sample and having them analyzed at a commercial laboratory. The mine lab analyses were then compared to the commercial laboratory analyses and if 95% of the samples were within +/- 10% of one another and there were no systematic biases detected then the original analyses were accepted. There is no documentation of the mine lab failing this test. Details of sample security (as required in NI 43-101) are not available, but as the samples did not leave the mine property this is unlikely to have been an issue. As the profitability of the mine would be dependant upon quality sampling and analytical work there is no reason to suspect any irregularities within the historical samples.

The Company's drill programs have been under the supervision of Peter Holbek, VP of Exploration. Under his guidance, drill core was collected from the drills and placed in core boxes while an exploration drilling program was in progress and the full core boxes were delivered to the core logging area on the Copper Mountain mine site. A geological technician or geologist would then lay out the core boxes on core tables and check and mark footages on the boxes. Aluminium tags with drill hole identification; box number and footage were prepared and nailed to the front of the core boxes. The geologist would then log the core and determine where samples will be taken. The samples lengths were marked on the core in red grease pen and recorded in the assay tag book. Assay tags were inserted in the core box at the beginning of the sample interval and the core was photographed with a digital camera. The core was then moved to racks in the cutting area where it was sawn in half with a diamond saw. The technicians then take one half of the sawn core and placed in plastic bags with the assay tags. Sample lengths are almost always 3m, but smaller samples may be used for discreet vein-type mineralization. The bagged samples are delivered to the mine lab daily, and are stored inside the laboratory until processing, which is usually within 24 hours. Pulps from all samples which assay 0.1% Cu or greater are retained and shipped to Pioneer Laboratories in Vancouver, for precious metal analyses. Additionally, Pioneer analyses every tenth sample for copper and these values are used to compare to those from the mine laboratory.

Mineral Resource and Mineral Reserve Estimation

Methodology for mineral resource and reserve estimations is provided in the company's most recent NI: 43-101 Technical Report filed dated March 30, 2015. Subsequently, the resource and reserve block models have been updated to include new drilling on the western end of Pit 2 in 2016 and in the Pit 1 and Saddle area in 2017. Some changes were also made to the silver and gold regression equations based on new data and changes to mineralization domains. An updated resource model and subsequent NI: 43-101 Technical Report is currently being undertaken and is due to be released towards the end of Q2, 2018. The resource and reserve values provided in the table below are estimated by using the updated block model and intersecting it with the surveyed mine topography from the end of 2017. All resources are constrained by a Whittle optimized pit shell generated using current mining costs and a US $4.00 copper price. Resources are inclusive of reserves, and are from all mineralized areas, including the Ingerbelle deposit, located on the west side of the Similkameen River.. Reserves are estimated by summing all Measured and Indicated resource blocks within the current pit designs. The current pit design does not include the New Ingerbelle area as this area has not been converted to reserves at this point.

The Copper Mountain Mine mineral reserves and resources stated are as of December 31, 2017.

Table 1 - Resource Summary

Resource 0.18% Cu c/o	**Tonnage M t**	**Cu %**	**Ag g/t**	**Au g/t**	**Cu Eq1 %**	**Copper M lbs**	**Silver M oz**	**Gold M oz**
M & I	**205**	**0.33**	**1.31**	**0.11**	**0.40**	**1,487**	**8.68**	**0.70**
Inferred	**220**	**0.28**	**0.79***	**0.14***	**0.36**	**1,336**	**5.61**	**1.02**
0.12% Cu c/o								
M & I	**329**	**0.26**	**1.02**	**0.09**	**0.32**	**1,889**	**10.74**	**0.93**
Inferred	**412**	**0.22**	**0.63***	**0.12***	**0.28**	**1,962**	**8.36**	**1.52**

*Copper Eq[1]: Prices used for copper equivalent are US$3.30/lb Copper, US$1400/oz Gold and US$23/oz Silver with metallurgical recoveries of 84% for Copper, 70% for Gold and 55% for Silver. Standard treatment and refining costs applied. *Inferred resources includes mineralization in the Ingerbelle deposit where gold and silver grades have been estimated based on correlation to copper grades from historical production data; these grades are significantly lower for Ag and higher for Au when compared to Copper Mountain grades. Numbers may not add due to rounding.*

Table 2 – Reserve Summary

Reserves 0.18% Cu c/o	**Tonnage** M t	**Cu** %	**Ag** g/t	**Au** g/t	**Cu Eq[1]** %	**Copper** M lbs	**Silver** M oz	**Gold** M oz
Proven	46*	0.36	1.48	0.11	0.43	368	2.18	0.16
Probable	57	0.30	1.19	0.11	0.37	379	2.17	0.20
P & P	103*	0.33	1.32	0.11	0.40	747	4.35	0.36

Reserves 0.12% Cu c/o	**Tonnage** M t	**Cu** %	**Ag** g/t	**Au** g/t	**Cu Eq**[1] %	**Copper** M lbs	**Silver** M oz	**Gold** M oz
Proven	63	0.31	1.22	0.10	0.37	424	2.46	0.19
Probable	91	0.25	0.94	0.09	0.30	492	2.75	0.25
P & P	154	0.27	1.05	0.09	0.33	916	5.21	0.44
Low Grade Stockpile	44	0.16	-	-	n/a	150	-	-

***Does not include an approximate 6.5Mt stockpile at and estimated 0.23% Cu grade.**
The resource and reserve estimation was completed by Copper Mountain exploration and mine staff under the supervision of Peter Holbek, P.Geo., Vice President of Exploration and a Qualified Person under National Instrument 43-101. Mr. Holbek has verified the methods used to determine grade and tonnage in the geological model, and mine plan. Reserves and Resources were updated as of December 31st, 2017

Mining Operations
The Company's mining equipment fleet consists of two Komatsu PC 8000 hydraulic shovels, a Hitachi EX 5500 hydraulic shovel, a Komatsu PC 4000 hydraulic shovel, seventeen Komatsu 240 ton capacity haul trucks, six Euclid 260 ton haul trucks, a Komatsu WA 1200 loader, five Komatsu D375 dozers, and three Caterpillar 16G graders and a fleet of support equipment typical of an operation of this size.

Mining activities continued to be focused in the Pit #2, Saddle and Oriole areas for the fourth quarter of 2017 with a majority of ore coming from the Pit #2 area. Oriole accounted for about 8% of the ore processed during the period. During the year a total of 72.6 million tonnes of material was mined, including 26.2 million tonnes of ore and 46.4 million tonnes of waste for a strip ratio of 1.77:1. High equipment mechanical availability was maintained during the quarter which helped contribute to the above average mining rates of 198,900 tonnes per day moved, well above our 2017 mining guidance rate of 180,000 tonnes per day moved. Mining costs per tonne during the year was $1.69 per tonne moved.

During the year the mill processed a total of 14.1 million tonnes of ore grading 0.317% copper to produce 75.8 million pounds of copper, 23,600 ounces of gold, and 277,000 ounces of silver. Mill recoveries were 77.2% for the year while mill operating time was 90.3%. Mill throughput increased during the second half of the year as planned, after the replacement of the SAG bull gear. The mill achieved an average throughput rate of 38,600 tpd for the 2017 year.

Production 2017 and 2016
The following table sets out the major operating parameters for the mine for the three months and years ended December 31, 2017 and 2016.

Mine Production Information	**Three months ended December 31,**		**Year ended December 31,**	
Copper Mountain Mine (100% Basis)	***2017***	***2016***	***2017***	***2016***
Mine:				
Total tonnes mined (000's)[1]	*18,998*	*17,477*	*75,598*	*68,780*
Ore tonnes mined (000's)	*7,370*	*6,073*	*26,204*	*23,421*

[1] Excludes ore re-handle from stockpile

Waste tonnes (000's)	*11,628*	*11,404*	*46,393*	*45,359*
Stripping ratio	*1.58*	*1.88*	*1.77*	*1.94*
Mill:				
Tonnes milled (000's)	*3,692*	*3,791*	*14,086*	*14,238*
Feed Grade (Cu%)	*0.32%*	*0.31%*	*0.32%*	*0.32%*
Recovery (%)	*75.1%*	*79.4%*	*77.2%*	*81.6%*
Operating time (%)	*93.4%*	*93.7%*	*90.3%*	*92.1%*
Tonnes milled (tpd)[2]	*40,130*	*41,200*	*38,600*	*38,900*

Mine Production Information	**Three months ended December 31,**		**Year ended December 31,**	
Copper Mountain Mine (100% Basis)	***2017***	***2016***	***2017***	***2016***
Production:				
Copper production (000's lbs)	*19,500*	*20,800*	*75,800*	*82,900*
Gold production (oz)	*5,200*	*7,100*	*23,600*	*30,800*
Silver production (oz)	*70,400*	*71,100*	*277,000*	*291,900*
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	*$1.60*	*$1.30*	*$1.38*	*$1.17*
Total cash costs per pound of copper sold (net of precious metal credits) (US$)[8]	*$2.05*	*$1.69*	*$1.81*	*$1.60*

Contracts and Markets

Copper Mountain's copper concentrate has no significant deleterious elements. All of Copper Mountain's copper concentrate is sold for the life of the mine under agreement to MMC and is sold at prices based on London Metal Exchange ("LME") quotations. Precious metal pricing is fixed based on the average price of the LME following the month of arrival of the concentrate at the smelter. Copper pricing is fixed based on the average price of the LME, either one month or three months following the month of arrival of the concentrate at the smelter, depending on which period was declared by MMC at the start of the year. During 2017, Mitsubishi elected to fix copper pricing three months after the month of arrival.

Environmental Consideration

There have been no material environmental incidents at the Copper Mountain Mine during 2017. The M-29 Permit, covering the operation and reclamation obligations of the Company was last amended on July 7, 2015 to include the Oriole Pit and the Virginia Pit in the mine plan. The reclamation plan includes a water management and monitoring program and establishment of vegetation on all areas in order to meet land use objectives of returning the land to its

[2] Tonnes per day

original use. Decommissioning and restoration costs are estimated to cost approximately $7.0 million and the Company has fully funded this estimated cost by posting a reclamation bond with the Government of British Columbia in the amount of $8.2 million.

Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration, development and operation of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial may also impair the Company's operations. The order in which the following risk factors appear does not necessarily reflect management’s opinion of their order or priority.

*General***:** The Company is in the business of exploring and developing mineral properties, which is a highly speculative endeavour. Prospective purchasers should evaluate carefully the following risk factors prior to purchasing any of the Company’s securities.

Limited Operating History: The Company’s ability to produce copper is subject to the continued successful operation of the Copper Mountain mine in accordance with the annual budget. Although the annual budgets are completed with the Company’s knowledge of the prior operating history of the Mine, and the operating history of other mines in the region, actual operating results of the Copper Mountain mine may differ materially from those anticipated.

The profitable operations of the Copper Mountain mine are subject to a number of uncertainties. The following events, among others, could affect the profitability or economic feasibility of the Copper Mountain mine:

- unanticipated changes in grade and tonnage of ore to be mined and processed;
- unanticipated adverse geotechnical conditions;
- incorrect data on which engineering assumptions are made;
- costs of constructing and operating a mine;
- unanticipated transportation costs;
- government regulations (including regulations to prices, royalties, duties, taxes, permitting, restrictions on production; quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands);
- fluctuations in commodity prices and exchange rates; and
- accidents, labour action and force majeure events of Copper Mountain Project and that of other parties to material contracts with Copper Mountain Project.

It is not unusual in mining operations to experience unexpected problems during the early years, and delays can often occur.

*Financing Risks***:** In 2010, Copper Mountain, through its subsidiary Company, entered into the senior loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank Ltd., and others for the senior loan for the principal purpose of funding completion of the construction and commissioning of the Copper Mountain Project (the “**Senior Loan Agreement**”).

The Senior Loan Agreement contains covenants and imposes restrictions on the subsidiary’s ability to complete certain transactions. For example, the Senior Loan Agreement required that the subsidiary obtain bank approval for any leases over US $5 million, operate the mine in accordance with the agreed mine plan, and comply with material project agreements. The Senior Loan Agreement also restricts the subsidiary from paying any dividends or making any other distributions to its shareholders, incurring additional indebtedness or entering into any hedging arrangements other than those expressly permitted by the Senior Loan Agreement. While the subsidiary is currently in compliance with all such covenants and restrictions, a breach by the subsidiary of any covenant or restriction in the Senior Loan Agreement will constitute an event of default under the Senior Loan Agreement, entitling the lenders thereunder to accelerate the payment of amounts due there under. The Company and MMC have guaranteed certain loan related deposit accounts of the Copper Mountain mine that total approximately $13 million. The Senior Loan is secured by all of the subsidiary’s assets. An obligation to repay the amount owing under the Senior Loan Agreement before its stated maturity could have an adverse effect on the Company and its financial position.

Exploration and Development Risks: Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. All of the claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that future exploration activities of the Company's mineral properties will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Lack of Availability of Resources: Mining exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to the Company on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in the Company's exploration programs.

Requirement for Additional Financing: The development and exploration of additional company projects depends upon the Company's ability to obtain financing through equity financing, joint ventures, debt financing, or other means. There is no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets for precious and base metals may make it difficult or impossible for the Company to obtain equity financing or debt financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations.

Uninsurable Risks: The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Regulations, Permits and Licenses: By purchasing the Copper Mountain mine, the Company has assumed certain pre-existing site reclamation obligations in respect of the Copper Mountain mine. These costs are reflected in the Company's financial statements that are incorporated by reference into this AIF.

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to comply fully with all environmental regulations. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require the Company to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable environmental rules and regulations.

Mineral Exploration and Mining Carry Inherent Risks: Mining operations are subject all hazards that are normally encountered in exploration, development and production. These include unexpected geological formations, rock falls, flooding, dam wall failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimize risk, there is a possibility of a material adverse impact on the Company's operations and its financial results.

Title Risks: Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on all of the Company's mineral properties in accordance with the laws of the jurisdiction in which such properties are situated; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

The Company has reviewed the land title searches for its Crown granted mineral claims. These searches contain "remarks" which purport to describe the nature of the undersurface rights held by the Company however these remarks are not binding or definitive. A full review of the original Crown grants and all subsequent transfer documents would be required in order to determine the definitive rights of the Company to undersurface rights. This review has not been conducted at this time.

Four Crown granted claims within the overall lands held by the Company are owned only partially by the Company (with ownership between 50% and 93.75% of certain Crown granted claims). Most of these claims are outside of the historical mining plan area. However, the pit plan could partially extend into a small Crown granted claim in which the Company only has a 50% interest. If the Company wishes to proceed with the development of the pit on that claim, it will have to negotiate with the owner of the other 50% of the claim for the terms of further development of the portion of the pit which is on that claim. At present, there are no agreements with the co-owner of the claim. In addition, certain claims are subject to production royalties ranging from 1% to 5%. The current development plan does not extend onto any claims which are subject to these royalties.

Aboriginal Land Claims: Many lands in British Columbia are or could become subject to aboriginal lands claim to title, which could adversely affect the Company's title to its properties. While the Company actively consults with all groups which may be adversely affected by the Company's activities, including aboriginal groups, there can be no assurance that satisfactory agreements can be reached.

Competition: The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire additional suitable properties or prospects in the future.

Management: The success of the Company is currently largely dependent on the performance of its board of directors and its' senior management. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its board of directors and management or other qualified personnel required to operate its business. Failure to do so could have material adverse affect on the Company and its prospects.

Metal Prices are Volatile: The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Company's properties can be mined at a profit. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, the Company's principal products and exploration targets, gold, copper and silver, is affected by various factors, including political events, economic conditions and production costs.

Infrastructure: Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Conflict of Interests: Certain of the directors and officers of the Company are directors or officers of, or have significant shareholdings in, other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate or may wish to participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with the Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, a director or officer who has such a conflict will disclose the conflict to a meeting of the directors of the Company and, if the conflict involves a director, the director will abstain from voting for or against the approval of such a participation or such terms. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In accordance with the provisions of the Business Corporations Act the directors and officers of the Company are required to act honestly in good faith, with a view to the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

Acquisition of Additional Mineral Properties: If the Company loses or abandons its interest in its properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Key Personnel: Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Dilution: There are a number of outstanding options and warrants pursuant to which additional Common Shares may be issued in the future. Exercise of such options and warrants may result in dilution to the Company's shareholders. In addition, if the Company raises additional funds through the sale of equity securities, shareholders may have their investment further diluted.

Operations Dependent on Revenues and Financings: The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the shares purchased would be diminished.

Price Volatility of Publicly Traded Securities: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

ITEM 6 DIVIDEND RECORD AND POLICY

The Company has not paid any dividends since incorporation and does not anticipate declaring any dividends on its Common Shares in the foreseeable future. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time.

ITEM 7 DESCRIPTION OF CAPITAL STRUCTURE

The Company has an authorized share capital of an unlimited number of Common Shares without par value of which 134,285,192 common Shares were issued and outstanding as fully paid and non-assessable as of December 31, 2017. Each Common Share is entitled to one vote and to participate equally in any dividends declared or on a distribution of assets or a winding up of the Company.

As at March 29, 2018, an aggregate of 134,318,458 Common Shares were issued and outstanding. An additional 8,604,234 Common Shares are issuable upon the exercise of outstanding stock options.

The last equity financing completed by the Company was in the summer of 2016, when the Company closed a Cdn $7.5 million bought deal financing on August 3, 2016. The underwriter at that time was Haywood Securities Ltd (the "Underwriter"). The offering consisted of the issue of 13,593,000 common shares at a price of Cdn $0.55 per share, resulting in Cdn $7,476,150 in gross proceeds to the Company. In addition there were 6,796,500 warrants issued with the bought deal financing, of which 5,096,750 are outstanding as of March 29, 2018.

Senior Credit Facility

In July 2010, the Company entered into a senior credit facility ("the SCF") with a consortium of Japanese banks for the development of the Copper Mountain mine. The maximum amount available under the SCF was US$162,000,000 and this was fully drawn during the year to fund the construction of the mine and carries a variable interest rate of LIBOR plus 2%. As at December 31, 2017 the SCF has a principal amount outstanding of US$105,300,000 as shown in note 9 of December 31, 2017 financial statements.

The SCF is repayable in 24 semi-annual instalments commencing December 15, 2011, with 40% of the principal balance due in the final two years before maturity on June 15, 2023. The instalments are payable on a fixed schedule, subject to mandatory prepayment based on the cash flows relating to the project. The SCF is collateralized by all the assets of the Copper Mountain Mine and is insured by Nippon Export and Investment Insurance. In addition, the Company and MMC have jointly guaranteed the amounts owing to the debt service reserve account and the capex reserve account until June 30, 2018.

Term Loan

In May 2010, the Company entered into the term loan ("the Term Loan") with the Japan Bank for International Corporation. The maximum amount available under the Term Loan was US$160,000,000. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures February 10, 2022. The Term Loan is unsecured and repayable in increasing instalments every six months and commenced in February 2012, with the majority of the loan falling due in the last six instalment dates of the Term Loan. As at December 31, 2017 the term loan had a principal amount outstanding of US$124,800,000 as shown in note 9 of December 31, 2016 financial statements. Subsequent to the end of the year, the Company paid an additional amount of US$9,600,000 against the principle, reducing the loan to US$115,200,000 as of March 29, 2018. The Term Loan is fully guaranteed by MMC in exchange for a fee of 0.2% per annum.

ITEM 8 MARKET FOR SECURITIES

The Common Shares are currently listed on the Exchange under the trading symbol CMMC. The following table lists the price ranges (high and low) for the Common Shares as quoted on the Exchange and the traded volume on a monthly basis from January 1, 2017 to March 29, 2018.

Period	Price (Cdn$)		Monthly Volume
	High	Low	
March 1 – 29, 2018	$1.33	$1.09	8,405,556
February 2018	$1.36	$1.18	13,642,732

January 2018	$1.62	$1.24	10,042,670
December 2017	$1.65	$1.31	9,240,323
November 2017	$1.85	$1.46	10,838,595
October 2017	$1.60	$1.26	12,547,562
September 2017	$1.42	$1.11	11,821,320
August 2017	$1.23	$0.95	15,830,401
July 2017	$1.06	$0.75	5,307,587
June 2017	$0.87	$0.72	2,872,163
May 2017	$0.97	$0.74	5,054,342
April 2017	$1.11	$0.89	5,053,600
March 2017	$1.24	$0.93	10,102,632
February 2017	$1.32	$1.13	15,173,266
January 2017	$1.25	$0.94	17,115,789

ITEM 9 ESCROWED SECURITIES

None

ITEM 10 DIRECTORS AND OFFICERS

Name, Address and Occupation

The names, province or state, country of residence, positions held and principal business occupations in which each of the Company's current directors and executive officers of the Company has been engaged during the immediately preceding five years is as follows:

Name and Province and Country of Residence	Position and Term with the Company
James O’Rourke, P.Eng, OBC British Columbia, Canada	Director, President and Chief Executive Officer since April 20, 2006
Rodney Shier, B.Com, CPA, CA British Columbia, Canada	Director, Chief Financial Officer and Corporate Secretary since April 20, 2006
Donald Strickland, Bsc. (Hons) P.Eng British Columbia, Canada	Vice President and Chief Operating Officer since January 2018
Peter Holbek, Bsc. (Hons) M.Sc, P.Geo British Columbia, Canada	Vice President, Exploration since November 2006
Bill Mracek, P.Eng British Columbia, Canada	Vice President, Mining since January 2012

Name and Province and Country of Residence	Position and Term with the Company
Bruce Aunger(1) (3), **CPA, CA** British Columbia, Canada	Director since Feb 10, 2011
Al Cloke(3) (2) British Columbia, Canada	Director since August 9, 2010
Marin Katusa(1) (3), **B.Sc** British Columbia, Canada	Director since April 4, 2007
Carl Renzoni(1) (2), **B.Sc (Hons)** Ontario, Canada	Director since March 18, 2008
John Tapics(1)(2), **B.Sc, P.Eng** Ontario, Canada	Director since April 20, 2006

(1)Denotes member of the Audit Committee;

(2)Denotes member of the Corporate Governance Committee.

(3)Denotes member of the Compensation Committee;

As at the date of this AIF, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over approximately 7.5 million Common Shares, representing 5.60% of the issued Common Shares. In addition, such individuals hold stock options to acquire an additional 7.2 million Common Shares.

Each of the Directors of the Company will hold office until the next annual general meeting of the shareholders of the Company pursuant to the Business Corporations Act, or unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the Business Corporations Act.

Principal Occupations and Other Information about Copper Mountain's Directors and Management

James O'Rourke, P.Eng – President, Chief Executive Officer and Director
James C. (Jim) O`Rourke was appointed President and Chief Executive Officer of the Company on its incorporation on April 20, 2006. As the President and Chief Executive Officer of the Company, Mr. O'Rourke has overall responsibility for management of the day-to-day affairs of the Company including maintaining and developing strategic plans for the Company and successfully implementing such plans, providing leadership to the Company's staff, coordinating the preparation of an annual business plan and providing timely, strategic, operation and reporting information to the Board.

Mr. O'Rourke graduated in 1964 with a B.A. Sc. degree in Mining Engineering from the University of British Columbia. Mr. O'Rourke has been President of Huckleberry Mines Ltd., an open pit copper mining company, from December 2003 to May 2007 and continued as Executive Advisor and Director until 2016. Mr. O'Rourke was President of Princeton Mining Corporation ("Princeton") from 1987 to 1997 and continued as Chairman from February 1997 to January 1998. Mr. O'Rourke was inducted into the Canadian Mining Hall of Fame in January 2013, was the recipient of the Order of British Columbia in 2011, the recipient of the Mining Person of the Year award for British Columbia in 2010, and in 2005 the recipient of the E.A.Scholtz award for excellence in mine development.

Rodney Shier, B.Com, CPA, CA – Chief Financial Officer, Corporate Secretary and Director
Rodney A. Shier was appointed Chief Financial Officer and Corporate Secretary of the Company on April 20, 2006. As Chief Financial Officer, Mr. Shier's responsibilities include coordinating all aspects of the Company's financial operations, controls and financial disclosure, in addition to overseeing all aspects of the Company's investor relations activities. As Corporate Secretary, Mr. Shier is responsible for maintaining the Company's governance and corporate records, coordinating Board and management meetings and providing support to other members of the senior management team and the Board.

Mr. Shier graduated in 1986 with a Bachelor of Commerce degree from the University of British Columbia and earned his Chartered Accountant designation in 1990 while articling at the international accounting firm of

PricewaterhouseCoopers where he worked overseas for two years. Mr. Shier has over twenty years experience as a corporate officer and director to a number of publicly-traded mining companies. Mr. Shier is a member of the Institute of Chartered Accountants of British Columbia and the 2013 recipient of the E.A.Scholtz award for excellence in mine development in British Columbia.

Don Strickland, B.Sc. (Hons), P.Eng – VP Operations
Don Strickland graduated from Queens university with a B.Sc.(hons) in Materials Science and Metallurgical Engineering (1993) and has over 25 years Canadian as well as international mining experience. Mr. Strickland has gained extensive experience in mineral processing, project development and mine management while working with Placer Dome, Barrick Gold Corp and Yukon Zinc. Mr. Strickland is a senior executive with proven leadership, team building skills with a track record of success.

Peter Holbek, BSc. (Hons) M.Sc., P.Geo – VP Exploration
Peter Holbek was appointed as Vice President Exploration of the Company on April 4, 2007. As Vice President Exploration, Mr. Holbek is responsible for the overall exploration program being conducted by the Company. Mr. Holbek graduated from The University of British Columbia with a Bachelor of Science degree (hons.) in 1980, and a Master of Science degree in 1988, and has 25 years experience in mineral exploration and mine development. Prior to joining Copper Mountain, he served as Vice President, Exploration for Atna Resources Ltd. for six years and prior to that as Exploration Manager and mine geologist for Princeton Mining Ltd. From 1984 to 1993 he was employed as senior exploration geologist for Esso Minerals Canada and subsequently, Homestake Canada Ltd, and in 2013 was the recipient of the E.A.Scholtz award for excellence in mine development.

William (Bill) Mracek, P.Eng - VP Mining
Bill Mracek graduated from University of Saskatchewan with a Bachelor of Engineering degree in Mechanical Engineering and is a professional engineer registered in the Province of Ontario. Mr. Mracek has 40 years of practical and management experience in both underground and surface mines across Canada. Prior to joining Copper Mountain he was Vice President and General Manager at Thompson Creek's Endako mine and Vice President and General Manager for Huckleberry Mines Ltd.

Bruce Aunger, CPA, CA – Director
Mr. Aunger is a Chartered Accountant and senior executive with proven leadership and team building skills. Mr. Aunger is Chief Financial Officer and Executive Vice-President of Madison Venture Corporation and has been since 1988. Mr. Aunger serves as Secretary of Glacier Media, Inc. and GVIC Communications Corp. He was employed by Arthur Andersen, Chartered Accountants, for 11 years and served as a partner for 7 years. He has many years experience in the accounting, financial, taxation and financing fields. Mr. Aunger obtained a BA degree in Commerce from Simon Fraser University and is a citizen and resident of Canada.

Al Cloke – Director
Mr. Cloke has been a director of the Company since August 9, 2010. Mr. Cloke is a senior executive with proven leadership, team building and market development skills with a track record of successfully managing the profitable growth of mining distribution businesses. Mr. Cloke has worked 40 years in and as a supplier to the mining industry. Mr. Cloke was involved in the growth of the oil sands in Fort McMurray, the coal business in the Elk Valley and Northeast coal. Past responsibilities and achievements are, President of Bucyrus Canada Limited and President CEO and partner of Transwest Dynequip Limited, sold to Sumitomo Corporation. He was chosen British Columbia Mining Industry "Person of the Year" in 1995 and General Chairman of the CIM convention in Vancouver in 1997. Mr. Cloke served on the Board of the Coal Association of Canada and the Board of Hillsborough Resources. He was Chairman of B.C. Children's Hospital, Mining for Miracles campaign and co founder of Fishing for Kids and Hooked on Miracles fundraising events for the mining industry and B.C. Children's Hospital. He is currently President of Cloke Holdings Ltd, and on the Boards of Copper Mountain Mine and Copper Mountain Mining Corporation. Mr. Cloke is a citizen and resident of Canada.

Marin Katusa, B.Sc – Director
Mr. Katusa has been a director of the Company since April 4, 2007. Mr. Katusa is the author of the New York Times best seller The Colder War and his extensive relationships within the Canadian financial community is a valuable asset in the realization of the Company's commitment to become a world class copper producer. Mr. Katusa graduated from the University of British Columbia with a Bachelor of Science degree and a Bachelor degree in Education. Mr.

Katusa is a manager of some of the largest funds focussed on the junior resource sector (KCR Fund, KCO Fund and KC50 Fund). Mr. Katusa is a citizen and resident of Canada.

Carl Renzoni, B.Sc (Hons) – Director
Mr. Renzoni has been a director of the Company since March 18, 2008. Mr. Renzoni is a retired investment banker who worked at BMO Nesbitt Burns Inc. from June 1969 and more recently as a Managing Director up until his retirement in November 2001. Mr. Renzoni brings over 30 years of experience in the securities business specializing in the mining industry and has extensive knowledge of all aspects of corporate finance including mergers and acquisitions. Mr. Renzoni was a director of: Meridian Gold Inc until its takeover by Yamana Gold Inc in October 2007 and was a Director of Peru Copper until its takeover by the Aluminum Corporation of China for $840 million in June 2007. Mr. Renzoni is a Director of Yamana Gold Inc since October 2007. Mr. Renzoni received a Bachelor of Science degree (hons.) in Geology from Queen's University in Kingston, Ontario in 1963. Mr. Renzoni is a citizen and resident of Canada.

John Tapics, B.Sc., P.Eng – Director
Mr. Tapics has been a director of the Company since April 20, 2006. Mr. Tapics graduated in 1975 with a B.Sc degree in mining engineering from Queen's University and has over 25 years of mine planning and operations experience. Mr Tapics was the Vice President/Executive Vice President at TransAlta Corporation and responsible for Highvale and Whitewood Mines from 1990 to 1998.

From November 2005 to June 2013, Mr. Tapics was President & Chief Executive Officer of Compliance Energy Corporation, a mining company. Mr. Tapics became a director of Compliance Energy Corporation in April 2006. From October 2001 to February 2005, Mr. Tapics held the positions of President and Chief Executive Officer of the Alberta Electric System Operator and the Balancing Pool of Alberta, statutory corporations responsible for operating the electrical system of Alberta and managing certain power purchase arrangements on behalf of Albertans; respectively. Mr. Tapics was a Director of Prairie Mines & Royalty Ltd. an entity that produced over 36 million tonnes of coal per year. Mr. Tapics has also served as a director of the Coal Association of Canada, the British Columbia Mining Association, the Canadian Electricity Association and the Western Power Institute and the Alberta Chamber of Resources. Mr. Tapics was the 1993 recipient of the Canadian Institute of Mining's Presidents' Role Model Medal and is a past CIM District 5 Proficiency Medal winner.

Advisors

Robert Young, BSc. P. Eng. – Advisor
Robert J. (Bob) Young graduated in 1962 with a Bachelor of Applied Science degree in geological engineering from the University of British Columbia. Mr. Young joined Placer Development in the January of 1960 and spent the next 32 years with that company. The first seventeen years were spent doing mine geology, both underground and open pit as well as gaining experience in mine operations and evaluation. Mr. Young then left the mine operations and went to exploration, working mostly on target evaluations and as a project manager in South America, Africa and Southeast Asia. Mr. Young left Placer in 1992 and joined Teck Corporation as manager of their South American office located in Santiago, Chile. After 4 years there Mr. Young returned to Teck's Vancouver office, working on international evaluations until his retirement in June of 1999.

Roman Shklanka, PhD. Geo, Bcomm – Advisor
Roman Shklanka received his Doctorate in geology from Stanford University and a Master of Arts and Bachelor of Commerce degrees from the University of Saskatchewan. He is a Fellow of the Geological Association of Canada and Member of the Canadian Institute of Mining and Metallurgy. Mr. Shklanka is an international mineral explorationist with over 40 years of experience in the mining industry. He has been successful in identifying and developing major deposits around the world and was the PDAC's 2006 co-receiver of the Viola Macmillan Developer's Award. In 2009 Mr. Shklanka was inducted into the Canadian Mining Hall of Fame.

From 1969 to 1990, Dr. Shklanka was with the Placer Development Ltd. organization, working in a variety of capacities, including General Manager of Exploration for Placer Development Ltd. and Vice President for Exploration for Placer Dome Inc. Dr. Shklanka was associated with Sutton Resources Ltd. as Vice Chairman (1993-95) and as Chairman from 1995-99. The Issuer was acquired in 1999 by Barrick Gold Corp. He was also Chairman of Canico Resource Corp. which was developing one of the world's major nickel deposit when it was acquired by Companhia

Vale Rio Doce in 2005. Currently he is Chairman of Polaris Minerals Corporation (T.PLS), International Barytex Resources Ltd. (V.IBX), and Pacific Imperial Mines (V.PPM).

Cease Trade Orders, Bankruptcies Penalties or Sanctions
Except as set out below, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, executive officer of any company (including the Company), that while that person was acting in that capacity,

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director or executive officer; or

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, which resulted from an event that occurred while that person was acting in the capacity as director or executive officer.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, and no shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and shareholders holding a sufficient number of securities of the Company to affect materially the control of the Company.

Conflicts of Interest
There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. In particular, certain of the directors and officers of the Company are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct

competition with those of the Company. Conflicts, if any, will be subject to the procedures and remedies available under the Business Corporations Act. The Business Corporations Act provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the Business Corporations Act. See "Risk Factors – Conflicts of Interest" for further details.

ITEM 11 PROMOTERS

None

ITEM 12 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Company's management, there are no material legal proceedings or regulatory actions outstanding, to which the Company is a party, or to which any of its property is subject to during the financial year ended December 31, 2017, and no such proceedings or regulatory actions are known to the Company to be threatened or pending, as of the date hereof, other than disclosed in the Company's financial statements for the year ended December 31, 2017.

ITEM 13 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below and elsewhere in this AIF, no director or executive officer of the Company and to the knowledge of management of the Company any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities or any associate or affiliate of any of the persons or companies referred to above, to the knowledge of management of the Company, has any material interest, direct or indirect, in any transaction within the last three recently completed financial years materially affected or will materially affect the Company or any of its subsidiaries.

ITEM 14 TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada.

ITEM 15 MATERIAL CONTRACTS

Other than the agreement to acquire Altona Mining Limited, the Company has not entered into material contracts other than those entered into in the ordinary course of business in operating the Copper Mountain mine. During the year ended December 31, 2010 the Company's subsidiary entered into material contracts for the project debt financing for the Copper Mountain mine. The terms of these material contracts are disclosed in note 9 to the Company's consolidated financial statements for the year ended December 31, 2017.

ITEM 16 INTERESTS OF EXPERTS

The following persons prepared or certified a statement, report or valuation described or included in a filing, or referenced in a filing made by the Company under National Instrument 51-102 – *Continuous Disclosure Obligations* prescribed by the Canadian Securities Administrators, during or relating to the Company's most recently completed financial year ended December 31, 2017:

Name	Expert with Respect to	# of Securities Held
PricewaterhouseCoopers LLP Chartered Accountants	PricewaterhouseCoopers LLP, Chartered Accountants, are the Company's auditors and have prepared an opinion with respect to the Company's consolidated financial statements as at and for the year ended December 31, 2016. PricewaterhouseCoopers LLP report that they are	Nil

	independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.	

ITEM 17 ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com.

The following documents can be obtained upon request from Copper Mountain’s communication department by calling (604) 682-2992:

(i) This Annual Information Form, together with any document incorporated herein by reference;

(ii) The Annual Report of the Company and any interim financial statements filed with Securities Commissions subsequent to the audited financial statements for the Company’s most recently completed financial year.

Additional information, including directors’ and officers’ remuneration and indebtedness, principle holders of the Company’s securities and securities authorized for issuance under equity compensation plans, will be contained in the Company’s information circular for its upcoming annual general meeting of shareholders to be held on June 14, 2017. Additional financial information is presented in the Company’s annual audited consolidated financial statements and related management discussion and analysis for the year ended December 31,2017.

ITEM 18 ADDITIONAL DISCLOSURE FOR COMPANIES NOT SENDING INFORMATION CIRCULARS

Not applicable.

ITEM 19 CONTROLS AND PROCEDURES

Internal Controls Over Financial Reporting

The Company’s management, including the Chief Executive Officer and the Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting, and evaluating the effectiveness of the Company’s internal control over financial reporting as at each fiscal year end. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of the Company’s internal control over financial reporting as at December 31, 2017.

During the year ended December 31, 2017 the Company’s management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the disclosure controls and procedures and the internal controls over financial reporting ("ICFR") and concluded that there has been no material change in the Company’s internal controls during the year ended on December 31, 2017, that has materially affected, or is reasonably likely to materially affect, the Company’s ICFR.

Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to permit timely discussions regarding public disclosures. As at December 31, 2017, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on this evaluation, the Chief executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures were effective.

ITEM 20 AUDIT COMMITTEE

Audit Committee Charter and Composition of Audit Committee
The Audit Committee has adopted a charter that sets out its mandate and responsibilities, and is attached to this AIF as Appendix A.

The Audit Committee, consisting of Bruce Aunger, Marin Katusa, John Tapics, and Carl Renzoni, review all financial statements of the Company prior to their publication, review audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, review and approves the professional services to be rendered by them and review fees for audit services. The charter has set criteria for membership which all members of the Audit Committee are required to meet consistent with National Instrument 52-110 *Audit Committees* and other applicable regulatory requirements. The Audit Committee, as needed, meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Each Audit Committee member is an independent director and is financially literate. Mr. Aunger, the Audit Committee's chairman, is a Chartered Accountant and hence a financial expert.

Relevant Education and Experience
Disclosure respecting the education and experience of the Audit Committee is provided in their biographies above. As a result of their education and experience, each member of the Audit Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and
- internal controls and procedures for financial reporting.

Reliance on Certain Exemptions
The Company's auditors, PricewaterhouseCoopers LLP, Chartered Accountants, have not provided any material non-audit services.

Pre-Approval Policies and Procedures for Non-Audit Services
The Audit Committee also approves for the engagements of non-audit services.

Code of Ethics
The Company has adopted a code of ethics that applies to all personnel of the Company. A copy of the Code of Ethics, which is included as a part of the Company's Governance Policies and Procedures Manual is available by writing to the Corporate Secretary.

Principal Accountant Fees and Services
The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's audit firm for various services.

Services:	Year ended December 31, 2017	Year ended December 31, 2016
Audit Fees	$256,400	$184,500
Non Audit Fees	$139,000	$52,000
	$395.400	$238,500

ITEM 21 OFF BALANCE SHEET ARRANEMENTS

None.

COPPER MOUNTAIN MINING CORPORATION

CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee shall provide assistance to the Board of Directors of Copper Mountain Mining Corporation (the "Company") in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are to:

- Oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence.
- Serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Company's independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters, and meet periodically with management and with the independent auditors.

II. COMPOSITION

The Audit Committee shall be comprised of at least three directors. Each Committee member shall be an "independent director" within the meaning of Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"), as may be amended from time to time. Pursuant to MI 52-110, a member will be considered "independent" if he has no direct or indirect, material relationship with the Company. MI 52-110 sets forth certain relationships which deem one not to be independent. In addition, the composition of the Audit Committee shall comply with the rules and regulations of the Toronto Stock Exchange and any other stock exchange on which the shares of the Company may be listed, subject to any waivers or exceptions granted by such stock exchange.

All members shall, to the satisfaction of the Board of Directors, be financially literate in accordance with the requirements of the MI 52-110 (i.e. have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements). At least one member shall have accounting or related financial management expertise to qualify as a "financial expert". A person will qualify as "financial expert" if he or she possesses the following attributes:

1. an understanding of financial statements and generally accepted accounting principles used by the Company to prepare its financial statements;
2. an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
4. an understanding of internal controls and procedures for financial reporting; and
5. an understanding of audit committee functions.

The Committee members will be elected annually at the first meeting of the Board of Directors following the annual general meeting of shareholders.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.

III. RESPONSIBILITIES AND POWERS

Responsibilities and powers of the Audit Committee include:

- Annual review and revision of this Charter as necessary with the approval of the Board of Directors provided that this Charter may be amended and restated from time to time without the approval of the Board of Directors to ensure that that the composition of the Audit Committee and the Responsibilities and Powers of the Audit Committee comply with applicable laws and stock exchange rules.

- Making recommendations to the Board of Directors regarding the selection, the appointment, evaluation, fees and compensation and, if necessary, the replacement of the independent auditors, and assisting in resolving any disagreements between management and the independent auditors regarding financial reporting.

- Recommending to the Board for Approval the appropriate audit engagement fees and the funding for payment of the independent auditors' compensation and any advisors retained by the Audit Committee.

- Ensuring that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.

- Confirming the independence of the auditors, which will require receipt from the auditors of a formal written statement delineating all relationships between the auditors and the Company and any other factors that might affect the independence of the auditors and reviewing and discussing with the auditors any significant relationships and other factors identified in the statement. Reporting to the Board of Directors its conclusions on the independence of the auditors and the basis for these conclusions.

- Overseeing the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.

- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:

    - bookkeeping or other services related to the accounting records or financial statements of the Company;

    - financial information systems design and implementation;

    - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

    - actuarial services;

    - internal audit outsourcing services;

    - management functions or human resources;

    - broker or dealer, investment adviser or investment banking services;

    - legal services and expert services unrelated to the audit; and

    - any other services which the Public Company Accounting Oversight Board determines to be impermissible.

- Pre-approving all audit services, internal control related services and approving any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation.

- Meeting with the auditors and financial management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used.

- Meeting annually with auditors in "in camera" sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management's performance.

- Reviewing with management and the independent auditors:

  - the Company's annual financial statements (and interim financial statements as applicable) and related footnotes, management's discussion and analysis and the annual information form, for the purpose of recommending approval by the Board of Directors prior to its release, and ensuring that:

    - management has reviewed the audited financial statements with the audit committee, including significant judgments affecting the financial statements

    - the members of the Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Committee

    - the Committee has received the assurance of both financial management and the independent auditors that the Company's financial statements are fairly presented in conformity with Canadian GAAP or International Financial Reporting Standards (IFRS), as applicable, in all material respects

  - Any significant changes required in the independent auditors' audit plan and any serious issues with management regarding the audit.

  - the Company's internal controls report and the independent auditors' certification of the report, and review disclosures made to the Committee by the CEO and CFO about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

  - Other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.

- Satisfying itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure described in the preceding paragraph, and assessing the adequacy of such procedures periodically.

- Reviewing with the independent auditors and management the adequacy and effectiveness of the financial and accounting controls of the Company.

- Establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.

- Reviewing with the independent auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors and reviewing and discussing material written communications between management and the independent auditors, such as any management letter of schedule of unadjusted differences.

- Making inquires of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.

- Making inquires of management and the independent auditors to identify significant business, political, financial, litigation and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.

- Reviewing at least quarterly and assessing the overall process for identifying principal business, political, financial, litigation and control risks and providing its views on the effectiveness of this process to the Board.

- Reviewing and/or investigating any financial, internal control, or risk management related issue or activity of the Company and reporting to the Board of Directors at its next regular meeting all such action it has taken since the previous report.

- Reviewing at least quarterly compliance by the Company and its subsidiaries with all covenants under credit agreements.

- Ensuring that the disclosure of the process followed by the Board of Directors and its committees, in the oversight of the Company's management of principal business risks, is complete and fairly presented.

- Reviewing and approving for recommendation to the Board the Company's annual operating and capital budgets, and any amendments thereto, from time-to-time.

  - Reviewing quarterly the financial reports of the Company to ensure that any material deviation from budget or any material indication that actual results will fail to meet budget expectations, are addressed.

  - Reviewing quarterly the status of capital and major operating projects of the Company.

- Reviewing and approving for recommendation to the Board details of specific proposed financings.

- Obtaining reports from management, the Company's independent auditors that the Company is in conformity with legal requirements and the Company's Code of Business Conduct and Ethics and reviewing reports and disclosures of insider and affiliated party transactions.

- Discussing any earnings press releases and press releases with respect to production and compliance with the credit agreement covenants as well as financial information and earnings guidance provided to analysts and rating agencies.

- Ensuring adequate procedures are in place for review of the Company's disclosure of financial and production information and compliance with credit agreement covenants and assess the adequacy of these procedures at least once per year.

- Reviewing of confirmation of compliance with the Company's policies on internal controls, conflicts of interests, ethics, foreign corrupt practice, etc.

- Ensuring that the Company's Annual Information Form and the Company's Management Information Circular contains the disclosure as required by law, including that required by MI 52-110, and in particular the risks and uncertainties contained therein.

- Reviewing with financial management and the independent auditors interim financial information, including interim financial statements, management discussion and analysis and financial press releases for the purpose of recommending approval by the Board of Directors prior to its release.

- At least annually obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess auditors' independence).

- Reviewing the financial information included in any prospectus or information circular prior to its release and, as appropriate, recommend to the Board of Directors whether such prospectus or information circular should be approved.

- Reviewing and approving hiring policies for employees or former employees of the past and present independent auditors.

- Reviewing disclosure by management in the event that management deviates from existing approved policies and procedures which disclosure must also must be contained in financial reporting sub-certification forms.

- Engaging independent counsel and other advisors, without seeking approval of the Board of Directors or management, if the Committee determines such advisors are necessary to assist the Committee in carrying out its duties and setting and paying for any counsel or advisors employed by the Audit Committee for such purpose. The Committee shall advise the Board of Directors and management of such engagement.

- Discussing with the Company's legal counsel legal matters that may have a material impact on the financial statements, disclosure in management's disclosure and analysis or of the Company's compliance policies and internal controls.

- On at least an annual basis, reviewing with the Company's Chief Financial Officer any legal matters that could have a significant impact on the organization's financial statements or risk profile, and the Company's compliance with applicable laws and regulations.

- Establishing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- Overseeing compliance with the Company's Code of Business Conduct and Whistleblower Policy and reporting the Board of Directors with respect thereto.

- Conducting special investigations, independent of the Board of Directors or management, relating to financial and non-financial related matters concerning the Company and/or any one or more of its directors, officers, employees, consultants and/or independent contractors, if determined by the Committee to be in the best interests of the Company and its Shareholders. The Committee shall advise the Board of Directors with respect to the initiations of such investigations and shall periodically report any findings such investigation to the Board of Directors.

- Reporting annually to the shareholders in the Company's Annual Information Form on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.

IV. MEETINGS

The Audit Committee will meet regularly at times necessary to perform the duties described above in a timely manner, but not less than four times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Committee.

The Audit Committee shall meet periodically in separate executive sessions with management (including the Chief Financial Officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. The Audit

Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The independent auditors will have direct access to the Committee at their own initiative.

The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board of Directors.

Copper Mountain Mining Corporation

Consolidated Financial Statements
For the Years Ended December 31, 2017 and 2016

February 16, 2018

Independent Auditor's Report

To the Shareholders of
Copper Mountain Mining Corporation

We have audited the accompanying consolidated financial statements of Copper Mountain Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of income and comprehensive income, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS).

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
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We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper Mountain Mining Corporation as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with IFRS.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Copper Mountain Mining Corporation

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	December 31, 2017 $	December 31, 2016 $
Assets		
Current assets		
Cash and cash equivalents	45,133	31,409
Accounts receivable and prepaid expenses (note 4)	29,314	26,048
Inventory (note 5)	68,135	48,465
	142,582	105,922
Deferred acquisition costs (note 23)	1,121	-
Reclamation bonds (note 10)	8,228	8,232
Deferred tax assets (note 18)	10,956	-
Property, plant and equipment (note 6)	414,041	463,080
Low grade stockpile (note 5)	91,021	70,556
	667,949	**647,790**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	42,122	36,488
Amounts payable to related parties (note 16)	43,633	22,653
Current portion of long-term debt (note 9)	48,649	46,415
Current tax liability	1,285	1,157
	135,689	106,713
Electricity deferral (note 8)	-	15,385
Provisions (note 10)	6,521	6,312
Interest rate swap liability (note 9)	2,081	4,088
Long-term debt (note 9)	258,373	319,759
	402,664	452,257
Equity		
Attributable to shareholders of the Company:		
Share capital (note 11)	195,670	194,208
Contributed surplus	15,724	14,773
Accumulated deficit	(25,693)	(73,656)
	185,701	135,325
Non-controlling interest	79,584	60,208
Total equity	265,285	195,533
	667,949	**647,790**

Approved on behalf of the Board of Directors

(signed) Jim O'Rourke Director (signed) Bruce Aunger Director

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Income and Comprehensive Income
For the Years Ended December 31, 2017 and 2016
(In thousands of Canadian dollars, except for number of and earnings per share)

	2017 $	2016 $
Revenue (note 13)	304,080	277,996
Cost of sales (note 14)	(244,985)	(258,330)
Gross profit	59,095	19,666
General and administration (note 14)	(6,757)	(5,594)
Property investigation (note 6)	(35)	(338)
Share based compensation (note 12)	(2,152)	(810)
Income from operations	50,151	12,924
Finance income	319	199
Finance expense (note 15)	(13,070)	(12,642)
Unrealized loss on interest rate swap	(87)	(91)
Foreign exchange gain	20,949	13,007
Loss on sale of fixed asset	-	(643)
Income before tax	58,262	12,754
Current resource tax expense	(1,879)	(1,157)
Deferred income and resource tax recovery	10,956	-
Net income and comprehensive income	**67,339**	**11,597**
Net income and comprehensive income attributable to:		
Shareholders of the Company	47,963	7,723
Non-controlling interest	19,376	3,874
	67,339	**11,597**
Income per share:		
Basic	$0.36	$0.06
Diluted	$0.35	$0.06
Weighted average shares outstanding, basic	133,301,425	124,371,814
Weighted average shares outstanding, diluted	136,893,439	125,084,792
Shares outstanding at end of the year	134,285,192	132,650,927

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016
(In thousands of Canadian dollars)

	2017 $	2016 $
Cash flows from operating activities		
Net income for the year	67,339	11,597
Adjustments for:		
Depreciation	51,491	53,885
Loss on disposal of fixed assets	(25)	643
Unrealized foreign exchange gain	(20,155)	(10,776)
Unrealized loss on interest rate swap	87	91
Deferred income and resource tax recovery	(10,956)	-
Finance expense	13,070	12,642
Share based compensation	1,945	810
	102,796	68,892
Net changes in working capital items (note 17)	(45,522)	(21,955)
Net cash from operating activities	57,274	46,937
Cash flows from investing activities		
Deferred stripping activities	(1,485)	(1,980)
Deferred acquisition costs	(1,121)	-
Development of property, plant and equipment	(3,779)	(4,806)
Proceeds on disposal of fixed asset	52	510
Net cash used in investing activities	(6,333)	(6,276)
Cash flows from financing activities		
Issue of common shares - net of issue costs	1,179	7,025
Contributions from non-controlling interest	21,618	12,829
Loan principal paid	(37,361)	(17,416)
Interest paid	(12,521)	(17,337)
Finance lease payments	(8,218)	(6,134)
Net cash used in financing activities	(35,303)	(21,033)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,914)	(409)
Increase in cash and cash equivalents	13,724	19,219
Cash and cash equivalents - Beginning of year	31,409	12,190
Cash and cash equivalents - End of year	45,133	**31,409**

Supplementary cash flow disclosures (note 17)

The accompanying notes are an integral part of these consolidated financial statements.

(In thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the Company

	Number of Share	Amount $	Contributed surplus $	Retained earnings (deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2016	118,795,427	188,306	12,929	(81,379)	119,856	56,565	176,421
Shares issued for cash	13,855,500	6,549	1,124	-	7,673	-	7,673
Share issue costs	-	(647)	-	-	(647)	-	(647)
Share based compensation	-	-	720	-	720	-	720
Payments made to non-controlling interest	-	-	-	-	-	(231)	(231)
Income for the year	-	-	-	7,723	7,723	3,874	11,597
Balance – December 31, 2016	132,650,927	194,208	14,773	(73,656)	135,325	60,208	195,533
Shares issued on exercise of options	184,515	91	-	-	91	-	91
Shares issued on exercise of warrants	1,449,750	1,088	-	-	1,088	-	1,088
Fair value of options exercised	-	44	(44)	-	-	-	-
Fair value of warrants exercised	-	239	(239)	-	-	-	-
Share based compensation	-	-	1,234	-	1,234	-	1,234
Income for the year	-	-	-	47,963	47,963	19,845	67,339
Balance - December 31, 2017	**134,285,192**	**195,670**	**15,724**	**(25,693)**	**185,701**	**79,584**	**265,285**

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of operations and liquidity

Copper Mountain Mining Corporation ("the Company") was incorporated under the provisions of the British Columbia Business Corporations Act on April 20, 2006 and is a Canadian development and operating mining company. The Company maintains its head office at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia. The Company, through a subsidiary, owns 75% of the Copper Mountain Mine while Mitsubishi Materials Corporation ("MMC") owns the other 25% interest in the Copper Mountain Mine.

As at December 31, 2017, the Company had working capital of $6.9 million compared to negative working capital of $0.8 million at December 31, 2016. Included in working capital is $43.6 million due to MMC (Note 16 (c)) and this amount is not expected to be repaid within the next twelve months. The Company has no future material commitments for capital expenditures at the Copper Mountain Mine as of December 31, 2017.

The recent strength in US denominated commodity prices have had a positive impact on the Company's operating results, increasing operating income and cash generated from operating activities from an operating income of $12.9 million and cash flows from operations of $46.9 million for the year ended December 31, 2016 to an operating income of $50.2 million and cash flows from operations of $57.3 million for the year ended December 31, 2017. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$33.8 million, which the Company expects to be able to fund through cash on hand and cash flows from operations. However, the current commodity price and exchange rate environment can be volatile and accordingly will have an impact on the Company's cash flows.

Despite the higher copper price currently being realized, the Company continues to review its near term operating plans and continues to take steps to reduce costs and maximize cash flow from operations, while still maintaining copper output levels. The Company remains vigilant for ongoing opportunities to reduce costs and improve net cash generation.

Management has received an extension of the required funding of the debt service and capex reserve accounts relating to the Company's Senior Credit Facility by providing corporate guarantees. The extension expires June 30, 2018 and although such extensions have been obtained in the past there are no guarantees they will continue to be obtained in the future.

2 Basis of presentation

a. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were approved for issue on February 16, 2018, by the Board of Directors.

b. Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation gains or losses are recognized in profit or loss. The determination of functional currency requires the use of judgement as the Company has transactions in both Canadian and US dollars.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis. Estimates are based on historical experience and other factors, including the expectation of future events considered to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and any future periods affected. The estimates and judgements used in the preparation of these consolidated financial statements are included in the notes to these consolidated financial statements with those items which could have a material effect on these consolidated financial statements outlined below.

Impairment review

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life of-mine estimates. The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the estimate of recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired with the impact recorded in the consolidated statements of loss.

Mineral reserve estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation of depreciation, impairment assessment and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates could have a material affect in the future of the Company's financial position and results of operation.

Inventory valuation

Stockpiled ore and concentrate inventory are valued at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of future sales price, production and selling costs requires assumptions that may impact the stated value of inventory. Where the time of processing and sale exceeds one year, as in the case of the low grade stockpile, a discount rate is applied to the future estimated cash flows.

Decommissioning and restoration provisions

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with its permits, existing laws and regulations. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the provision for restoration. The provision represents management's best estimate of the present value of the future restoration and remediation costs.

Current and deferred taxes

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses require management to assess the probability that the Company and its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Based on current forecasts, the Company expects to generate taxable earnings in future periods, and has recognized a deferred tax asset.

3 Significant accounting policies

a. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the derivative financial instruments, which are stated at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Consolidation

The financial statements of the Company consolidate the accounts of Copper Mountain Mining Corporation and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The significant subsidiary entities of Copper Mountain are listed below. Each of the entities has a December 31 year end.

Entity	Location	Proportion of ownership interest	Non-controlling interest
Copper Mountain Mine (BC) Ltd.	Canada	75%	25%
Similco Finance Ltd.	Canada	75%	25%
Copper Mountain Operating Company Ltd.	Canada	100%	-
Princeton GP Ltd.	Canada	75%	25%

Substantially all of the Company's activities are conducted through non-wholly owned subsidiaries, with the exception of general administration expenses incurred within the parent company.

c. Non-controlling interest

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The non-controlling interests' share of net income and comprehensive income is presented separately in the statement of loss and comprehensive loss directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, debt and interest rate swap liabilities.

Cash and cash equivalents and reclamation bonds

Cash and cash equivalents comprise of cash in bank accounts and on hand and other short-term investments with initial maturities of less than 90 days. Cash subject to restrictions is excluded.

Cash and cash equivalents, restricted cash and reclamation bonds have been classified as loans and receivables and are recorded at amortized cost.

Accounts receivable

Trade accounts receivable are classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Included in accounts receivable are provisionally priced receivables recorded at fair value through profit and loss.

Derivatives

The Company periodically enters into derivative instruments to mitigate risk. The Company does not apply hedge accounting. Derivative financial instruments are measured at fair value. Changes in fair value of derivative instruments are recorded in profit or loss.

Accounts payable and accrued liabilities and debt

Accounts payable and accrued liabilities and debt are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption amount is recognized in net earnings over the period to maturity using the effective interest rate method.

e. Inventory

Concentrate and ore stockpile inventories are valued at the lower of average cost and net realizable value. Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Concentrate inventories include concentrates located at the mine, port facility or in transit. Ore stockpiles not expected to be processed in the next twelve months, are included in non-current inventory. Ore stockpiles and concentrate inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs. When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

Consumable stores inventories are valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight, and other directly attributable costs.

f. Property, plant and equipment

Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and classified as a component of property, plant and equipment. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized.

The Company determines the date for commencement of production based on consideration of sustained operating levels and production of saleable concentrate.

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

Stripping costs after the commencement of operations are incurred both in relation to the production of inventory of that period and also for improved access to ore to be mined in the future. Stripping costs incurred relating to current ore production are included as part of inventory, while stripping costs incurred relating to improved access and future development are capitalized as a stripping activity asset.

Stripping costs benefiting future periods are identified by reference to the waste to ore stripping ratio. In periods when the life of a mining phase stripping ratio exceeds the average expected stripping ratio, the excess costs over the mine stripping ratio expected costs are capitalized as stripping activity assets.

Stripping activity assets are amortized on a unit of production basis over the proven and probable reserves over the remaining life of each mining phase to which they relate.

Property, plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Mobile mining equipment is recorded at cost and amortized over its estimated useful economic life based on operating hours. Repairs and maintenance costs are expensed during the period in which they are incurred. Other equipment and buildings are recorded at cost and amortized over their estimated useful lives on a straight-line basis between 5 to 16 years. Resource property assets are amortized on a units of production basis over proven and probable reserves. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

The following table outline the methods used to amortized property, plant and equipment:

Assets	Depreciation Method
Buildings	Straight line
Mobile mining equipment	Hours of operation
Light duty vehicles	Straight line
Plant and equipment	Units of production
Resource property	Units of production
Stripping activity assets	Units of production

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of income in the period in which they are incurred.

Impairment of tangible assets

The carrying amounts of tangible assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are individual operating mines or exploration and development projects. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, 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. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists it is recorded as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leases

Assets financed by leasing agreements that give rights approximating ownership (finance leases) are capitalized at fair value. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the interest element is charged to the income statement. Annual payments under other lease arrangements, known as operating leases, are charged to the income statement on a straight-line basis.

g. Decommissioning and restoration provisions

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate.

The restoration provision is also accreted to full value over time through periodic charges to income. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

h. Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

i. Revenue recognition

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These pricing arrangements have the characteristics of a derivative instrument as the value of the accounts receivable will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as adjustments to revenues.

j. Current and deferred income and resource taxes

Income tax expense comprises current and deferred income and resource tax. The Company records B.C. Mineral Tax as an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same entity or entities where there is an intention to settle balances on a net basis.

k. Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and are recorded over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed.

Share-based compensation expense relating to deferred share units and restricted shares units are accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

l. Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares is concluded.

m. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods of loss basic and diluted earnings per share are the same as dilutive instruments have an anti-dilutive effect.

n. New Accounting Pronouncements

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is in the process of assessing the impact the new and amended standards on its financial statements.

IFRS 16 – Leases

IFRS 16 establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15 Revenue from Contracts with Customers. The Company is currently assessing the impact of this standard.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, fair value through other comprehensive income, and amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company does not expect this standard to have a material impact on the financial statements.

(In thousands of Canadian dollars, except where otherwise stated)

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company does not expect material changes in the timing or measurement of revenue.

o. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

4 Accounts receivable and prepaid expenses

	2017 $	2016 $
Amounts due from concentrate sales	15,348	12,155
Pricing adjustments on concentrate sales	10,691	10,810
GST and other receivables	1,890	1,843
Prepaid expenses	1,385	1,240
	29,314	**26,048**

5 Inventory

	2017 $	2016 $
Supplies	16,971	18,396
Ore stockpile	37,443	23,431
Crushed ore stockpile	2,415	1,237
Copper Concentrate	11,306	5,401
	68,135	**48,465**
Low grade stockpile[1]	**91,021**	**70,556**

Inventory expensed during the period ended December 31, 2017 totaled $230,930 (2016 – $234,102).

During the year ended December 31, 2017, the Company recorded a write-down of $10,812 (2016 – $7,924) to the low grade stockpile. These adjustments were necessary to record the low grade stockpile at net realizeable value.

[1] Stockpile of inventory that is not expected to be processed until towards the end of the mine life

(In thousands of Canadian dollars, except where otherwise stated)

6 Property, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2016	529,672	6,414	158,856	694,942
Additions	2,297	288	2,372	4,957
Disposals	(1,454)	-	-	(1,454)
Restoration provision	-	-	(1,471)	(1,471)
As at December 31, 2016	530,515	6,702	159,757	696,974
Additions	9,759	61	1,613	11,433
Disposals	(39)	-	-	(39)
Restoration provision	-	-	43	43
As at December 31, 2017	**540,235**	**6,763**	**161,413**	**708,411**

Accumulated depreciation	**Plant and equipment**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2016	(129,246)	-	(45,946)	(175,192)
Depreciation charge	(41,188)	-	(17,514)	(58,702)
As at December 31, 2016	(170,434)	-	(63,460)	(233,894)
Depreciation charge	(40,746)	-	(19,730)	(60,476)
As at December 31, 2017	**(211,180)**	**-**	**(83,190)**	**(294,370)**
Net book value				
As at December 31, 2016	360,081	6,702	96,927	463,080
As at December 31, 2017	**329,056**	**6,763**	**78,223**	**414,041**

The Company reviews the carrying value of assets at the end of each reporting period for indicators of impairment using both internal and external sources of information. The Company did not identify any indicators of impairment as at December 31, 2017.

(In thousands of Canadian dollars, except where otherwise stated)

7 Accounts payable and accrued liabilities

	2017 $	2016 $
Trade accounts payable	23,882	17,868
Accrued liabilities	16,635	17,141
Current portion of interest rate swap liability (note 9(b))	1,040	1,363
Deferred Share Units liability	291	116
Restricted Share Units liability	273	-
	42,122	**36,488**

8 Deferral of electricity payments

For the period ended December 31, 2017, the Company has deferred electricity payments totalling $6,489 under BC Hydro's five-year power rate deferral program for BC mines. The program became effective March 1, 2016 and allows the Copper Mountain mine to defer up to 75% of electricity costs. The deferral amount is based on a formula incorporating the average copper price during the preceding month priced in Canadian dollars. The balance, plus interest at the prime rate plus 5%, will be repayable on a monthly schedule if the average copper price during the preceding month exceeds a threshold amount. Any remaining deferred balance will be repayable at the end of the five year term. Forecasted copper prices incorporated into the formula require $6,489 to be repaid over the next twelve months. The current amount due is included in accounts payable. The company repaid $9,895 in 2017 (2016 – deferred $15,385).

9 Long-term debt

	2017 $	2016 $
Senior credit facility (b) in US$	102,624	116,694
Term loan (c) in US$	122,222	136,153
Total US$ long term debt in US$	224,846	252,847
Total US$ long term debt in CAD$	282,067	339,496
Subordinated loan (a)	12,978	12,408
Leases (d)	11,977	14,270
Total	307,022	366,174
Less: current portion	(48,649)	(46,415)
	258,373	**319,759**

(In thousands of Canadian dollars, except where otherwise stated)

a) Subordinated loan

In April 2010, the Company entered into a loan agreement with a subsidiary of MMC for $9,600. The loan bears interest at a fixed rate of 4.8%. The loan principal and accumulated interest matures on June 30, 2023 and is pre-payable at any time without penalty. The loan and accumulated interest is subordinate to the senior credit facility.

b) Senior credit facility

The Company has a senior credit facility ("the SCF") with a consortium of Japanese banks.

The maximum amount available under the SCF was US$162 million which was fully drawn in 2011. The SCF carries a variable interest rate of LIBOR plus 2% and matures on June 15, 2023. The SCF is repayable in twenty four semi-annual instalments which commenced December 15, 2011, with 40% of the principal balance due in the final two years before maturity. The instalments are payable on a fixed schedule, subject to mandatory prepayment based on cash flows relating to the Copper Mountain Mine. As at December 31, 2017 the Company has repaid a total of US$56.7 million in principal and US$21.9 million in interest on the SCF.

Under the terms of the SCF, the Company was required to maintain certain balances up to a total of US $12 million in the debt service reserve account ("DSRA") and the capex reserve account ("CXRA") by June 30, 2012. Since this date, the Company and MMC have jointly guaranteed to June 30, 2018 the amounts owing to the DSRA and the CXRA, and as a result no funds were required to be placed on deposit in either of the accounts.

As at December 31, 2017 the SCF has a principal amount outstanding of $132,099 (US$105 million). The outstanding amount of $128,741 is net of issue costs of $3,358 which are amortized over the life of the loan.

The SCF is collateralized by all the assets of the Copper Mountain Mine and is insured by Nippon Export and Investment Insurance.

Minimum principal repayments of the amounts outstanding under the SCF are as follows:

	US$ '000
2018	14,580
2019	11,745
2020	9,315
2021 – 2023	69,660
	105,300

(In thousands of Canadian dollars, except where otherwise stated)

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company swapped a LIBOR variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$74 million of the principal. The interest rate swaps mature on December 15, 2020.

As at December 31, 2017 the swap had an unrealized fair value loss of $3,121 (2016 - $5,450). The current portion of $1,040 is included in accounts payable and accrued liabilities.

As at December 31, 2017 the Company is in compliance with all covenants which may result in the event of default of the senior credit facility.

c) Term loan

In July 2010, the Company entered into a term loan ("the Term Loan") with the Japan Bank for International Cooperation.

The maximum amount available under the Term Loan was US$160 million which was fully drawn in 2011. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures on February 15, 2022. As at December 31, 2017 the Term Loan has a principal amount outstanding of $156,562 (US$125 million). The outstanding amount of $153,327 is net of issue costs of $3,235 which are amortized over the life of the loan. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

The Term Loan is unsecured and repayable in increasing instalments every six months commencing February 2013, with the majority of the loan falling due in the last six instalments. As at December 31, 2017 the Company has repaid a total of US$35 million in principle and US$13 million in interest on the Term Loan.

Principal repayment amounts outstanding under the Term Loan are as follows:

	US$
2018	19,200
2019	25,600
2020	32,000
2021 - 2022	48,000
	124,800

The Company is subject to certain debt covenants on the Term Loan. As at December 31, 2017 the Company is in compliance with all covenants.

d) Leases

The Company has a number of leases related to mobile mining equipment. The mobile equipment is security for the respective lease obligations.

(In thousands of Canadian dollars, except where otherwise stated)

During 2017 the Company entered into a finance lease agreement with one of its equipment suppliers for haul trucks. The leases are payable in 36 monthly instalments which commenced in April 2017 and will end in March 2020 with interest at a fixed rate of 4.00% per annum.

Gross finance lease liability and minimum lease payments	**2017 $**	**2016 $**
Within one year	6,799	7,556
Between two and four years	5,863	7,816
	12,663	15,372
Future interest	(685)	(1,102)
Present value of finance lease liability	**11,977**	**14,270**

10 Provisions

	Decomissioning and restoration provision $	**Share-based payment obligations $**	**Total $**
Balance, January 1, 2017	6,312	116	6,428
Share-based payment expense	-	916	916
Changes in estimate costs and timing	(95)	-	(95)
Unwinding of discount on restoration provision	43	-	43
Payments during the year	-	(207)	(207)
Balance, December 31, 2017	**6,260**	**825**	**7,085**
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(564)	(564)
Total provision – Non-current	**6,260**	**261**	**6,521**

Balance, January 1, 2016	7,787	26	7,813
Share-based payment expense	-	90	90
Changes in estimate costs and timing	(1,471)	-	(1,471)
Unwinding of discount on restoration provision	(4)	-	(4)
Balance, December 31, 2016	6,312	116	6,428
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(116)	(116)
Total provision – Non-current	6,312	-	6,312

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain property. At December 31, 2017 the Company used an inflation rate of 1.30% (2016 – 1.50%) and a discount rate of 2.26% (2016 – 2.31%) in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is $6,954 (2016 - $6,954). The expected timing of payment of the cash flows commences in 2028.

The Company has on deposit $8,228 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds.

11 Share capital

Authorized - Unlimited number of common shares without par value.

On August 3, 2016, the Company completed a bought-deal financing for total proceeds of $7,476. Under the bought-deal, a total of 13,593,000 units of the Company ("Units") were issued at a price of $0.55 per Unit. Each Unit entitles the holder to acquire, one common share and one-half of one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share at an exercise price of $0.75 for a period of 36 months.

The Units were valued using the relative fair value method whereby the fair value of the Warrant was determined to be $0.19 using the Black-Scholes valuation method and the following inputs: stock price at issue $0.55, exercise price $0.75, risk free rate 0.56%, annualized volatility 66% and a 3 year expected life. Volatility was determined using the Company's share price volatility over the 3 years prior to issuance. The resulting allocation of the warrant fair value to the consideration received was $1,124 to Warrants and $6,352 to Common Shares. A total of $647 in transaction costs were recognised in equity.

(In thousands of Canadian dollars, except where otherwise stated)

12 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 13,000,000 stock options exercisable for a period of up to ten years from the grant date. As at December 31, 2017, the Company had 7,964,235 options outstanding as follows:

	Number of shares	Weighted average exercised price $
Opening balance	6,850,000	1.61
Granted	2,155,000	1.17
Exercised	(184,515)	0.45
Expired	(800,000)	4.52
Forfeited	(56,250)	1.62
December 31, 2017	**7,964,235**	**1.23**

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 20, 2014	3,200,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	532,500	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	2,010,068	0.39	0.39	Jan. 26, 2021
June 30, 2016	66,667	0.50	0.50	June 30, 2021
Jan. 13, 2017	1,750,000	1.18	1.18	Jan. 13, 2021
Feb. 1, 2017	100,000	1.23	1.23	Feb. 1, 2020
Feb. 2, 2017	150,000	1.23	1.23	Feb. 2, 2020
Apr. 24, 2017	35,000	0.93	0.93	Apr. 24, 2022
June 30, 2017	120,000	1.05	1.05	Apr. 6, 2022
	7,964,235		**1.23**	

As at December 31, 2017 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 20, 2014	3,200,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	393,750	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	613,040	0.39	0.39	Jan. 26, 2021
Jan. 13, 2017	437,500	1.18	1.18	Jan. 13, 2021
Feb. 1, 2017	100,000	1.23	1.23	Feb. 1, 2020
Feb. 2, 2017	150,000	1.23	1.23	Feb. 2, 2020
Apr. 24, 2017	8,750	0.93	0.93	Apr. 24, 2022
	4,903,400		**1.52**	

During the year ended December 31, 2017, the total fair value of stock options vesting was $1,236 (2016 – $482) and had a weighted average grant-date fair value of $0.66 (2016 – $0.39) per option. The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options.

(In thousands of Canadian dollars, except where otherwise stated)

Weighted average assumptions used in calculating the fair value of options granted during the period are as follows:

	December 31, 2017	December 31, 2016
Risk free interest rate	1.16%	1.57%
Expected dividend yield	Nil	Nil
Expected share price volatility	65.7%	63.6%
Expected forfeiture rate	3.3%	3.3%
Expected life	4.7 years	4.9 years

b. Deferred Share Unit and Restricted Share Unit Plans

The Company has other share-based compensation plans in the form of Deferred Share Units ("DSU"), and Restricted Share Units ("RSU"). Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period and until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 10).

Deferred Share Unit Plan

The Company established a DSU plan that allows participants, which includes directors and executive employees to receive incentive compensation in the form of DSUs. Participants can elect to receive common shares or cash upon exercise of DSUs. Certain DSUs issued to directors may only be exercised when the holder ceases to be a director while other DSUs are exercisable as they vest. Vesting terms of the DSUs are established by the directors at the time the DSUs are granted.

Compensation expense related to DSUs is recorded on issue and is adjusted at each reporting period to reflect the change in quoted market value of the Company's common shares.

Restricted Share Unit Plan

The Company established an RSU plan that allows executive employees to receive long term incentive compensation in the form of RSUs. Under the plan, each RSU entitles the employee to receive a cash payment, typically at the end of a three year vesting period, equal to the number of RSUs granted, multiplied by the quoted market value of the Company's common shares over the vesting period.

Compensation expense related to RSUs is recorded over the vesting period and is adjusted at each reporting period to reflect the change in quoted market value of the Company's common shares.

(In thousands of Canadian dollars, except where otherwise stated)

The continuity of deferred share units granted and outstanding is as follows:

	DSUs	RSUs
Outstanding, January 1, 2016	4,486,985	-
Granted	250,000	522,500
Forfeited	(125,000)	(10,000)
Settled	-	-
Outstanding, December 31, 2016	4,611,985	512,500
Granted	-	235,000
Forfeited	-	(25,000)
Settled	-	(195,000)
Outstanding, December 31, 2017	**4,611,985**	**527,500**

During the year ended December 31, 2017, the Company recorded share-based compensation expense of $916 (2016 - $90) related to DSUs and RSUs.

During the year ended December 31, 2017, the total fair value of DSUs and RSUs granted was $263 (2016 - $215) and had a weighted average grant date fair value of $1.12 (2016 - $0.41) per unit.

13 Revenue

	2017 $	2016 $
Copper in concentrate	283,780	247,102
Gold in concentrate	38,116	49,700
Silver in concentrate	5,588	5,131
Treatment and refining charges	(23,404)	(23,937)
	304,080	**277,996**

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These features have the characteristics of a derivative instrument as the value of our receivables will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as pricing adjustments to revenues.

(In thousands of Canadian dollars, except where otherwise stated)

14 Expenses by nature

	2017 $	2016 $
Direct mining and milling costs	136,677	145,642
Employee compensation and benefits	42,762	42,499
Depreciation	51,491	53,885
Transportation costs	14,055	16,304
Cost of sales	**244,985**	**258,330**
General and administration:		
Corporate employee compensation and benefits	3,141	3,121
Corporate and mine site administrative expenses	3,616	2,473
	6,757	5,594
	251,742	**263,924**

Cost of sales consists of direct mining and milling costs (which include operating waste stripping costs, maintenance and repair costs, operating supplies, and external services), employee compensation and benefits, depreciation, transportation costs and changes in the inventory balance.

15 Finance expense

	2017 $	2016 $
Interest on loans	11,454	10,966
Amortization of financing fees	1,371	1,397
Loan guarantee fee	340	284
Unwinding of discount on restoration provision	(95)	(5)
	13,070	**12,642**

16 Related party transactions

All transactions with related parties have occurred in the normal course of the Company's operations.

a. During the year ended December 31, 2017 the Company sold copper concentrates to MMC with revenues totalling $304,080 (2016 – $277,996) including pricing adjustments.

b. During the year ended December 31, 2017 the Company accrued interest on the subordinated loan with MMC totalling $467 (2016 - $467).

c. As at December 31, 2017 the Company has accrued to MMC a guarantee fee related to the Term Loan of $2,919 (2016 - $2,767). The Company has also received funding advances from MMC totalling $39,035 (2016 - $19,054). These advances bear interest at 2.88% to 4.80% with total accrued interest of $901 (2016 - $833).

(In thousands of Canadian dollars, except where otherwise stated)

d. A company controlled by a director of the Company agreed to purchase 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company has the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director has the irrevocable right to put the land to the Company at any time after January 16, 2016. The purchase price of the land is $1,530 plus out of pocket expenses. As of December 31, 2017, neither party has exercised their right to exercise under the terms of the put/call agreement.

e. During the year ended December 31, 2017 the Company awarded bonuses totalling $753 (2016 - $450) to its CEO and CFO in the form of promissory notes bearing an interest rate of 2.88% annually and to be paid out one year from the date of issue.

f. Compensation of key management:

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	2017 $	2016 $
Salaries and short-term employee benefits	2,480	1,964
Share based compensation	1,640	655
	4,120	**2,619**

17 Supplementary cash flow disclosures

a. As at December 31, 2017, cash and cash equivalents consists of guaranteed investment certificates of $1,958 (2016 – $5,058) and $43,175 in cash (2016 – $26,352) held in bank accounts.

b. A reconciliation of net changes in working capital items is as follows:

	2017 $	2016 $
Change in accounts receivable and prepaid expenses	(2,802)	(15,714)
Change in inventory	(30,792)	(19,237)
Change in mineral tax liability	127	1,157
Change in accounts payable and accrued liabilities	(12,055)	11,839
	(45,522)	**(21,955)**

c. During the year ended December 31, 2017, the Company paid B.C. Mineral tax of $1,752 (2016 - $Nil).

(In thousands of Canadian dollars, except where otherwise stated)

18 Income tax

The Company and its subsidiaries are subject to Canadian federal and provincial tax for the estimated assessable profit for the years ended December 31, 2017 and 2016 at a rate of 26.00%.

Income tax expense comprises current and deferred income and resource tax. BC mineral taxes meet the definition of an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

The tax recovery for the Company can be reconciled to the loss for the year per the consolidated statement of income (loss) and comprehensive income (loss) as follows:

	2017	**2016**
	$	**$**
Earnings before income taxes	58,262	12,754
Statutory tax rate	26.00%	26.00%
Income tax expense	15,148	3,316
Increase (decrease) due to:		
Non-deductible expenses and other	1,937	1,346
Non-taxable (deductible) portion of loss	(3,117)	(1,563)
Taxable income allocated to minority interest	(1,008)	(813)
Change in estimates of deferred tax credits	(10,956)	(131)
Losses and temporary differences for which no tax benefit has been recorded	1,451	981
Use of losses and temporary differences for which no tax benefit has previously been recorded	(12,532)	(1,977)
Income tax expense (recovery)	**(9,077)**	**1,157**
Income tax expense (recovery) consists of:		
Deferred income tax recovery	(10,956)	-
Current BC Mineral tax	1,879	1,157
	(9,077)	**1,157**

(In thousands of Canadian dollars, except where otherwise stated)

a. Deferred income tax assets reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The significant components of the Company's recognized net deferred income tax asset and deferred income tax liability at December 31, 2017 and 2016 are as follows:

	2017 $	2016 $
Non-capital losses	38,785	29,596
Capital leases	4,370	5,083
Decommissioning and restoration provision	2,284	607
Investment tax credits	4,645	-
Mineral tax credits	6,265	-
Derivatives	842	-
Property, plant and equipment expenditures	(33,726)	(25,281)
Debt issue costs	(1,728)	(2,258)
Inventory	(10,504)	(7,313)
Unrealized foreign exchange gain	(277)	(434)
Deferred tax liability	-	-
Deferred tax asset	**10,956**	-

The significant components of the Company's unrecognized deferred income tax assets at December 31, 2017 and 2016 are as follows:

	2017 $	2016 $
Deferred income tax assets		
Non-capital loss carry-forward	375	6,348
Share issue costs	-	242
Property, plant and equipment expenditures	-	88
Capital leases	-	-
Derivative	-	1,417
Asset retirement obligation	-	1,641
Unrealized foreign exchange loss	8,189	11,544
Other	1,126	4,948
	9,690	**26,228**

(In thousands of Canadian dollars, except where otherwise stated)

b. As at December 31, 2017 the Company has investment tax credits available for carry forward which may be applied to reduce future year's income taxes. These investment tax credits will expire as follows:

	2017 $	2016 $
2021	83	713
2022	153	992
2023	360	360
2028	608	617
2029	1,748	178
2030	1,156	2,800
2031	1,095	2,229
2032	275	1,786
2033	665	685
	6,143	**10,360**

As at December 31, 2017, the Company has non-capital losses available for carry forward which may be applied to reduce future year's taxable income. These losses, if not utilized will expire as follows:

	2017 $	2016 $
Expiry date		
December 31, 2026	1,156	-
December 31, 2029	395	-
December 31, 2030	357	-
December 31, 2031	-	3,432
December 31, 2032	8,240	2,938
December 31, 2033	4,060	6,344
December 31, 2034	567	567
December 31, 2035	89,230	87,866
December 31, 2036	41,287	37,100
December 31, 2037	795	-
	146,087	**138,247**

(In thousands of Canadian dollars, except where otherwise stated)

19 Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets, and other liabilities.

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2017 and 2016.

	2017 **$**	**2016** **$**
Financial assets		
Loans and receivables		
Cash and cash equivalents	45,133	31,409
Reclamation bonds	8,228	8,232
Amounts due from concentrate sales (note 4)	15,348	12,155
Fair value through profit and loss		
Pricing adjustments (notes 4 and 13)	10,691	10,810
Financial liabilities		
Other liabilities		
Accounts payable (note 7)	23,882	17,868
Long-term debt (note 9)	258,373	319,759
Fair value through profit and loss		
Interest rate swap liability (note 9b)	3,121	5,450

The carrying values of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities approximate their fair value. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

- Amounts due from concentrate sales. Copper concentrate is sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices give rise to an embedded derivative in the accounts receivable. This derivative is recorded at fair value, with changes in fair value recognized as a component of revenue.

- Long-term debt. The Company's long-term debt carries interest based on specified benchmark interest rates plus a spread (see note 9). The fair values of the Company's debt obligations approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates except for the SCF. The fair value of the SCF is less than the carrying value due to changes in the Company's credit risk since the inception of the agreement.

- Interest rate swaps liability. The Company's derivative liabilities relate to interest rate swap contracts. The fair values of interest rate swaps are calculated as the net present value of the future cash flows expected to arise on the variable and fixed legs, determined using applicable yield curves at each measurement date. Swap curves, which incorporate credit spreads applicable to large commercial banks, are typically used to calculate expected future cash flows and the present values thereof. Adjustments are also made to reflect the company's own credit risk and the credit risk of the counter party, if different from the spread implicit in the swap curve.

Fair Value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at December 31, 2017:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Pricing adjustments (note 4 and 13)	-	10,691	-	10,691
Financial liabilities				
Interest rate swap liability (note 9b)	-	3,121	-	3,121

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(In thousands of Canadian dollars, except where otherwise stated)

a. Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, reclamation bonds and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships using industry-standard contract terms. The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

b. Market risks

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold and silver. The Company is also exposed to commodity price risk on diesel fuel required for its mining operations.

The Company's commodity price risk related to accounts receivable concerns changes in fair value of embedded derivatives in accounts receivable reflecting copper concentrate sales provisionally priced based on the forward price curve at the end of each quarter.

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper, gold and silver commodity prices, based on December 31, 2017 prices. There is no impact of these changes on other comprehensive income.

The impact of a 10% movement in commodity prices as of December 31, 2017 is as follows:

	Impact of price change on net earnings	
	10% increase	**10% decrease**
	$	**$**
Accounts receivable		
Pricing adjustments on concentrate sales	8,075	(8,057)

As at December 31, 2017 the Company had approximately 37.2 million pounds of copper, 11,496 ounces of gold and 134,414 ounces of silver that was provisionally priced at US$3.22 per pound, US$1,294 per ounce and US$17.01 per ounce respectively to be settled at a future date.

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits and interest paid on floating rate borrowings. The floating rate deposits and borrowings expose the Company to cash flow interest rate risk. This risk is managed through the use of interest rate swaps.

(In thousands of Canadian dollars, except where otherwise stated)

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to deposits.

The floating-to-fixed interest rate swaps as at December 31, 2017 covered 32% (2016 – 32%) of the Company's floating rate debt at a rate of 3.565% per annum. The final maturity of the swaps is on December 15, 2020.

At December 31, 2017 the impact on a full year net earnings of a 1% change in interest rate would be as follows:

	Impact of interest rate change on net earnings	
	1% increase	**1% decrease**
	$	**$**
Cash and cash equivalents	101	(101)
Interest rate swap liabilities	(2,312)	2,312
Long-term debt	(1,962)	1,962

Currency risk

The Company incurs expenditures in Canadian and US dollars. The measurement and functional currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the US dollar cash and cash equivalents, receivable, payables and debt will vary in Canadian dollar terms due to changes in exchange rates.

The Company has not hedged its exposure to currency fluctuations. The majority of the Company's debt is denominated in US dollars. The currency risk on debt principal and interest payments are minimized as the Company receives US dollars on the sale of copper concentrate. The net impact of a 10% increase or decrease in the US dollar to the Canadian dollar exchange rate at December 31, 2017 would result in a $30,408 (2016 - $32,505) decrease or increase in net income.

Liquidity risk

The Company had the following balances and facilities available to them:

	2017	**2016**
	$	**$**
Cash and cash equivalents	45,133	31,409
Working capital balance	6,893	(791)

(In thousands of Canadian dollars, except where otherwise stated)

Maturity analysis of financial liabilities as at December 31, 2017 is as follows:

	Total $	< 1 year $	2-3 years $	4-5 years $	Thereafter $
Long-term debt	295,080	41,156	96,236	124,838	32,849
Capital lease	11,977	6,401	5,576		
Decommissioning & restoration provision	6,260	-	-	-	6,260
Trade accounts payable	23,882	23,882	-	-	-

20 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and, to the extent possible, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk. There were no changes to the Company's approach to capital management during the year ended December 31, 2017. In the management of capital, the Company includes the components of equity, net of cash and cash equivalents.

21 Segmented information

The Company operates as a single reportable operating segment which consists of the Copper Mountain mine and other corporate function entities which are both located in Canada. The corporate entities are responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury, finance and corporate administration.

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices in a period. During the period ended December 31, 2017 revenues attributed to the sale of copper concentrate to MMC totaled $304,080 (2016 - $277,996).

22 Contingencies and commitments

Minimum Shipping Requirement

During the year ended December 31, 2017, the Company entered into a six year terminal services agreement ("the TSA") with Kinder Morgan Canada Terminals Limited Partnership ("Kinder Morgan") in which Kinder Morgan will provide terminal storage and loading facilities for the Company's concentrate. Under the TSA, there is a minimum shipping tonnage requirement of 130,000 tonnes of concentrate annually. For the year ended December 31, 2017 the Company met this shipping tonnage requirement.

23 Offer to acquire Altona Mining Limited

On November 19, 2017, the Company announced it had entered into an agreement to acquire the entire issued capital of Altona Mining Limited ("Altona"). The transaction is subject to shareholder approval and will be voted on by Copper Mountain and Altona shareholders on a date near the end of March 2018.

Under the terms of the agreement, Altona shareholders will be entitled to 0.0974 of either a CHESS Depositary Interest of Copper Mountain, which will trade on the Australian Securities Exchange or, if elected, a Copper Mountain common share, which trades on the Toronto Stock Exchange. The agreement values Altona at an enterprise value of approximately $91 million.

Copper Mountain Mining Corporation

Consolidated Financial Statements

For the Years Ended December 31, 2016 and 2015

February 17, 2017

Independent Auditor's Report

To the Shareholders of Copper Mountain Mining Corporation

We have audited the accompanying consolidated financial statements of Copper Mountain Mining Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of income (loss) and comprehensive income (loss), cash flows, and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 consolidated financial statements 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 management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper Mountain Mining Corporation as at December 31, 2016 and December 31, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

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Copper Mountain Mining Corporation

Consolidated Statement of Financial Position
(In thousands of Canadian dollars)

	December 31, 2016 $	December 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents	31,409	12,190
Accounts receivable and prepaid expenses (note 4)	26,048	11,990
Inventory (note 5)	48,465	44,882
	105,922	69,062
Reclamation bonds (note 10a)	8,232	8,232
Property, plant and equipment (note 6)	463,080	519,750
Low grade stockpile (note 5)	70,556	50,262
	647,790	**647,306**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	36,488	42,399
Amounts payable to related parties (note 16)	22,653	8,913
Current portion of long-term debt (note 9)	46,415	33,115
Current tax liability	1,157	-
	106,713	84,427
Electricity deferral (note 8)	15,385	-
Decommissioning and restoration provision (note 10b)	6,312	7,787
Interest rate swap liability (note 9)	4,088	7,061
Long-term debt (note 9)	319,759	371,610
	452,257	470,885
Equity		
Attributable to shareholders of the Company:		
Share capital (note 11)	194,208	188,306
Contributed surplus	14,773	12,929
Accumulated deficit	(73,656)	(81,379)
	135,325	119,856
Non-controlling interest	60,208	56,565
Total equity	195,533	176,421
	647,790	**647,306**

Approved on behalf of the Board of Directors

(signed) Jim O'Rourke Director (signed) Bruce Aunger Director

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
For the Years Ended December 31, 2016 and 2015
(In thousands of Canadian dollars, except for number of and earnings per share)

	2016 $	2015 $
Revenue (note 13)	277,996	241,987
Cost of sales (note 14)	(250,406)	(239,627)
Gross profit	27,590	2,360
General and administration (note 14)	(5,594)	(6,138)
Property investigation (note 6)	(338)	(1,476)
Low grade stockpile write-down (note 5)	(7,924)	(25,000)
Share based compensation (note 12)	(810)	(1,046)
Income (loss) from operations	12,924	(31,300)
Finance income	199	244
Finance expense (note 15)	(12,642)	(10,614)
Unrealized loss on interest rate swap	(91)	(2,315)
Foreign exchange gain (loss)	13,007	(65,493)
Loss on sale of fixed asset	(643)	-
Income (loss) before tax	12,754	(109,478)
Current resource tax expense	(1,157)	(219)
Deferred income and resource tax recovery	-	6,826
Net income (loss) and comprehensive income (loss)	**11,597**	**(102,871)**
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the Company	7,723	(78,451)
Non-controlling interest	3,874	(24,420)
	11,597	**(102,871)**
Income (loss) per share:		
Basic	$0.06	$(0.66)
Diluted	$0.06	$(0.66)
Weighted average shares outstanding, basic and diluted	124,371,814	118,795,427
Shares outstanding at end of the year	132,650,927	118,795,427

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015
(In thousands of Canadian dollars)

	2016 $	2015 $
Cash flows from operating activities		
Net income (loss) for the year	11,597	(102,871)
Adjustments for:		
Depreciation	52,315	44,148
Loss on disposal of fixed assets	643	-
Low grade stockpile write-down (note 5)	7,924	25,000
Unrealized foreign exchange (gain) loss	(10,776)	65,443
Unrealized loss on interest rate swap	91	2,315
Deferred income and resource tax recovery	-	(6,826)
Finance expense	12,642	10,614
Share based compensation	810	1,046
	75,246	38,869
Net changes in working capital items (note 17)	(28,309)	(17,287)
Net cash from operating activities	46,937	21,582
Cash flows from investing activities		
Deferred stripping activities	(1,980)	-
Development of property, plant and equipment	(4,806)	(3,723)
Proceeds on disposal of fixed asset	510	-
Net cash used in investing activities	(6,276)	(3,723)
Cash flows from financing activities		
Issue of common shares - net of issue costs	7,025	-
Contributions from non-controlling interest	12,829	2,021
Payments to non-controlling interest	-	(1,959)
Loan principal paid	(17,416)	(8,406)
Interest paid	(17,337)	(11,684)
Finance lease payments	(6,134)	(8,484)
Net cash used in financing activities	(21,033)	(28,512)
Effect of foreign exchange rate changes on cash and cash equivalents	(409)	1,243
Increase (decrease) in cash and cash equivalents	19,219	(9,410)
Cash and cash equivalents - Beginning of year	12,190	21,600
Cash and cash equivalents - End of year	**31,409**	**12,190**

Supplementary cash flow disclosures (note 17)

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Changes in Equity
(In thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the Company

	Number of Share	Amount $	Contributed surplus $	Retained earnings (deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2015	118,795,427	188,306	11,818	(2,928)	197,196	82,944	280,140
Share based compensation	-	-	1,111	-	1,111	-	1,111
Payments made to Non-controlling interest	-	-	-	-	-	(1,959)	(1,959)
Loss for the year	-	-	-	(78,451)	(78,451)	(24,420)	(102,871)
Balance – December 31, 2015	**118,795,427**	**188,306**	**12,929**	**(81,379)**	**119,856**	**56,565**	**176,421**
Shares issued for cash	13,855,500	6,549	1,124	-	7,673	-	7,673
Share issue costs	-	(647)	-	-	(647)	-	(647)
Share based compensation	-	-	720	-	720	-	720
Payments made to non-controlling interest	-	-	-	-	-	(231)	(231)
Income for the year	-	-	-	7,723	7,723	3,874	11,597
Balance December 31, 2016	**132,650,927**	**194,208**	**14,773**	**(73,656)**	**135,325**	**60,208**	**195,533**

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of operations and liquidity risk

Copper Mountain Mining Corporation (“the Company”) was incorporated under the provisions of the British Columbia Business Corporations Act on April 20, 2006 and is a Canadian development and operating mining company. The Company maintains its head office at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia. The Company, through a subsidiary, owns 75% of the Copper Mountain Mine while Mitsubishi Materials Corporation (“MMC”) owns the other 25% interest in the Copper Mountain Mine.

As at December 31, 2016, the Company had negative working capital of $0.8 million compared to negative working capital of $15.4 million at December 31, 2015. Included in the negative working capital is $22.7 million due to MMC (Note 16 (c)) and this amount is not expected to be repaid within the next twelve months. The Company has no future material commitments for capital expenditures as of December 31, 2016.

The recent strength in US denominated commodity prices have had a positive impact on the Company’s operating results, increasing operating income and cash generated from operating activities from an operating loss of $31.3 million and cash flows of $21.6 million for the year ended December 31, 2015 to operating income of $12.9 million and cash flows of $46.9 million for the year ended December 31, 2016. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$28.9 million, which the Company expects to be able to fund through cash flows from operations. Included in the USD$28.9 million is a payment of US$4.8 million, which has been paid in February 2017 by MMC to Similco Finance on the Company’s behalf. However, the current commodity price and exchange rate environment can be volatile and accordingly will have an impact on the Company’s cash flows.

Despite the higher copper price being realized in early 2017, the Company continues to review its near term operating plans and continues to take steps to reduce costs and maximize cash flow from operations, while still maintaining copper output levels. The Company has benefited from a five year power rate deferral program implemented by the Government of British Columbia; however, with the recent increase in copper prices, the Company no longer qualifies for the full 75% deferral. The program started in March of 2016 and the Company deferred $15.4 million in electricity charges as of December 31, 2016. This deferral carries an interest rate of prime plus 5%. The Company has started to repay this amount to BC Hydro and future payments will be dependent on future copper prices and US/CAD exchange rates. In addition, the Company changed fuel suppliers at the beginning of 2016 which contributed to savings at the mine and will carry on into the future. The Company remains vigilant for other opportunities to reduce costs and improve net cash generation.

Management has received an extension of the required funding of the debt service and capex reserve accounts relating to the Company’s Senior Credit Facility by providing corporate guarantees. Such extensions have been obtained in the past but there are no guarantees they will continue to be obtained in the future.

2 Basis of presentation

a. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were approved for issue on February 17, 2017, by the Board of Directors.

b. Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation gains or losses are recognized in profit or loss. The determination of functional currency requires the use of judgement as the Company has transactions in both Canadian and US dollars.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year.

The Company's management reviews these estimates and underlying assumptions on an ongoing bases. Estimates are based on historical experience and other factors, including the expectation of future events considered to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and any future periods affected. The estimates and judgements used in the preparation of these consolidated financial statements are included in the notes to these consolidated financial statements with those items which could have a material affect on these consolidated financial statements outlined below.

Impairment review

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life of-mine estimates. The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the estimate of recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired with the impact recorded in the consolidated statements of loss.

Mineral reserve estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation of depreciation, impairment assessment and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates could have a material affect in the future of the Company's financial position and results of operation.

Inventory valuation

Stockpiled ore and concentrate inventory are valued at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of future sales price, production and selling costs requires assumptions that may impact the stated value of inventory.

Decommissioning and restoration provisions

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with its permits, existing laws and regulations. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the provision for restoration. The provision represents management's best estimate of the present value of the future restoration and remediation costs.

Current and deferred taxes

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses require management to assess the probability that the Company and its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

3 Significant accounting policies

a. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the derivative financial instruments, which is stated at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Consolidation

The financial statements of the Company consolidate the accounts of Copper Mountain Mining Corporation and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The significant subsidiary entities of Copper Mountain are listed below. Each of the entities has a December 31 year end.

Entity	Location	Proportion of ownership interest	Non-controlling interest
Copper Mountain Mine (BC) Ltd.	Canada	75%	25%
Similco Finance Ltd.	Canada	75%	25%
Copper Mountain Operating Company Ltd.	Canada	100%	-
Princeton GP Ltd.	Canada	75%	25%

Substantially all of the Company's activities are conducted through non-wholly owned subsidiaries, with the exception of general administration expenses incurred within the parent company.

c. Non-controlling interest

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The non-controlling interests' share of net income and comprehensive income is presented separately in the statement of loss and comprehensive loss directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, debt and interest rate swap liabilities.

Cash and cash equivalents and reclamation bonds

Cash and cash equivalents comprise of cash in bank accounts and on hand and other short-term investments with initial maturities of less than 90 days. Cash subject to restrictions is excluded.

Cash and cash equivalents, restricted cash and reclamation bonds have been classified as loans and receivables and are recorded at amortized cost.

Accounts receivable

Trade accounts receivable are classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Included in accounts receivable are provisionally priced receivables recorded at fair value through profit and loss.

Derivatives

The Company periodically enters into derivative instruments to mitigate risk. The Company does not apply hedge accounting. Derivative financial instruments are classified as held-for-trading and measured at fair value. Changes in fair value of derivative instruments are recorded in profit or loss.

Accounts payable and accrued liabilities and debt

Accounts payable and accrued liabilities and debt are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption amount is recognized in net earnings over the period to maturity using the effective interest rate method.

e. Inventory

Concentrate and ore stockpile inventories are valued at the lower of average cost and net realizable value. Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Concentrate inventories include concentrates located at the mine, port facility or in transit. Ore stockpiles not expected to be processed in the next twelve months, are included in non-current inventory. Ore stockpiles and concentrate inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs. When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

Consumable stores inventories are valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight, and other directly attributable costs.

f. Property, plant and equipment

Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and classified as a component of property, plant and equipment. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized.

The Company determines the date for commencement of production based on consideration of sustained operating levels and production of saleable concentrate.

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

Stripping costs after the commencement of operations are incurred both in relation to the production of inventory of that period and also for improved access to ore to be mined in the future. Stripping costs incurred relating to current ore production are included as part of inventory, while stripping costs incurred relating to improved access and future development are capitalized as a stripping activity asset.

Stripping costs benefiting future periods are identified by reference to the waste to ore stripping ratio. In periods when the life of a mining phase stripping ratio exceeds the average expected stripping ratio, the excess costs over the mine stripping ratio expected costs are capitalized as stripping activity assets.

Stripping activity assets are amortized on a unit of production basis over the proven and probable reserves over the remaining life of each mining phase to which they relate.

Property, plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Mobile mining equipment is recorded at cost and amortized over its estimated useful economic life based on operating hours. Repairs and maintenance costs are expensed during the period in which they are incurred. Other equipment and buildings are recorded at cost and amortized over their estimated useful lives on a straight-line basis between 5 to 16 years. Resource property assets are amortized on a units of production basis over proven and probable reserves. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

The following table outline the methods used to amortized property, plant and equipment:

Assets	Depreciation Method
Buildings	Straight line
Mobile mining equipment	Hours of operation
Light duty vehicles	Straight line
Plant and equipment	Units of production
Resource property	Units of production
Stripping activity assets	Units of production

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of income in the period in which they are incurred.

Impairment of tangible assets

The carrying amounts of tangible assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are individual operating mines or exploration and development projects. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, 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. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists it is recorded as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leases

Assets financed by leasing agreements that give rights approximating ownership (finance leases) are capitalized at fair value. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the interest element is charged to the income statement. Annual payments under other lease arrangements, known as operating leases, are charged to the income statement on a straight-line basis.

g. Decommissioning and restoration provisions

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate.

The restoration provision is also accreted to full value over time through periodic charges to income. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

h. Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

i. Revenue recognition

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These pricing arrangements have the characteristics of a derivative instrument as the value of the accounts receivable will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as adjustments to revenues.

j. Current and deferred income and resource taxes

Income tax expense comprises current and deferred income and resource tax. The Company records B.C. Mineral Tax as an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same entity or entities where there is an intention to settle balances on a net basis.

k. Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and are recorded over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

l. Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares is concluded.

m. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods of loss basic and diluted earnings per share are the same as dilutive instruments have an anti-dilutive effect.

n. New Accounting Pronouncements

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is in the process of assessing the impact the new and amended standards on its financial statements.

IFRS 16 – Leases

IFRS 16 establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 replaces the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15 Revenue from Contracts with Customers. The Company is currently assessing the impact of this standard.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company does not expect this standard to have a material impact on the financial statements.

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

(In thousands of Canadian dollars, except where otherwise stated)

The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is currently assessing the impact of IFRS 15.

4 Accounts receivable and prepaid expenses

	2016 $	2015 $
Amounts due from concentrate sales	12,155	17,604
Pricing adjustments	10,810	(9,140)
GST and other receivables	1,843	2,100
Prepaid expenses	1,240	1,426
	26,048	**11,990**

5 Inventory

	2016 $	2015 $
Supplies	18,396	17,558
Ore stockpile	23,431	21,240
Crushed ore stockpile	1,237	1,931
Copper Concentrate	5,401	4,152
	48,465	**44,881**
Low grade stockpile[1]	**70,556**	**50,262**

Inventory expensed during the period ended December 31, 2016 totaled $234,102 (2015 – $224,772).

During the year ended December 31, 2016, the Company recorded a charge of $7,924 (2015 – $25,000) to the low grade stockpile. These write downs were necessary to record the low grade stockpile at net realizeable value.

[1] Stockpile of inventory that is not expected to be processed until towards the end of the mine life

(In thousands of Canadian dollars, except where otherwise stated)

6 Property, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2015	519,224	6,767	158,871	684,862
Additions	10,448	45	-	10,493
Disposals	-	(398)	-	(398)
Restoration provision	-	-	(15)	(15)
As at December 31, 2015	529,672	6,414	158,856	694,942
Additions	2,297	288	2,372	4,957
Disposals	(1,454)	-	-	(1,454)
Restoration provision	-	-	(1,471)	(1,471)
As at December 31, 2016	**530,515**	**6,702**	**159,757**	**696,974**

Accumulated depreciation	**Plant and equipment**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2015	(95,628)	-	(30,115)	(125,743)
Depreciation charge	(33,618)	-	(15,831)	(49,449)
As at December 31, 2015	(129,246)	-	(45,946)	(175,192)
Depreciation charge	(41,188)	-	(17,514)	(58,702)
As at December 31, 2016	**(170,434)**	**-**	**(63,460)**	**(233,894)**
Net book value				
As at December 31, 2015	400,426	6,414	112,910	519,750
As at December 31, 2016	**360,081**	**6,702**	**96,297**	**463,080**

The Company reviews the carrying value of assets at the end of each reporting period for indicators of impairment using both internal and external sources of information. The Company did not identify any indicators of impairment as at December 31, 2016.

7 Accounts payable and accrued liabilities

	2016 $	**2015 $**
Trade accounts payable	17,868	19,459
Accrued liabilities	17,141	21,149
Current portion of interest rate swap liability (note 9(b))	1,363	1,765
Deferred Share Units liability	116	26
	36,488	**42,399**

(In thousands of Canadian dollars, except where otherwise stated)

8 Deferral of electricity payments

For the period ended December 31, 2016, the Company has deferred electricity payments totalling $15,385 under BC Hydro's five-year power rate deferral program for BC mines. The program became effective March 1, 2016 and will allow the Copper Mountain mine to defer up to 75% of electricity costs. The deferral amount is based on a formula incorporating the average copper price during the preceding month priced in Canadian dollars. The balance, plus interest at the prime rate plus 5%, will be repayable on a monthly schedule if the average copper price during the preceding month exceeds a threshold amount. Any remaining deferred balance will be repayable at the end of the five year term. As forecasted copper prices incorporated into the formula do not trigger repayment, the deferred amounts have been classified as a long-term financial liability.

9 Long-term debt

	2016 $	**2015** $
Senior credit facility (b) in US$	116,694	125,094
Term loan (c) in US$	136,153	143,684
Total US$ long term debt in US$	252,847	268,778
Total US$ long term debt in CAD$	339,496	371,988
Subordinated loan (a)	12,408	11,838
Leases (d)	14,270	20,899
Total	366,174	404,725
Less: current portion	(46,415)	(33,115)
	319,759	**371,610**

a) Subordinated loan

In April 2010, the Company entered into a loan agreement with a subsidiary of MMC for $9,600. The loan bears interest at a fixed rate of 4.8%. The loan principal and accumulated interest matures on June 30, 2023 and is pre-payable at any time without penalty. The loan and accumulated interest is subordinate to the senior credit facility.

b) Senior credit facility

The Company has a senior credit facility ("the SCF") with a consortium of Japanese banks.

The maximum amount available under the SCF was US$162 million which was fully drawn in 2011. The SCF carries a variable interest rate of LIBOR plus 2% and matures on June 15, 2023. The SCF is repayable in twenty four semi-annual instalments which commenced December 15, 2011, with 40% of the principal balance due in the final two years before maturity. The instalments are payable on a fixed schedule, subject to mandatory prepayment based on cash flows relating to the Copper Mountain Mine. As at December 31, 2016 the Company has repaid a total of US$42 million in principal and US$18 million in interest on the SCF.

Under the terms of the SCF, the Company was required to maintain certain balances up to a total of US $12 million in the debt service reserve account ("DSRA") and the capex reserve account ("CXRA") by

(In thousands of Canadian dollars, except where otherwise stated)

June 30, 2012. Since this date, the Company and MMC have jointly guaranteed to June 30, 2017 the amounts owing to the DSRA and the CXRA, as a result no funds were required to be placed on deposit in either of the accounts.

As at December 31, 2016 the SCF has a principal amount outstanding of $160,963 (US$120 million). The outstanding amount of $156,685 is net of issue costs of $4,278 which are amortized over the life of the loan.

The SCF is collateralized by all the assets of the Copper Mountain Mine and is insured by Nippon Export and Investment Insurance.

Minimum principal repayments of the amounts outstanding under the SCF are as follows:

	US$ '000
2017	14,580
2018	14,580
2019	11,745
2020 – 2023	78,975
	119,880

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company swapped a LIBOR variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$91 million of the principal. The interest rate swaps mature on December 15, 2020.

As at December 31, 2016 the swap had an unrealized fair value loss of $5,450 (2015 - $8,826). The current portion of $1,363 is included in accounts payable and accrued liabilities.

As at December 31, 2016 the Company is in compliance with all covenants which may result in the event of default of the senior credit facility.

c) Term loan

In July 2010, the Company entered into a term loan ("the Term Loan") with the Japan Bank for International Cooperation.

The maximum amount available under the Term Loan was US$160 million which was fully drawn in 2011. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures on February 15, 2022. As at December 31, 2016 the Term Loan has a principal amount outstanding of $186,904 (US$139 million). The outstanding amount of $182,812 is net of issue costs of $4,092 which are amortized over the life of the loan. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

The Term Loan is unsecured and repayable in increasing instalments every six months commencing February 2013, with the majority of the loan falling due in the last six instalments. As at December 31, 2016 the Company has repaid a total of US$21 million in principle and US$8 million in interest on the Term Loan.

(In thousands of Canadian dollars, except where otherwise stated)

Principal repayment amounts outstanding under the Term Loan are as follows:

	US$
2017	14,400
2018	19,200
2019	25,600
2020 - 2022	80,000
	139,200

The Company is subject to certain debt covenants on the Term Loan. As at December 31, 2016 the Company is in compliance with all covenants.

d) Leases

The Company has a number of leases related to mobile mining equipment. The mobile equipment is security for the respective lease obligations. During 2016, the Company entered into the following new lease arrangements:

(i) In February 2016 the Company entered into a finance lease agreement with one of its equipment suppliers for shovel components. The lease is payable in 18 monthly instalments which commenced in March 2016 and will end in August 2017 with interest at a fixed rate of 4.15% per annum.

(ii) Through the year the Company entered into three finance lease agreements with one of its equipment suppliers for pickup trucks. The leases are payable in 36 monthly instalments and have a fixed rate of interest of 3.99% per annum

Gross finance lease liability and minimum lease payments	**2016 $**	**2015 $**
Within one year	7,556	9,640
Between two and four years	7,816	13,147
	15,372	22,787
Future interest	(1,102)	(1,888)
Present value of finance lease liability	**14,270**	**20,899**

(In thousands of Canadian dollars, except where otherwise stated)

10 Decommissioning and restoration provision

a. Reclamation bonds

The Company has on deposit $8,232 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds.

b. Decommissioning and restoration provision

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain property. Decommissioning liabilities are as follows:

	2016 **$**	**2015** **$**
Opening balance	7,787	7,797
Changes in estimated costs and timing	(1,471)	(15)
Unwinding of discount on restoration provision	(4)	5
End of year	**6,312**	**7,787**

At December 31, 2016 the Company used an inflation rate of 1.50% (2015 – 2.00%) and a discount rate of 2.31% (2015 – 2.15%) in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is $6,954 (2015 - $7,940). The expected timing of payment of the cash flows commences in 2028.

11 Share capital

Authorized - Unlimited number of common shares without par value.

On August 3, 2016, the Company completed a bought-deal financing for total proceeds of $7,476. Under the bought-deal, a total of 13,593,000 units of the Company (“Units”) were issued at a price of $0.55 per Unit. Each Unit entitles the holder to acquire, one common share and one-half of one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one common share at an exercise price of $0.75 for a period of 36 months.

The Units were valued using the relative fair value method whereby the fair value of the Warrant was determined to be $0.19 using the Black-Scholes valuation method and the following inputs: stock price at issue $0.55, exercise price $0.75, risk free rate 0.56%, annualized volatility 66% and a 3 year expected life. Volatility was determined using the Company’s share price volatility over the 3 years prior to issuance. The resulting allocation of the warrant fair value to the consideration received was $1,124 to Warrants and $6,352 to Common Shares. A total of $647 in transaction costs were recognised in equity.

(In thousands of Canadian dollars, except where otherwise stated)

12 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 13,000,000 stock options exercisable for a period of up to ten years from the grant date. As at December 31, 2016 the Company had 6,750,000 options outstanding as follows:

	Number of shares	Weighted average exercised price $
Opening balance	5,355,000	2.64
Granted	2,280,000	0.39
Exercised	(12,500)	0.59
Expired	(525,000)	6.63
Forfeited	(347,500)	1.62
December 31, 2016	**6,750,000**	**1.62**

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Apr. 5, 2012	800,000	4.52	4.52	Apr. 5, 2017
Feb. 20, 2014	3,200,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	580,000	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	2,170,000	0.39	0.39	Jan. 26, 2021
	6,750,000		**1.62**	

As at December 31, 2016 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Apr. 5, 2012	800,000	4.52	4.52	Apr. 5, 2017
Feb. 20, 2014	2,400,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	145,000	0.59	0.59	Sep. 18, 2020
	3,345,000		**2.48**	

During the year ended December 31, 2016, the total fair value of stock options granted was $482 (2015 – $229) and had a weighted average grant-date fair value of $0.39 (2015 – $0.65) per option. The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options.

Weighted average assumptions used in calculating the fair value of options granted during the period are as follows:

(In thousands of Canadian dollars, except where otherwise stated)

	December 31, 2016
Risk free interest rate	1.57%
Expected dividend yield	Nil
Expected share price volatility	63.63%
Expected forfeiture rate	3.26%
Expected life	4.90 years

b. Deferred Share Unit Plans

Deferred Share Unit Plan for Non-Employee Directors ("DSU-D")

The Company established a deferred share unit ("DSU") plan that allows directors to receive director fees in the form of deferred share units. Directors can elect to receive common shares or cash upon exercise of the DSU. Certain DSUs may only be exercised when the holder ceases to be a director. Vesting terms of the DSUs are established by the directors at the time the DSUs are granted.

Deferred Share Unit Program for Employees ("DSU-E")

The Company established a deferred share unit program that allows executive officers to receive incentive compensation in the form of deferred share units. Executive officers can elect to receive common shares upon exercise of the DSU by paying the exercise price or they can elect to receive cash equal to the difference between the exercise price and the market price of the Company's common shares at the time of exercise of the DSU. Vesting terms of the DSUs are established by the directors at the time the DSUs are granted.

The continuity of deferred share units granted and outstanding is as follows:

Units	**DSU-D**	**Weighted average exercise price $**	**DSU-E**	**Weighted average exercise price $**
Outstanding, December 31, 2014	1,807,339	1.85	2,679,646	2.13
Granted	-	-	-	-
Outstanding, December 31, 2015	1,807,339	1.85	2,679,646	2.13
Granted	250,000	0.45	-	-
Forfeited	-	-	(125,000)	1.91
Outstanding, December 31, 2016	**2,057,339**	**1.68**	**2,554,646**	**2.14**

(In thousands of Canadian dollars, except where otherwise stated)

As at December 31, 2016 the following deferred share units were outstanding:

Date of DSU grant	Number of Units	Exercise price $	Weighted average exercise price $	Expiry date
DSU-D – September 17, 2010	27,027	-	-	September 17, 2020
DSU-E – September 17, 2010	329,646	3.70	3.70	September 17, 2020
DSU-D – August 12, 2011	9,571	-	-	August 12, 2021
DSU-D – April 5, 2012	20,741	-	-	April 5, 2022
DSU-D – April 13, 2013	500,000	1.88	1.88	April 13, 2018
DSU-E – April 13, 2013	425,000	1.88	1.88	April 13, 2018
DSU-D – February 20, 2014	1,250,000	1.92	1.92	February 20, 2019
DSU-E – February 20, 2014	1,800,000	1.92	1.92	February 20, 2019
DSU-D – September 16, 2016	250,000	0.45	0.45	September 16, 2020
	4,611,985		**1.94**	

As at December 31, 2016 the following deferred share units were both outstanding and exercisable:

Date of DSU grant	Number of Units	Exercise price $	Weighted average exercise price $	Expiry date
DSU-D – September 17, 2010	27,027	-	-	September 17, 2020
DSU-E – September 17, 2010	329,646	3.70	3.70	September 17, 2020
DSU-D – August 12, 2011	9,571	-	-	August 12, 2021
DSU-D – April 5, 2012	20,741	-	-	April 5, 2022
DSU-D – April 13, 2013	500,000	1.88	1.88	April 13, 2018
DSU-E – April 13, 2013	425,000	1.88	1.88	April 13, 2018
DSU-D – February 20, 2014	937,500	1.92	1.92	February 20, 2019
DSU-E – February 20, 2014	1,350,000	1.92	1.92	February 20, 2019
DSU-D – September 16, 2016	125,000	0.45	0.45	September 16, 2020
	3,724,485		**1.99**	

The liability for deferred share units issued and outstanding is as follows:

Liability	DSU-D $	DSU-E $
December 31, 2014	91	-
DSU based compensation recovery	(65)	-
December 31, 2015	26	-
DSU based compensation expense	90	-
December 31, 2016	**116**	-

(In thousands of Canadian dollars, except where otherwise stated)

13 Revenue

	2016 $	2015 $
Copper in concentrate	235,107	231,714
Gold in concentrate	49,803	40,823
Silver in concentrate	5,982	5,270
Treatment and refining charges	(23,937)	(27,769)
Pricing adjustments on unsettled concentrate and metal sales	11,041	(8,051)
	277,996	**241,987**

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These arrangements have the characteristics of a derivative instrument as the value of our receivables will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as pricing adjustments to revenues.

14 Expenses by nature

	2016 $	2015 $
Direct mining and milling costs	139,288	136,478
Employee compensation and benefits	42,499	44,146
Depreciation	52,315	44,148
Transportation costs	16,304	14,855
Cost of sales	**250,406**	**239,627**
General and administration:		
Corporate employee compensation and benefits	3,121	3,646
Corporate and mine site administrative expenses	2,473	2,492
	5,594	6,138
	256,000	**245,765**

Cost of sales consists of direct mining and milling costs (which include operating waste stripping costs, maintenance and repair costs, operating supplies, and external services), employee compensation and benefits, depreciation, transportation costs and changes in the inventory balance.

(In thousands of Canadian dollars, except where otherwise stated)

15 Finance expense

	2016 $	2015 $
Interest on loans	10,966	8,851
Amortization of financing fees	1,397	1,365
Loan guarantee fee	284	394
Unwinding of discount on restoration provision	(5)	5
	12,642	**10,615**

16 Related party transactions

All transactions with related parties have occurred in the normal course of the Company's operations.

a. During the year ended December 31, 2016 the Company sold copper concentrates to MMC with revenues totalling $277,996 (2015 – $241,987) including pricing adjustments.

b. During the year ended December 31, 2016 the Company accrued interest on the subordinated loan with MMC totalling $467 (2015 - $467).

c. As at December 31, 2016 the Company has accrued to MMC a guarantee fee related to the Term Loan of $2,767 (2015 - $2,450). The Company has also received funding advances from MMC totalling $19,054 (2015 - $6,049). These advances bear interest at 2.88% to 4.80% with total accrued interest of $833 (2015 - $414).

d. A company controlled by a director of the Company agreed to purchase 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company has the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director has the irrevocable right to put the land to the Company at any time after January 16, 2016. The purchase price of the land is $1,530 plus out of pocket expenses. As of December 31, 2016 neither party has exercised their right to exercise under the terms of the put/call agreement.

e. During the year ended December 31, 2016 the Company awarded bonuses totalling $450 to its CEO and CFO in the form of promissory notes bearing an interest rate of 2.88% annually and to be paid out one year from the date of issue.

(In thousands of Canadian dollars, except where otherwise stated)

f. Compensation of key management:

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	2016 $	2015 $
Salaries and short-term employee benefits	1,964	2,295
Share based compensation	655	829
	2,619	**3,124**

17 Supplementary cash flow disclosures

a. As at December 31, 2016, cash and cash equivalents consists of guaranteed investment certificates of $5,058 (2015 – $3,058) and $26,352 in cash (2015 – $9,133) held in bank accounts.

b. A reconciliation of net changes in working capital items is as follows:

	2016 $	2015 $
Change in accounts receivable and prepaid expenses	(15,714)	(349)
Change in inventory	(25,591)	(19,240)
Change in mineral tax liability	1,157	(976)
Change in accounts payable and accrued liabilities	11,839	3,279
	(28,309)	**(17,286)**

c. During the year ended December 31, 2016, the Company paid B.C. Mineral tax of $NIL (2015 - $838).

18 Income tax

The Company and its subsidiaries are subject to Canadian federal and provincial tax for the estimated assessable profit for the years ended December 31, 2016 and 2015 at a rate of 26.00%.

Income tax expense comprises current and deferred income and resource tax. BC mineral taxes meet the definition of an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

(In thousands of Canadian dollars, except where otherwise stated)

The tax recovery for the Company can be reconciled to the loss for the year per the consolidated statement of income (loss) and comprehensive income (loss) as follows:

	2016	**2015**
	$	**$**
Earnings (loss) before income taxes	12,754	(109,478)
Statutory tax rate	26.00%	26.00%
Income tax expense (recovery)	3,316	(28,464)
Increase (decrease) due to:		
Non-deductible expenses and other	1,346	556
Non-taxable (deductible) portion of gain (loss)	(1,563)	8,436
Taxable income allocated to minority interest	(813)	(604)
Change in estimates of deferred tax credits	(131)	2,808
Losses and temporary differences for which no tax benefit has been recorded	981	13,750
Use of losses and temporary differences for which no tax benefit has previously been recorded	(1,977)	(3,089)
Income tax expense (recovery)	**1,157**	**(6,607)**
Income tax expense (recovery) consists of:		
Deferred income tax recovery	-	(6,826)
Current BC Mineral tax	1,157	219
	1,157	**(6,607)**

(In thousands of Canadian dollars, except where otherwise stated)

a. Deferred income tax assets reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The significant components of the Company's recognized net deferred income tax asset and deferred income tax liability at December 31, 2016 and 2015 are as follows:

	2016 $	2015 $
Non-capital losses	29,596	4,975
Capital leases	5,083	6,471
Decommissioning and restoration provision	607	749
Property, plant and equipment expenditures	(25,281)	(3,461)
Debt issue costs	(2,258)	(2,695)
Inventory	(7,313)	(5,588)
Unrealized foreign exchange gain	(434)	(451)
Deferred tax liability	**-**	**-**
Deferred tax asset	**-**	**-**

The significant components of the Company's unrecognized deferred income tax assets at December 31, 2016 and 2015 are as follows:

	2016 $	2015 $
Deferred income tax assets		
Non-capital loss carry-forward	6,348	2,140
Share issue costs	242	210
Property, plant and equipment expenditures	88	215
Capital leases	-	973
Derivative	1,417	2,295
Asset retirement obligation	1,641	2,025
Unrealized foreign exchange loss	11,544	13,471
Other	4,948	3,384
	26,228	**24,713**

(In thousands of Canadian dollars, except where otherwise stated)

b. As at December 31, 2016 the Company has investment tax credits available for carry forward which may be applied to reduce future year's income taxes. These investment tax credits will expire as follows:

	2016	2015
	$	$
2021	713	713
2022	992	992
2023	360	-
2028	617	617
2029	178	178
2030	2,800	5,525
2031	2,229	2,097
2032	1,786	1,786
2033	685	685
	10,360	**12,593**

As at December 31, 2016, the Company has non-capital losses available for carry forward which may be applied to reduce future year's taxable income. These losses, if not utilized will expire as follows:

	2016	2015
	$	$
Expiry date		
December 31, 2031	3,432	2,492
December 31, 2032	2,938	2,938
December 31, 2033	6,344	6,344
December 31, 2034	567	567
December 31, 2035	87,866	15,026
December 31, 2036	37,100	-
	138,247	**27,367**

(In thousands of Canadian dollars, except where otherwise stated)

19 Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets, and other liabilities.

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2016 and 2015.

	2016 $	2015 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	31,409	12,190
Reclamation bonds	8,232	8,232
Amounts due from concentrate sales (note 4)	12,155	17,604
Fair value through profit and loss		
Pricing adjustments (notes 4 and 13)	10,810	(9,140)
Financial liabilities		
Other liabilities		
Accounts payable (note 7)	17,868	19,459
Long-term debt (note 9)	319,759	371,610
Fair value through profit and loss		
Interest rate swap liability (note 9b)	5,450	8,826

The carrying values of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities approximate their fair value. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

- Amounts due from concentrate sales. Copper concentrate is sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices give rise to an embedded derivative in the accounts receivable. This derivative is recorded at fair value, with changes in fair value recognized as a component of revenue.

- Long-term debt. The Company's long-term debt carries interest based on specified benchmark interest rates plus a spread (see note 9). The fair values of the Company's debt obligations approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates except for the SCF. The fair value of the SCF is less than the carrying value due to changes in the Company's credit risk since the inception of the agreement.

- Interest rate swaps liability. The Company's derivative liabilities relate to interest rate swap contracts. The fair values of interest rate swaps are calculated as the net present value of the future cash flows expected to arise on the variable and fixed legs, determined using applicable yield curves at each measurement date. Swap curves, which incorporate credit spreads applicable to large commercial banks, are typically used to calculate expected future cash flows and the present values thereof. Adjustments are also made to reflect the company's own credit risk and the credit risk of the counter party, if different from the spread implicit in the swap curve.

Fair Value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.
The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at December 31, 2016:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Pricing adjustments (note 4 and 13)	-	10,810	-	10,810
Financial liabilities				
Interest rate swap liability (note 9b)	-	5,450	-	5,450

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(In thousands of Canadian dollars, except where otherwise stated)

a. Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, reclamation bonds and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships using industry-standard contract terms. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures. The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

b. Market risks

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold and silver. The Company is also exposed to commodity price risk on diesel fuel required for its mining operations.

As at December 31, 2016 and December 31, 2015, the Company had not entered into any diesel derivative contracts and no commodity hedging in respect of copper, gold or silver production had been undertaken. The Company's commodity price risk related to accounts receivable concerns changes in fair value of embedded derivatives in accounts receivable reflecting copper concentrate sales provisionally priced based on the forward price curve at the end of each quarter.

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper, gold and silver commodity prices, based on December 31, 2016 prices. There is no impact of these changes on other comprehensive income.

The impact of a 10% movement in commodity prices as of December 31, 2016 is as follows:

	Impact of price change on net earnings	
	10% increase	**10% decrease**
	$	**$**
Accounts receivable		
Amounts due from concentrate sales	8,075	(8,057)

As at December 31, 2016 the Company had approximately 37,415 pounds of copper, 13,439 ounces of gold and 131,062 ounces of silver that was provisionally priced at US$2.52 per pound, US$1,185 per ounce and US$16.56 per ounce respectively to be settled at a future date.

(In thousands of Canadian dollars, except where otherwise stated)

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits and interest paid on floating rate borrowings. The floating rate deposits and borrowings expose the Company to cash flow interest rate risk. This risk is managed through the use of interest rate swaps. Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to deposits.

The floating-to-fixed interest rate swaps as at December 31, 2016 covered 32% (2015 – 32%) of the Company's floating rate debt at a rate of 3.565% per annum. The final maturity of the swaps is on December 15, 2020.

At December 31, 2016 the impact on a full year net earnings of a 1% change in interest rate would be as follows:

	Impact of interest rate change on net earnings	
	1% increase	**1% decrease**
	$	**$**
Cash and cash equivalents	133	(133)
Interest rate swap liabilities	(2,312)	2,312
Long-term debt	(2,352)	2,352

Currency risk

The Company incurs expenditures in Canadian and US dollars. The measurement and functional currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the US dollar cash and cash equivalents, receivable, payables and debt will vary in Canadian dollar terms due to changes in exchange rates.

The Company has not hedged its exposure to currency fluctuations. The majority of the Company's debt is denominated in US dollars. The currency risk on debt principal and interest payments are minimized as the Company receives US dollars on the sale of copper concentrate. The net impact of a 10% increase or decrease in the US dollar to the Canadian dollar exchange rate at December 31, 2016 would result in a $32,505 (2015 - $36,993) decrease or increase in net income.

Liquidity risk

The Company had the following balances and facilities available to them:

	2016	**2015**
	$	**$**
Cash and cash equivalents	31,409	12,190
Working capital balance	(791)	(15,365)

(In thousands of Canadian dollars, except where otherwise stated)

Maturity analysis of financial liabilities as at December 31, 2016 is as follows:

	Total $	**< 1 year** $	**2-3 years** $	**4-5 years** $	**Thereafter** $
Long-term debt	351,906	37,597	92,871	124,090	97,348
Capital lease	14,270	7,544	6,726	-	-
Decommissioning & restoration provision	6,312	-	-	-	6,312
Trade accounts payable	17,868	17,868	-	-	-

20 Capital management

The Company's objectives when managing capital are to safe guard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and, to the extent possible, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk. There were no changes to the Company's approach to capital management during the year ended December 31, 2016. In the management of capital, the Company includes the components of equity, net of cash and cash equivalents.

21 Segmented information

The Company operates as a single reportable operating segment which consists of the Copper Mountain mine and other corporate function entities which are both located in Canada. The corporate entities are responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury, finance and corporate administration.

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices in a period. During the period ended December 31, 2016 revenues attributed to the sale of copper concentrate to MMC totaled $277,996 (2015 - $241,987).

22 Contingencies and commitments

Minimum Shipping Requirement

During the year ended December 31, 2010, the Company entered into a seven year terminal services agreement ("the TSA") with Kinder Morgan Canada Terminals Limited Partnership ("Kinder Morgan") in which Kinder Morgan will provide terminal storage and loading facilities for the Company's concentrate. Under the TSA, there is a minimum shipping tonnage requirement of 130,000 tonnes of concentrate annually. For the year ended December 31, 2016 the Company met this shipping tonnage requirement.

REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Corporate Directory

Directors:
Mr Kevin Maloney
Non-Executive Chairman

Dr Alistair Cowden
Managing Director

Mr Paul Hallam
Non-Executive Director

Mr Steve Scudamore
Non-Executive Director

Company Secretary:
Mr Eric Hughes

Principal & Registered Office:
Level 1, 2 Kings Park Road
West Perth 6005 Western Australia
Telephone: +61 8 9485 2929
Email: altona@altonamining.com

Auditor:
Deloitte Touche Tohmatsu
123 St Georges Terrace
Perth 6000 Western Australia
Telephone: +61 8 9365 7000

Bankers:
Westpac Banking Corporation
Level 6, 109 St Georges Terrace
Perth 6000 Western Australia

Share Registry:
Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth 6000 Western Australia
Telephone: +61 8 9323 2000

Stock Exchanges:
Australia Securities Exchange
Frankfurt Stock Exchange

Company Codes:

ASX:	AOH
FSE:	A20

Issued Capital as at 21 February 2017:

536,975,592	Fully paid ordinary shares
12,706,800	Employee share rights

www.altonamining.com

Directors' Report

Review and results of operations

Overview of Proposed Merger with Copper Mountain

On 20 November 2017 Altona announced that Canadian and TSX listed copper producer Copper Mountain Mining Corporation is to combine with Altona Mining Limited ("Altona") via a Scheme of Arrangement ("Scheme"). The Scheme is subject to shareholder approval.

The acquisition will be effected pursuant to a Merger Implementation Deed ("MID") under which Altona has agreed to propose the Scheme that would allow Altona to become a wholly owned subsidiary of CMMC. Under the Scheme, each share of Altona ("Altona Share") will be exchanged for 0.0974 ("Exchange Ratio") of either a CHESS Depositary Interest of CMMC ("CMMC CDI"), which will trade on the Australian Securities Exchange ("ASX"), or, if elected, a CMMC common share ("CMMC Share"), which trades on the Toronto Stock Exchange ("TSX"). The total consideration offered for all of the outstanding shares of Altona is valued at approximately A$93 million and represents 17 cents per share, a 41.7% premium to A$0.12, based on the closing prices of Altona and CMMC shares on 19 November 2017, the day prior to the execution of the MID.

CMMC's principal asset is the 75% owned, large open-pit Copper Mountain mine located in southern British Columbia near the town of Princeton. CMMC has a strategic alliance with Mitsubishi Materials Corporation which owns 25% of the Copper Mountain mine and purchases 100% of the copper concentrate produced under a life of mine offtake agreement. CMMC produced 34,392 tonnes of copper and 23,600 ounces of gold in 2017. Production guidance for 2018 is 36,300 tonnes of copper (+/- 5%), 25,000 to 30,000 ounces of gold and 275,000 to 325,000 ounces of silver. The Copper Mountain mine has a large resource that remains open laterally and at depth.

The Scheme is subject to customary conditions for a transaction of this nature, which are set out in full in the MID. Major conditions include:

- Approval being received from the shareholders of Altona and the court in relation to the Scheme.
- Approval being received from the shareholders of CMMC and the TSX for the issue of consideration shares.
- The Independent Expert concluding that the Scheme is in the best interests of Altona shareholders.
- Approval for and quotation of CMMC CDIs on the ASX.
- Foreign Investment Review Board approval.
- Other customary regulatory and court approvals for a transaction of this nature.
- A minimum cash balance of A$30 million.

The parties have agreed that unless the MID is terminated, Altona will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal unless failure to do so would involve a breach of the fiduciary duties of its Directors. Altona and CMMC have agreed to pay a break fee of A$0.9 million in certain circumstances leading to the Scheme not proceeding.

Full particulars of the Scheme, including terms and recommendations will be provided to Altona shareholders through a Scheme Booklet which includes an Independent Expert's Report by KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd. The Independent Expert has concluded that the Scheme is in the best interests of Altona shareholders

The indicative timetable for implementation of the Scheme is anticipated to be as follows:

Event	**Indicative Date**
Altona Scheme meeting	26 March 2018
2nd Court hearing to approve Scheme	3 April 2018
Scheme becomes effective	4 April 2018

Directors' Report

Board and Shareholder Support

The Altona Board are in favour of the Scheme and have unanimously recommended that Altona shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Altona shareholders.

Each of Altona's directors and officers has entered into a Support Deed undertaking to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Altona shareholders.

Altona's major shareholder, Matchpoint Asia Fund Limited, has also indicated that it will vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of Altona shareholders.

CMMC is required to obtain the approval of the TSX and its shareholders in connection with the issue of common shares under the Scheme. Each of CMMC's directors and officers have agreed to vote in favour of the required CMMC shareholder resolutions.

The CMMC Board unanimously recommends that CMMC shareholders vote in favour of the issue of CMMC common shares contemplated by the Scheme. The CMMC Board intends to vote any CMMC Shares in respect of which they have the power to direct a vote in favour of the necessary resolutions.
Indicative Timetable

Cloncurry Project

The Cloncurry Project offers a large resource of 290 million tonnes at 0.58% copper, 0.05g/t gold for 1.67 million tonnes contained copper and 0.43 million ounces gold and is close to infrastructure. It is located 90 kilometres north-east of Mt Isa and 9 kilometres north of MMG's Dugald River zinc mine which is in construction.

The Little Eva copper-gold development is planned to be the first development at the Cloncurry Copper Project. The 2017 Definitive Feasibility Study ("DFS") for the development anticipates the construction of a 7 million tonne per annum open-pit mine and flotation plant capable of annual production of 39,000 tonnes copper and 17,200 ounces gold. Mine life is estimated to be 14 years.

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

Altona executed an offtake agreement with Glencore International A.G. ("Glencore") for sale of copper-gold concentrates to be produced from the Cloncurry Copper Project ("Project") in north-west Queensland. Glencore operate the Mt Isa copper smelter some 180 kilometres by road from the Project.

The key terms are:

- 5 year term from commencing production
- Whole of mine production
- Glencore will take delivery at the Project mine gate
- Competitive commercial in confidence terms

Directors' Report

Exploration

Altona has taken advantage of the exploration downturn to amass a 3,970km2 landholding in the Cloncurry Project. Much of the ground remains largely underexplored.

Across the portfolio of tenements there are scores of exploration targets, some with existing excellent drill results, some drill ready. Altona will undertake exploration to maintain its tenement holding and also conduct exploration that has potential to deliver a step change to the project.

A drill program was undertaken during the six months and designed to meet tenement commitments whilst testing high priority targets. The reverse circulation drilling program consisted of 30 holes and 2,172 metres of drilling at Companion, Veiled and Quamby. Details of the results of the drill programme were released to market on 8 February 2018.

Exploration activities also include detailed soil sampling programs to advance several new targets to the drilling stage.

Operating results

During the current period, Altona expended funds to advance the Cloncurry Project, exploration of its tenement holding and to prosecute the merger with Copper Mountain Mining Corporation. These activities are reflected in the Consolidated Statement of Profit or Loss and contribute to Altona's loss for the current period of $3.6 million.

Administrative expenses are inclusive of one off merger expenditure. Merger costs are inclusive of expenditure associated with conducting due diligence on Copper Mountain Mining Corporation, negotiations, documentation of the transaction and independent technical expert reports to be included in documentation to be provided to shareholders. Other administrative costs such as employee benefits are lower than prior periods. Exploration costs are inclusive of "on ground" exploration activity and $0.71 million of annual mineral tenure regulatory fees.

Altona continues to have a strong balance sheet with no debt and $32.3 million of cash which places it in a strong financial position. Of the A$32.3, Altona has US$23.7 million in cash which was purchased at an average rate of AUD:USD of 0.7807.

Directors

The names of the Company's Directors in office during the financial period and until the date of this report are:

Mr Kevin Maloney	Chairman
Dr Alistair Cowden	Managing Director
Mr Paul Hallam	Non-Executive Director
Mr Steve Scudamore	Non-Executive Director

Principal activity

The principal activities of the Company and its subsidiaries during the course of the half-year were exploration and evaluation of mineral resources.

Dividends paid or recommended

No dividends were paid or declared during the half-year.

Directors' Report

Employees

The Company has retained a core staff of 7 employees at the date of this report.

Significant changes in state of affairs

In the opinion of the directors there are no significant changes in the state of affairs of the Company that occurred during the half-year ended 31 December 2017 that are not disclosed elsewhere in this report, the financial statements or the attached notes.

Significant events after balance date

There have been no significant events since the 31 December 2017 to the date of this report.

Rounding

Under the option available to the Group under ASIC Corporations Instrument 2016/191, the amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

Section 307 of the Corporations Act 2001 requires the auditor to the Group, Deloitte Touche Tohmatsu, to provide the directors of Altona Mining Limited with an Independence Declaration in relation to the review of this Half-Year Financial Report. The Auditor's Independence Declaration on page 15 forms part of the Directors' Report for the period ended 31 December 2017.

Director's resolution

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors.

KEVIN MALONEY
Chairman

Perth, Western Australia
Dated this 20 day of February 2018.

Financial Statements

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	Note	31 December 2017 $'000	31 December 2016 $'000
Continuing operations			
Interest income		86	45
Foreign exchange (loss)/gain		(466)	1,014
Exploration and evaluation expense		(1,553)	(1,646)
Administration expense		(1,625)	(1,456)
Finance expense		(2)	(3)
Loss before income tax from continuing operations		(3,560)	(2,046)
Income tax		-	-
Loss after income tax from continuing operations		(3,560)	(2,046)
Loss from discontinued operations, after income tax		-	(161)
Loss after income tax for the period attributable to owners of the Group		**(3,560)**	**(2,207)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		2	335
Total other comprehensive income for the period, net of tax		2	335
Total comprehensive income for the period attributable to owners of the Group		**(3,558)**	**(1,872)**
Earnings per share - continuing operations only			
Basic loss per share (in cents)		(0.66)	(0.41)
Diluted loss per share (in cents)		(0.66)	(0.41)
Earnings per share			
Basic loss per share (in cents)		(0.66)	(0.41)
Diluted loss per share (in cents)		(0.66)	(0.41)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

Condensed Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		32,277	36,284
Trade and other receivables		40	67
Other assets		803	175
Total current assets		33,120	36,526
Non-current assets			
Property, plant and equipment		48	44
Exploration and evaluation assets		14,685	14,685
Other assets		122	121
Total non-current assets		14,855	14,850
Total assets		**47,975**	**51,376**
Current liabilities			
Trade and other payables		229	150
Provisions		234	163
Total current liabilities		463	313
Non-current liabilities			
Provisions		61	165
Total non-current liabilities		61	165
Total liabilities		**524**	**478**
Net assets		**47,451**	**50,898**
Equity			
Contributed equity	5	94,119	94,119
Reserves		6,167	6,054
Accumulated losses		(52,835)	(49,275)
Total equity		**47,451**	**50,898**

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

Financial Statements

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

	31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities		
Payments to suppliers and employees	(3,695)	(3,546)
Interest and finance costs	(2)	(2)
Net GST / VAT cash flows	26	25
Net cash used in operating activities	(3,671)	(3,523)
Cash flows from investing activities		
Interest received	85	137
Refund of security deposits	54	-
Payments for property, plant and equipment and mine development	(9)	(5)
Proceeds from sale of discontinued operation, net of transaction costs	-	66
Net cash from investing activities	130	198
Net decrease in cash and cash equivalents	(3,541)	(3,325)
Cash and cash equivalents at the beginning of period	36,284	42,280
Effects of exchange rate changes on cash and cash equivalents	(466)	967
Cash and cash equivalents at end of the period	**32,277**	**39,922**

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

Financial Statements

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

	Contributed equity $'000	Share based payments reserve $'000	Converting notes reserve $'000	Foreign currency translation reserve $'000	Profits reserve $'000	Accum. losses $'000	Total equity $'000
At 1 July 2017	**94,119**	**5,487**	**581**	**(14)**	**-**	**(49,275)**	**50,898**
Loss for the period	-	-	-	-	-	(3,560)	(3,560)
Foreign currency translation	-	-	-	2	-		2
Total comprehensive income	**-**	**-**	**-**	**2**	**-**	**(3,560)**	**(3,558)**
Share issue costs	-	-	-	-	-	-	-
Share based payments	-	111	-	-	-	-	111
Expired share rights	-	-	-	-	-	-	-
At 31 December 2017	**94,119**	**5,598**	**581**	**(12)**	**-**	**(52,835)**	**47,451**
At 1 July 2016	**94,126**	**5,352**	**581**	**(281)**	**(16,040)**	**(26,733)**	**57,005**
Loss for the period	-	-	-	-	-	(2,207)	(2,207)
Foreign currency translation	-	-	-	335	-	-	335
Total comprehensive income	**-**	**-**	**-**	**335**	**-**	**(2,207)**	**(1,872)**
Share issue costs	(4)	-	-	-	-	-	(4)
Share based payments	-	111	-	-	-	-	111
Expired share rights	-	(80)	-	-	-	80	-
At 31 December 2016	**94,122**	**5,383**	**581**	**54**	**(16,040)**	**(28,860)**	**55,240**

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

Notes to the Financial Statements

NOTE 1: BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

Altona Mining Limited (the "Company") is domiciled in Australia. These general purpose consolidated financial statements for the half-year ended 31 December 2017 have been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting' and comprise the Company and its subsidiaries ("the Group"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These Financial Statements do not include all notes of the type normally included within the annual financial report, and as such it is recommended that the Financial Statements be read in conjunction with the annual financial report for the year ended 30 June 2017 and considered together with any public announcements made by Altona Mining Limited during the half-year ended 31 December 2017.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this consolidated half-year financial report, significant judgements made by management in applying accounting policies and the key estimates used were consistent with those applied at 30 June 2017.

NOTE 3: CHANGES IN ACCOUNTING POLICIES – NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Except as described below, the accounting policies applied by the Group in these Financial Statements are consistent with those applied by the Group in its annual financial report for the year ended 30 June 2017. The following changes to accounting standards were required to be adopted by the Group during the current period:

- AASB 2016-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle; and
- AASB 2016-2 & AASB 2017-2 Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 101

NOTE 4: SEGMENT INFORMATION

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

Discrete financial information about each of these operating segments, operating performance and assets are reported to the Board and Key Management Personnel on a monthly basis. Inter-segment revenues are not material and have not been reported below.

Notes to the Financial Statements

4. (a) Performance of Operating Segments:

	Note	Australian projects $'000	Finnish projects $'000	Unallocated $'000	Total $'000
31 December 2017					
Revenue					
Other income		-	-	86	86
Total revenue		**-**	**-**	**86**	**86**
Segment result before tax	4. (b)	(1,553)	-	(2,007)	(3,560)
Total assets	4. (c)	14,855	-	33,120	47,975
Capital expenditure		9	-	-	9
31 December 2016					
Revenue					
Other income		-	-	45	45
Total revenue		**-**	**-**	**45**	**45**
Segment result before tax	4. (b)	(1,646)	14	(575)	(2,207)
Total assets		14,877	-	40,725	55,602
Capital expenditure		-	-	5	5

Notes to the Financial Statements

4. (b) A reconciliation from segment result to earnings before interest and tax ('EBIT') is provided below:

	Australian projects $'000	Finnish projects $'000	Unallocated $'000	Total $'000
31 December 2017				
Segment result before tax	(1,553)	-	(2,007)	(3,560)
Interest income	-	-	(86)	(86)
Finance expense	-	-	2	2
Foreign exchange loss	-		466	466
Segment EBIT	**(1,553)**	**-**	**(1,625)**	**(3,178)**
31 December 2016				
Segment result before tax	(1,646)	14	(575)	(2,207)
Interest income	-	-	(45)	(45)
Finance expense	-	-	3	3
Foreign exchange gain	-	-	(1,014)	(1,014)
Segment EBIT	**(1,646)**	**14**	**(1,631)**	**(3,263)**

4. (c) Unallocated assets consist of the following:

	31 December 2017 $'000	30 June 2017 $'000
Cash	32,277	36,284
Property, plant and equipment	-	12
Other receivables	40	67
Other assets	803	175
	33,120	**36,538**

NOTE 5: CONTRIBUTED EQUITY

	Number of shares	Date	Total $'000
Contributed equity			
Movements in fully paid ordinary shares on issue:			
Balance at 1 July 2017	536,975,592		94,119
Shares issued on vesting of share rights	-	-	-
Share issue costs	-	-	-
Balance at 31 December 2017	**536,975,592**	**-**	**94,119**
Balance at 1 July 2016	534,800,592		94,126
Shares issued on vesting of share rights	2,175,000	1 July 2016	-
Share issue costs	-	-	(4)
Balance at 31 December 2016	**536,975,592**	**-**	**94,122**

Notes to the Financial Statements

NOTE 6: CONTINGENT LIABILITIES

As part of the sale of the Finnish Assets to Boliden on 1 October 2014, Vulcan Resources Pty Ltd, a wholly-owned subsidiary of Altona Mining Limited, has indemnified Boliden for any breach of the Agreement, including a breach of the warranties contained in the Agreement, environmental liabilities and for any taxes that should have been paid before closing. Altona guarantees the performance of Vulcan's obligations under the Agreement, including its payment and indemnity obligations. All performance guarantees and warranties will expire on 1 October 2019.

NOTE 7: COMMITMENTS

Following the disposal of the Finnish assets on 1 October 2014, the Group no longer has any material commitments for capital or operating expenditure, other than for expenditure on Australian mineral tenements which are disclosed in the annual financial report.

NOTE 8: KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

There are no material subsequent events that have occurred since 31 December 2017 to the date of this report.

NOTE 10: INVESTMENTS IN CONTROLLED ENTITIES

		Equity holding	
		2017	2016
Name of entity	Incorporated	(%)	(%)
Vulcan Resources Pty Ltd(1)	Australia	100%	100%
Roseby Copper Pty Ltd(1)	Australia	100%	100%
Roseby Copper (South) Pty Ltd(1)	Australia	100%	100%
Vulcan Finland (BVI) Ltd(2)	British Virgin Islands	100%	100%

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

(2) Vulcan Finland (BVI) Limited is a wholly owned subsidiary of Vulcan Resources Pty Ltd and the investment is held by Vulcan Resources Pty Ltd.

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

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Altona Mining Limited
Level 1, 2 Kings Park Road
West Perth WA 6005

20 February 2018

Dear Board Members,

Altona Mining Limited

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

As lead audit partner for the review of the financial statements of Altona Mining Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Altona Mining Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Altona Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Altona Mining Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 20 February 2018

Directors' Declaration

In accordance with a resolution of the directors of Altona Mining Limited made pursuant to Section 303(5) of the Corporations Act 2001, I state that:

In the opinion of directors:

(a) The financial statements and notes of the Group:

- (i) give a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the Group; and
- (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

KEVIN MALONEY
Chairman

Perth, Western Australia
Dated this 20 day of February 2018

ALTONA
MINING LIMITED

ANNUAL REPORT 2017

Corporate Directory

Directors:
Mr Kevin Maloney
Chairman

Dr Alistair Cowden
Managing Director

Mr Paul Hallam
Non-Executive Director

Mr Steve Scudamore
Non-Executive Director

Company Secretary:
Mr Eric Hughes

Principal and Registered Office:
Level 1
2 Kings Park Road
West Perth 6005 Western Australia
Telephone: +61 8 9485 2929
Email: altona@altonamining.com

Share Registry:
Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth 6000 Western Australia
Telephone: +61 8 9323 2000

Auditor:
Deloitte Touche Tohmatsu
123 St Georges Terrace
Perth 6000 Western Australia
Telephone: +61 8 9365 7000

Stock Exchanges:
Australian Securities Exchange Limited (ASX)
Frankfurt Stock Exchange

Company Codes:
ASX: AOH
FSE: A20

Issued Capital:
536,975,592 Fully paid ordinary shares
8,419,200 Employee share rights
(Valid 17 August 2017)

Annual Report of Directors to Shareholders and Financial Statements

Contents

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

www.altonamining.com

Company Overview and Strategy

DIRECTORS' REPORT

Principal activities

Altona is a listed mining company with a successful history of project acquisition, mine development studies, construction, project financing, commissioning, profitable operation and asset sales. During the year Altona's principal activities were exploration of its Queensland portfolio and pursuing a mechanism to finance the development of its Cloncurry Copper Project.

Delivery of strategy, likely developments and expected results

Altona's strategy is:

- Focus on copper and gold projects in Australia or low risk jurisdictions.
- Maximise the value of the Cloncurry Copper Project through seeking a partner to develop the Cloncurry Copper Project or through a corporate or asset level transaction.
- Maintain low overheads.
- Explore our 100% owned tenure.
- Once the value path for Cloncurry is clear, consider corporate transactions or acquisitions which complement Cloncurry, are within Altona's capability and deliver shareholder value.

Business environment

Altona's business and financial performance is dependent on the state of the global economy, market perception of the mining industry, world markets for copper, gold and other metals and the Australian dollar-US dollar exchange rates. Performance is also dependent upon the fiscal regime and input costs such as labour and power in Australia.

Community

Altona's activities are located in the Cloncurry region of Queensland. During the last few years Altona has maintained good relationships with the communities located in this area.

Cloncurry Copper Project

Overview

The key attributes of the Cloncurry Copper Project are:

- A standout amongst very few copper development opportunities
- Large scale, permitted, open pit mine located in a high skill and low risk jurisdiction
- Ore Reserve of 426,000 tonnes of copper and 203,900 ounces of gold
- Significant initial annual production of 39,000 tonnes of copper and 17,200 ounces of gold in concentrate
- A$1.48 billion of cashflow (pre-tax and sustaining capital) over an initial mine life of 14 years
- Development of large Little Eva open pit and 5 smaller satellite pits
- Construction of a 7 million tonnes per annum conventional flotation plant at a capital cost of A$288 million
- 150,000 tonnes per annum of clean, marketable copper-gold concentrate
- Average annual operating cashflow (pre-tax and sustaining capital) of A$141 million per annum for first 5 years at full production
- Life of Mine average cash cost of US$1.65 per pound of copper in concentrate and an all-in-cash cost of US$1.92 per pound copper in concentrate
- Opportunities identified to improve returns during project optimisation
- Opportunity exists to expand production through inclusion of copper only deposits

Sichuan Railway Investment Group Limited transaction

In June 2015, Altona entered into a Framework Agreement with Sichuan Railway and Investment Group with the purpose of forming an incorporated joint venture to finance and develop the Cloncurry Copper Project.

On 24 July, it was announced to the market that the agreement with Sichuan Railway Investment Group ("SRIG") had been terminated. The termination arose as a result of SRIG failing to execute an agreed Subscription Deed by 21 July 2017. If the Subscription Deed had been signed, this would have provided for a close of the then proposed transaction on 11 August 2017.

A condition precedent to SRIG signing the Subscription Deed was obtaining various Chinese regulatory authority approvals. Obtaining these approvals also acted as a trigger mechanism for the payment of the $US2 million Performance Guarantee in certain circumstances. As the approvals were not obtained and the Subscription Deed was not signed, SRIG did not forfeit the Performance Guarantee.

Under the agreement with SRIG, Altona was bound by certain exclusivity clauses which prevented Altona from engaging with any other party to transact on the Cloncurry Copper Project. The termination of the agreement with SRIG has now freed Altona from these obligations and it is now free to engage with other parties in relation to the Cloncurry Copper Project.

Cloncurry Copper Project Strategy

Following the termination of the proposed transaction with SRIG, Altona has determined its strategy for delivering value to shareholders. The key attributes for the Project are:

- The Cloncurry Copper Project; a 14 year life open pit mine and mill producing 39,000 tonnes per annum copper and 17,200 ounces of gold each year. The project is permitted and ready to build. The recently completed Definitive Feasibility Study ("DFS") highlighted numerous opportunities to improve the project.
- Some 0.84 million tonnes of contained copper resources in deposits adjacent to the proposed mine but not yet incorporation into the mine plan.

Cloncurry Copper Project

- A 3,785 square kilometres portfolio of exploration tenements in the Cloncurry area with scores of targets, some with existing excellent drill results, some drill ready.

There are few such large development ready projects available in Australia. Altona will consider a range of transaction structures that can deliver shareholder value.

A number of parties have executed Confidentiality Agreements and gained access to the Project dataroom and are actively assessing the opportunity.

Altona will continue exploration to maintain its tenement holding and also conduct exploration that has potential to deliver a step change to the Project.

Definitive Feasibility Study

A Definitive Feasibility Study was completed in August 2017 to provide an up to date status of the Project which consolidates and integrates all technical work of prior studies with a number of significant developments since the initial DFS in May 2012 and the update to the DFS in March 2014 that impact on costs, revenues and design. They include:

- New Resource estimates and geological/geotechnical models for the Little Eva and Bedford deposits. Please note these new estimates have not yet been used to generate new Ore Reserve estimates
- Mineral Resource and Ore Reserve estimates for the Turkey Creek deposit
- Metallurgical testwork of Turkey Creek ore
- Inclusion of the Turkey Creek deposit in mine plan
- Re-design and re-location of infrastructure and waste dumps to accommodate Turkey Creek pit
- A reduction in engineering and construction costs
- Updated cost estimates
- Updated Environmental Authority to reflect inclusion of Turkey Creek
- Changes to macro-economic assumptions

The study also identified a number of areas for improvement to be addressed in project optimisation:

- Reserve expansion through converting Inferred Resources below Little Eva pit to Indicated Resources
- RC drilling for better definition of grade control, dilution and ore loss
- Updated Little Eva Resource model
- Geotechnical model constructed indicating opportunity for improvement in mine design
- Little Eva pit optimisation and design using lower current mining costs and upgraded Resource model
- Resource upside at satellite pits
- Consideration of higher plant throughput if Reserve increase warrants expansion
- Increased water resources to support higher throughput

The study also recommends examining the opportunity of expanding production by inclusion of copper-only deposits not considered in the DFS.

Compared to the 2014 DFS, this study has delivered material improvements:

- Reserves up 14% from 375,000 tonnes copper to 426,000 tonnes copper
- Mine life up 27% from 11 years to 14 years
- Life of mine revenue up 24% from A$2.9 billion to A$3.6 billion

Cloncurry Copper Project

The Project comprises a large scale open pit mine at Little Eva and five satellite pits; Turkey Creek, Bedford North and South, Lady Clayre and Ivy Ann. Ore will be processed at a 7 million tonnes per annum processing plant adjacent to Little Eva and Turkey Creek. The Little Eva pit has a low strip ratio of 1.8:1 (excluding pre-strip). The Project has an initial 14 year life.

The Little Eva processing plant will have a technically simple crushing, grinding and flotation circuit resulting in the pre-production capital cost including pre-strip, processing plant and associated infrastructure being A$288 million. The operation will produce 150,000 tonnes per annum of readily marketable, clean copper-gold concentrate containing an average of 39,000 tonnes per annum copper and 17,200 ounces per annum gold for the first 5 years of full production. High metal recoveries of 96% copper and 85% gold are achievable at a coarse grind size of 212 microns. The mill feed grade averages 0.6% copper and 0.1g/t gold excluding marginal grade stockpiles.

Permitting for the Project is largely completed, an Environmental Authority has been received and Mining Leases ("MLs") have been granted.

Environmental Authority Amendment

The application to amend the Little Eva Project Environmental Authority to incorporate a revised mine plan with the inclusion of Turkey Creek was completed and submitted to the Department of Environment and Heritage Protection on the 30 March 2016.

For the submission, mine design and planning has been undertaken to integrate Turkey Creek into the project. A new infrastructure layout was developed including the Turkey Creek pit and waste dumps, a new Tailings Storage Facility, an improved design for the flood protection bund and diversion channel around the Little Eva pit.

The Environmental Authority amendment was approved by the Department of Environment and Heritage Protection and the final Environmental Authority was issued in July 2016.

Turkey Creek Ore Reserve Estimate

The maiden ore reserve for the Turkey Creek deposit was completed and published on the 21st June. Turkey Creek is located 1.5 kilometres east of the planned Little Eva open pit mine and within 650 metres of a planned 7 million tonnes per annum processing plant within granted MLs.

The Reserve estimate for Turkey Creek is:

11.3 million tonnes at 0.46% copper for 52,100 tonnes of contained copper.

This Ore Reserve Estimate has been made based upon the integration of Turkey Creek into the mine plan for the Little Eva development outlined in the DFS update disclosed to ASX on 2 August 2017. The Turkey Creek pit will be 1.15 kilometre long and 175 metres deep delivering free-milling sulphide ore to the planned nearby Little Eva processing plant. Mine schedules currently envisage the mining of Turkey Creek late in the project life.

The reserve is comprised entirely of sulphide ore from 25 metres to 160 metres below surface. An oxide cap ranging from surface to depths of 25 to 45 metres has not been included in the estimate as it failed to give acceptable recoveries in flotation testwork (sulphidisation).

Cloncurry Copper Project

The global ore reserve for the Cloncurry Copper Project is now:

86 million tonnes at 0.50% copper, 0.07g/t gold for 426,000 tonnes of contained copper and 204,000 ounces contained gold.

The Mineral Resources and the Ore Reserves for the Project are tabulated below.

Summary of Ore Reserves Estimates for the Cloncurry Copper Project

Reserve Classification	Tonnes	Copper (%)	Gold (g/t)	Copper (tonnes)	Gold (ounces)
Little Eva					
Proved	31,000,000	0.64	0.08	198,200	84,700
Probable	22,100,000	0.50	0.09	109,900	62,600
Turkey Creek					
Probable	11,300,000	0.46	0	52,100	0
Ivy Ann					
Probable	3,500,000	0.59	0.08	21,000	9,100
Lady Clayre					
Probable	920,000	0.56	0.27	5,100	8,100
Bedford					
Probable	1,350,000	0.85	0.20	11,600	8,500
Total Proved and Probable Reserves (excl. stockpiles)	**70,200,000**	**0.57**	**0.08**	**397,400**	**173,000**
Little Eva Low Grade Stockpile					
Probable	15,400,000	0.18	0.06	28,100	30,900
Total (including stockpile)	**85,600,000**	**0.50**	**0.07**	**426,000**	**203,900**

See ASX release dated 2 August 2017.

Little Eva and Turkey Creek are reported above a 0.16% copper lower cut-off grade, for Bedford 0.17% copper, for Lady Clayre 0.20% copper and for Ivy Ann 0.22% copper.

All data has been rounded to two significant figures. Discrepancies in summations may occur due to rounding.

Bedford Mineral Resource Estimate

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

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

The resource is reported at a 0.3% lower cut-off grade and is classified as indicated and inferred. A full tabulation is given in ASX release dated 2 August 2017.

The global Mineral Resource for the Cloncurry Copper Project is now:

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

Cloncurry Copper Project

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

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

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

Mineral Resource estimate for all deposits at Cloncurry

DEPOSIT	TOTAL			MEASURED			INDICATED			INFERRED		
	Million tonnes	Cu (%)	Au (g/t)	Million tonnes	Cu (%)	Au (g/t)	Million tonnes	Cu (%)	Au (g/t)	Million tonnes	Cu (%)	Au (g/t)
Deposit in Mine Plan												
Little Eva	105.9	0.52	0.09	37.1	0.60	0.09	45.0	0.46	0.08	23.9	0.50	0.10
Turkey Creek	21.0	0.59		-	-		17.7	0.59		3.4	0.58	-
Ivy Ann	7.5	0.57	0.07	-	-	-	5.4	0.60	0.08	2.1	0.49	0.06
Lady Clayre	14.0	0.56	0.20	-	-	-	3.6	0.60	0.24	10.4	0.54	0.18
Bedford	4.8	0.80	0.21	-	-	-	2.3	0.95	0.23	2.5	0.66	0.19
Sub-total	153.3	0.54	0.09	37.1	0.60	0.09	74.0	0.52	0.07	42.2	0.53	0.11
Other Deposits												
Blackard	76.4	0.62	-	27.0	0.68	-	6.6	0.60	-	42.7	0.59	-
Scanlan	22.2	0.65	-	-	-	-	18.4	0.65	-	3.8	0.60	-
Longamundi	10.4	0.66	-	-	-	-	-	-	-	10.4	0.66	-
Legend	17.4	0.54	-	-	-	-	-	-	-	17.4	0.54	-
Great Southern	6.0	0.61	-	-	-	-	-	-	-	6.0	0.61	-
Caroline	3.6	0.53	-	-	-	-	-	-	-	3.6	0.53	-
Charlie Brown	0.7	0.40	-	-	-	-	-	-	-	0.7	0.40	-
Sub-total	136.7	0.61	-	27.0	0.68	-	25.0	0.64		84.7	0.59	-
TOTAL	290.0	0.58	0.05	64.1	0.63	0.05	99.0	0.55	0.05	126.9	0.57	0.04

See ASX release dated 2 August 2017.

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

Resources have been reported as inclusive of Reserves.

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

Strategic regional tenement position

The Company at the time of writing has 14 granted Exploration Permits ("EPM") and 12 EPM applications in the region surrounding its Cloncurry Copper Project MLs. The applications cover an area of 2,027 square kilometres. In total, Altona holds 3,785 square kilometres of exploration tenure and applications in the Mt Isa-Cloncurry area.

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

Cloncurry Copper Project

Exploration tenure largely covers the extension of stratigraphy that hosts Altona's 1.65 million tonne contained copper Cloncurry Copper Project and MMG Limited's Dugald River mine containing 7.4 million tonnes of zinc, 1.14 million tonnes of lead and 64 million ounces of silver immediately to the north. Altona has also generated three regional exploration projects north and south of the Cloncurry Copper Project: Baluch, Essau and Samla.

Exploration has been non-systematic due to history over more than 30 years with many prior operators over a patchwork of tenure. There is an extensive database with geochemical data, geophysics and drilling being compiled.

Testing of the targets flowing from data compilation and review is being conducted. The initial stage involves collecting detailed soil sampling coverage. A powerful new approach utilising a hand held XRF, which provides an exploration edge unavailable to past explorers, is being used on the base metal targets. The tool provides an ability to collect high resolution data cheaply with fast turn-around. The approach customised by Altona's exploration team was used successfully in the recent Turkey Creek copper deposit discovery.

The campaign to expand exploration activities beyond the core Cloncurry Copper Project development are delivering results with the recent testing of the Harvest, Reaper and Hobby anomalies.

An RC drilling program to test these three large new targets (Harvest, Hobby and Reaper) was completed in October 2016.

At each prospect, large copper-in-soil anomalies greater than 1,000ppm (0.1% copper) had been defined. The anomalism is of similar size and tenor to the Little Eva and Turkey Creek deposits. Outcrop and float rock samples returned up to 14.4% copper and 0.74g/t gold at Harvest; 23.3% copper and 2.9g/t gold at Hobby; and 0.8% copper and 1.54g/t gold at Reaper.

The drill programme confirmed major mineralised zones at Reaper, Harvest and Hobby. Multiple copper-gold mineralised intercepts were recorded in the majority of drillholes; best results were from Harvest and Reaper. Better drill intercepts include:

34 metres at 0.83% copper and 0.14g/t gold in HA003; and, 13 metres at 1.13% copper and 0.13g/t gold in HA008 at Harvest.

The drill results were reported in ASX release date 29 November 2016 and targets were reported 1 August 2016 (Harvest and Hobby) and 5 September 2016 (Reaper). Please refer to these releases for more detailed drilling and prospect summaries.

Cloncurry Copper Project

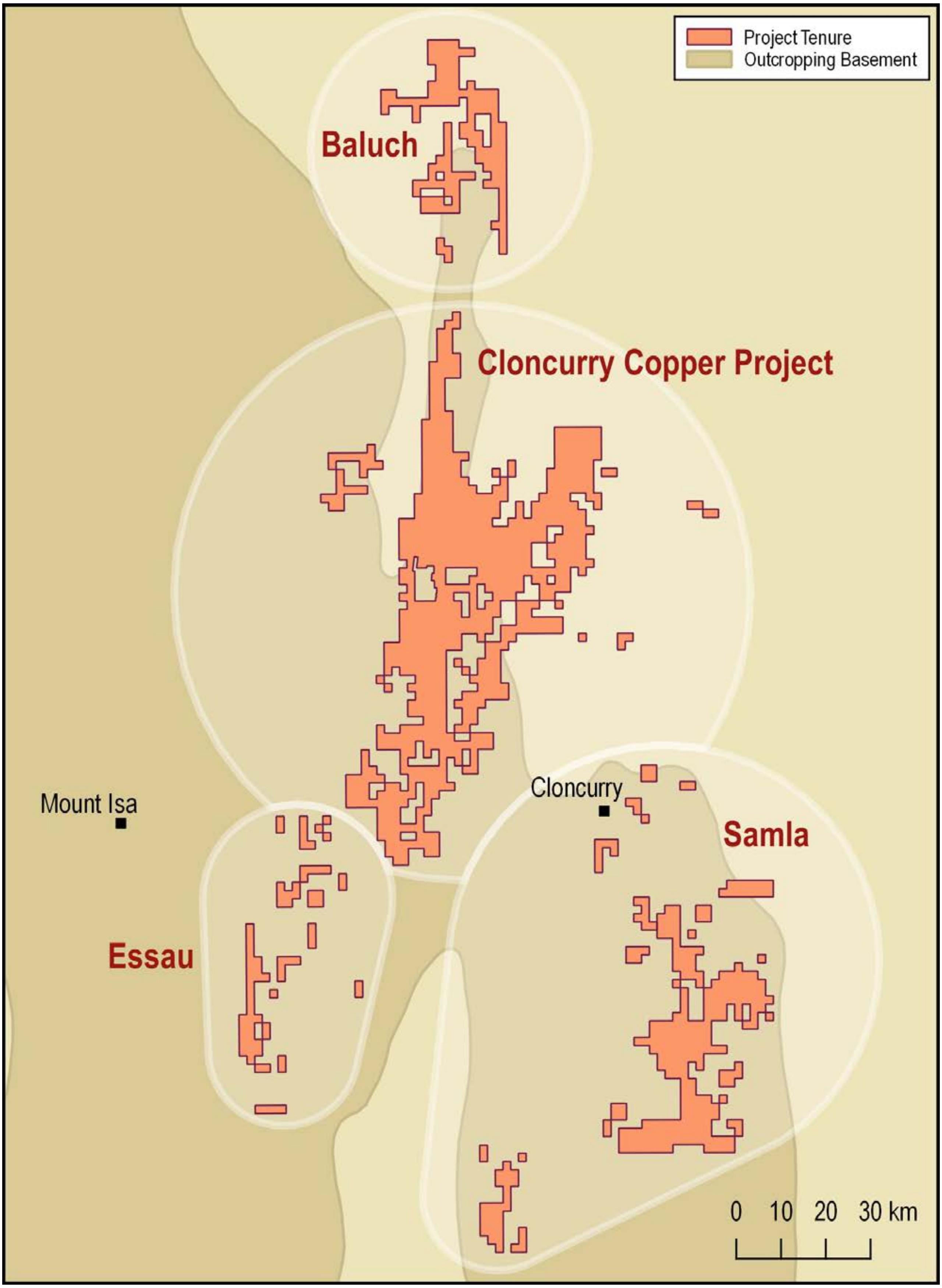


Figure 1: Altona tenure in the Cloncurry area

Cloncurry Copper Project

Environmental regulations

In Australia, the Company carried out exploration activities which are subject to extensive environmental regulation and detailed environmental management plans. During the financial year there has been no significant breach of these regulations or plans.

The Company 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 Company 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 Company intends to take as a result. The Company is currently only exploring within Australia and consequently has only minimal energy usage.

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

Commentary on Financial Results

Financial Position

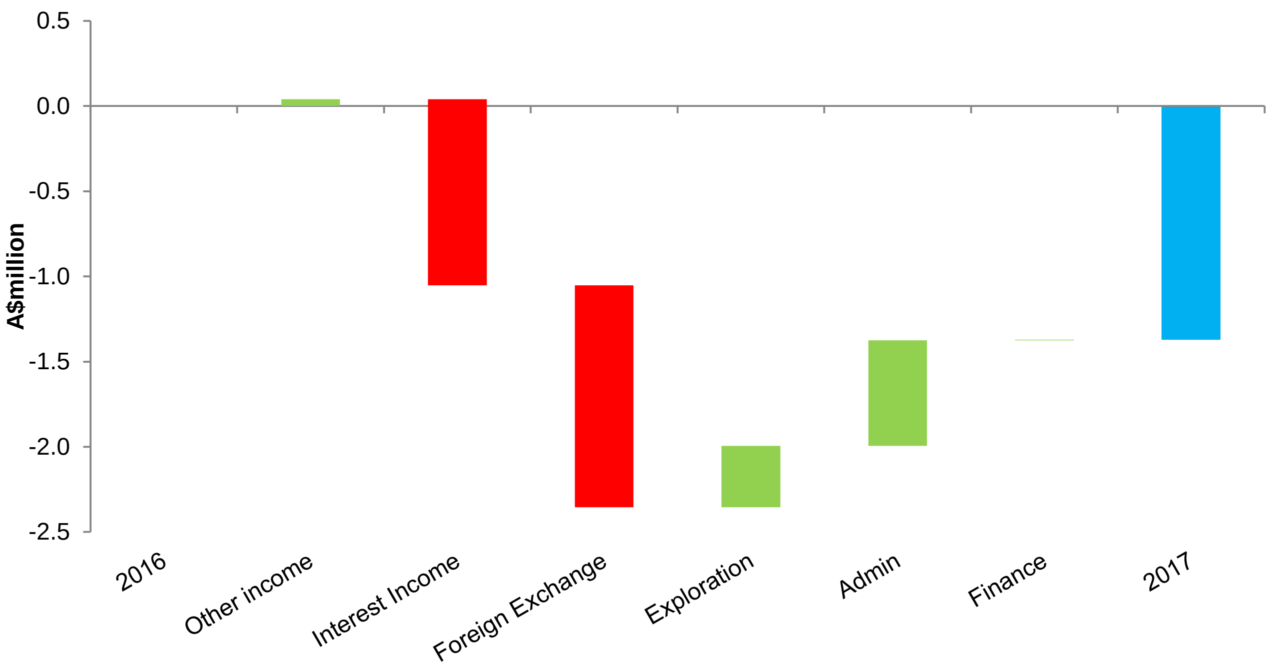
Profitability

Altona's recorded a loss after tax of $6.5 million for the year ended 30 June 2017, compared to a loss after tax of $5.1 million recorded in the year ended 30 June 2016.

The primary driver for the increase in loss is attributable to the holding of US$23.65 million cash funds. In 2016 the majority of funds were held in Australian bank deposits and earned, compared to United States bank deposits relatively higher rates of interest. In the period April through July 2016 the Company converted a significant portion of its Australian dollar cash funds into United States dollars to satisfy future obligations associated with the Cloncurry Copper Project transaction entered into with Sichuan Railway and Investment Group. This resulted in a drop in interest income earned during the current reporting period as demonstrated by the graph below. In addition, the exchange rate for converting United States funds held on deposit into equivalent Australian also dollars for reporting purposes moved from 0.7273 at 1 July 2016 to 0.7687 at 30 June 2017 giving rise to the reported exchange loss. These two factors are responsible for the increased reported loss. The Company continues to hold US$23.65 million which it purchased at an average rate of 0.7540 per Australian dollar. However, as the Company terminated the agreement with Sichuan Railway and Investment Group in July 2017, it no longer has obligations denominated in United States dollars, and will seek at an appropriate time to convert its holding of United States dollars into Australian dollars.

All other expenditures (administration and exploration) were reduced in line with the Company strategy.

Analysis of change in profit after tax in FY2016 from profit after tax in FY2017



Revenue

Altona primary source of revenue for the current period is interest income from funds placed on deposit with major Australian Financial Institutions. Interest income in the current period is significantly less than in the prior period as a significant portion of funds held by Altona were United States Dollars which is subject to low rates of interest for funds placed on deposit. In the period April through July of 2016, the Board authorised the purchase of US$23.65 million to meet Altona's subscription obligations in relation to the proposed Cloncurry Copper Project with Sichuan Railway and

Investment Group. The agreement with the Sichuan Railway and Investment Group was terminated on 22 July 2017. These funds were purchased at an effective exchange rate of 0.7540 with the purpose of hedging against the volatility in Australian - United States exchange rate movements.

Assets

As a consequence of the sale of Altona's mining operations in October 2014 and the subsequent return of A$80 million of the sale proceeds to shareholders in February 2015, Altona's total assets of $51.4 million predominantly comprise cash of $36.3 million at 30 June 2017 and interests in the tenements located in Queensland.

Liabilities

Altona's Statement of Financial Position reflects nominal liabilities which is typical of a company no longer exposed to mining operations and focused on exploration activities.

Equity

As a consequence of the sale of the Finland operation and the return to shareholders of A$80 million, total equity reduced to A$61.8 million at 30 June 2015. Since that date, there have been no material transactions that have impacted on the group's Total Equity which now stands at $51 million.

Shareholder returns and delivering value

Share price performance in companies such as Altona is significantly influenced by external factors such as equity and commodity markets as well as activities undertaken by the Company.

On 24 July 2017, the Company announced it had terminated its agreement with Sichuan Railway and Investment Group in relation to forming a incorporated joint venture to develop the Cloncurry Copper Project. Altona will now actively engage with other parties to develop this project.

The share price at 30 June 2016 was A$0.13 and at close on 30 June 2017 was A$0.13. Shareholder returns for the past five years are tabulated below.

	2016-17	**2015-16**	**2014-15**	**2013-14**	**2012-13**
Profit/(loss) (A$'000)	(6,582)	(5,131)	31,421	10,128	12,647
Basic earnings per share (cents)	(1.22)	(0.96)	5.88	1.90	2.40
Dividends paid (A$'000)	-	-	16,040	-	-
Return of capital (A$'000)	-	-	64,161	-	-
Share price (A$) as at 1 July	0.130	0.140	0.160	0.135	0.240
Share price (A$) as at 30 June	0.130	0.130	0.140	0.160	0.135

Profit/loss amounts for 2012-2017 have been calculated in accordance with Australian Accounting Standards, and the Company's policy of expensing exploration expenditure.

Commentary on Financial Results

Dividends

No dividends have been paid or declared by the Company to members since the end of the previous financial year.

Subsequent events and likely developments

On 22 July 2017 the agreement to form an incorporated joint venture with Sichuan Railway and Investment Group to develop the Cloncurry Copper Project transaction was terminated.

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

Liquidity and capital resources

The principal source of liquidity as at 30 June 2017 is cash of A$36.3 million (2016: A$42.3 million) of which A$5 million is in immediately available funds and US$23.7 million is held in cash deposits. The United States Dollar funds were set aside to satisfy the Company's contribution obligations under the Cloncurry Copper Project Transaction with SRIG.

The Company has no borrowings.

Share capital

At 30 June 2017 Altona had 536,972,592 fully paid shares on issue and 8,419,200 unissued shares under share rights. During the year 2,175,000 ordinary shares were issued as a consequence of conditions relating to performance share rights being achieved. Since I July 2017, 1,380,000 performance share rights have been issued and 83,400 share rights have been cancelled. These share rights have been issued to employees in accordance with the employee incentive scheme approved at the 26 November 2015 Annual General Meeting. These employee share rights are subject to satisfaction of performance hurdles which will be tested on 1 July 2020. If the relevant performance hurdles are not satisfied, the share rights will be cancelled and will not vest as ordinary shares.

Governance

Overview of Corporate Governance

Effective corporate governance is an important element which contributes to the long term success of Altona. By its very nature, effective corporate governance must respond to changes in Altona's business activities, its operating environment and expectations placed upon it by its owners.

Altona is committed to maintaining an effective and appropriate corporate governance structure.

Over recent years, Altona has undergone some significant changes in the size and natures of activities. These include:

- the sale of its overseas mining operations,
- the return of A$80 million dollars to shareholders,
- seeking a joint venture partner for the Cloncurry Copper project,
- its retention of exploration interests to the south of the Cloncurry Copper Project, and
- a reduction in its staffing levels to manage the new business profile.

As a consequence, the Board has reviewed Altona's existing governance structures and mechanisms, simplifying, and or eliminating those that are not currently applicable to its business activities.

The Remuneration, Nomination, Audit and Risk Committees' duties and obligations set out in the various Charters have been assumed by the Board for the time being. This results in those matters normally reserved for the committees to be considered by the Board as a whole. However, Mr Scudamore (Independent Non-Executive Director) leads matters relating to Risk and Audit, whilst Mr Hallam (Independent Non-Executive Director) leads matters relating to Remuneration and Nominations. The absorption by the board of these functions results in Altona no longer complying with a number of the principles contained within ASX Corporate Governance Principles and Recommendations. Details of non-compliance with these principles are set out below.

The Board will continue to monitor the company's activities and amend its corporate governance practices such that they are appropriate.

ASX Corporate Governance Statement

Altona considers that it has substantially met the best practice recommendations contained within the ASX Corporate Governance Council Principles and Recommendations 3rd Edition during the reporting period. Any departures from particular ASX Recommendations, the reasons for doing so, and the relevant periods are highlighted in the corresponding topics addressed within this report.

Governance

Compliance with ASX Corporate Governance Principles and Recommendations 3rd Edition

ASX Corporate Governance Council Recommendations Checklist		Page Reference	Compliance
Principle 1: Lay solid foundation for management oversight			
1.1	Companies should disclose respective roles and responsibilities of its board and management particularly those reserved for the board and delegated to management.	23	Yes
1.2	Companies should undertake appropriate checks prior to appointing a person, or putting forward to security holders a candidate for election as director. Company must provide material information to security holders to decide whether or not to elect as director.	29	Yes
1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	30	Yes
1.4	Company secretary should be accountable directly to the board through the Chairman on all matters to do with the proper functioning of the board.	23	Yes
1.5	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board and relevant committees of the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	17	No
1.6	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors and whether an evaluation was undertaken in the reporting period.	29	Yes
1.7	Companies should disclose the process for evaluating the performance of senior executives and whether an evaluation was undertaken in the reporting period.	29	Yes
Principle 2: Structure the board to add value			
2.1	The board should have a nomination committee that: ▪ has at least three members and consists of a majority of independent directors; ▪ is chaired by an independent director and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	18	No
2.2	Companies should disclose a board skills matrix setting out the mix of skills and diversity currently and in the future.	19	No
2.3	Companies should disclose: ▪ names of independent directors, ▪ if a director has an interest, position, association or relationship that might cause doubts about the independence of that director and the nature of interest, position, association or relationship in question and an explanation of why the board is of that opinion, and ▪ length of service of each director.	22	Yes
2.4	A majority of the company's board should be independent directors.	19	Yes
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the CEO.	19	Yes
2.6	Companies should have a program for inducting new directors and provide appropriate professional development opportunities to develop and maintain the skills and knowledge needed.	29	Yes

Governance

ASX Corporate Governance Council Recommendations Checklist		Page Reference	Compliance
Principle 3: Act ethically and responsibly			
3.1	Companies should establish a code of conduct for its directors, senior executives and employees and disclose the code or summary of the code.	23	Yes
Principle 4: Safeguard integrity in corporate reporting			
4.1	The board should establish an audit committee. The audit committee should be structured so that it: ▪ has at least three members and consists of a majority of independent directors; ▪ is chaired by an independent director who is not chair of the board and disclose; ▪ the charter of the committee; ▪ relevant qualifications and experience of the members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	18	No
4.2	Companies board should prior to approving the financial statements for a financial period, receive from its CEO and CFO a declaration that in their opinion, the financial records have been properly maintained and comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	27	Yes
4.3	Companies should at the AGM ensure attendance of the external auditor to answer questions from security holders relevant to the audit.	25	Yes
Principle 5: Make timely and balanced disclosure			
5.1	Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	25	Yes
Principle 6: Respect the rights of security holders			
6.1	Companies should provide information about itself and its governance to investors via its website.	19	Yes
6.2	Companies should design and implement an investor relations program to facilitate effective communication with investors.	24	Yes
6.3	Companies should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	25	Yes
6.4	Companies should give security holders the option to send and receive communications to the entity and its security registry electronically.	24	Yes
Principle 7: Recognise and manage risk			
7.1	The board should establish a risk committee. The risk committee should be structured so that it: ▪ has at least three members who are independent directors; ▪ is chaired by an independent director and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	18	No
7.2	A company's board or committee should review the risk management framework at least annually to satisfy itself that it is sound and disclose in each reporting period such a review has taken place	27	Yes
7.3	Company should disclose the role and structure of their internal audit function.	19	No
7.4	Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks.	26	Yes

Governance

ASX Corporate Governance Council Recommendations Checklist		Page Reference	Compliance
Principle 8: Remunerate fairly and responsibly			
8.1	The remuneration committee should be structured so that it: ▪ has at least three members and consists of a majority of independent directors; ▪ is chaired by an independent chair and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	29	No
8.2	Companies should disclose the policies and practices regarding remuneration of non-executive directors, executive directors and senior executives.	33	Yes
8.3	Companies with equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose a policy or summary of it.	32	Yes

Discussion of variance from ASX Corporate Governance Principles and Recommendations 3rd Edition

Principal and Recommendation		Explanation for Departure
Principle 1: Lay solid foundation for management oversight		
1.5	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board and relevant committees of the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them	The Board has established a policy regarding diversity. The Company strives to be an equal opportunity employer and we will not discriminate against prospective employees based on non-skill related characteristics including gender. We pride ourselves on the diversity of our staff and encourage suitably qualified young people, women, people from cultural minorities and people with disabilities to apply for positions. We aim where possible to be flexible in working arrangements and to improve the skills of our people through training and education. To achieve our strategic objectives, we need to recruit, develop and retain a talented and motivated workforce operating in a physical and cultural environment where all employees feel comfortable, included and are valued. The Company has a small number of employees (seven), three of whom identify as female. Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation in such a small company.

Governance

<table>
<tr><th colspan="2">Principal and Recommendation</th><th>Explanation for Departure</th></tr>
<tr><td colspan="3">Principle 2: Structure the board to add value</td></tr>
<tr><td>2.2</td><td>Companies should disclose a board skills matrix setting out the mix of skills and diversity currently and in the future</td><td>The Board annually reviews skills of all members against a skills matrix. The skills matrix for each Non-Executive director can be found on the Company's web page. However, as noted above in relation to Corporate Governance Principal and Recommendations 1.5, the Board does not set specific diversity targets to be achieved for its composition.</td></tr>
<tr><td colspan="3">Principle 2: Structure the board to add value</td></tr>
<tr><td>2.1</td><td>The board should have a nomination committee that:
▪ has at least three members and consists of a majority of independent directors;
▪ is chaired by an independent director and disclose;
▪ the charter of the committee;
▪ disclose members of the committee; and
▪ number of times the committee met throughout the period and individual attendance of members at the meeting.</td><td rowspan="3">As a consequence of the Non-Executive Board member's number falling to 3, the Remuneration and Nomination Committee role was assumed by the board in November 2015. The Company has retained the Remuneration and Nomination Committee Charter. This charter complies with ASX Corporate Governance Principles. Those matters contained in the charter are now considered by the board. Matters pertaining to the Nomination Charter are championed through the board by Independent Non-Executive Director Paul Hallam.</td></tr>
<tr><td colspan="2">Principle 8: Remunerate fairly and responsibly</td></tr>
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▪ is chaired by an independent chair and disclose;
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▪ disclose members of the committee; and
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<tr><td colspan="3">Principle 4: Safeguard integrity in corporate reporting</td></tr>
<tr><td>4.1</td><td>The board should establish an audit committee. The audit committee should be structured so that it:
▪ has at least three members and consists of a majority of independent directors;
▪ is chaired by an independent director who is not chair of the board and disclose;
▪ the charter of the committee;
▪ relevant qualifications and experience of the members of the committee; and
▪ number of times the committee met throughout the period and individual attendance of members at the meeting.</td><td rowspan="3">As a consequence of the Non-Executive Board member's number falling to 3, the Audit and Risk Committee role was assumed by the board in November 2015. The Company has retained the Audit and Risk Committee Charter. This charter complies with ASX Corporate Governance Principles. Those matters contained in the charter are now considered by the board. Matters pertaining to the Audit and Risk Charter are championed through the board by Independent Non-Executive Director Steve Scudamore.</td></tr>
<tr><td colspan="2">Principle 7: Recognise and manage risk</td></tr>
<tr><td>7.1</td><td>The board should establish a risk committee. The risk committee should be structured so that it:
▪ has at least three members who are independent</td></tr>
</table>

Governance

Principal and Recommendation		Explanation for Departure
	directors; ▪ is chaired by an independent director and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	
7.3	Company should disclose the role and structure of their internal audit function.	Annually the Board considers the need to establish an independent internal audit function. The Board has determined that the size and nature of the business's activities do not currently justify the establishment of an independent audit function within the Company.

The following material is available for shareholder review in the "Corporate Governance" section of Altona's website, see www.altonamining.com:

- Assessing the Independence of Directors
- Audit and Risk Management Committee Charter
- Board Charter
- Code of Conduct
- Disclosure and Communications Policy
- Policy and Procedure for Selection and (Re)Appointment of Directors
- Policy on Compliance Procedures
- Policy on Diversity
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Process for Performance Evaluation of Directors and Executives
- Remuneration and Nomination Committee Charter
- Risk Management Policy
- Shareholder Communication
- Summary of Altona's Remuneration Policy
- Trading in Company Securities

Composition of the Board

The Board comprises three Non-Executive Directors and one Executive Director. The Non-Executive Chairman is Mr Kevin Maloney. When the board considers matters contained in the Audit and Risk Committee Charter, Mr Steve Scudamore champions those matters of business. When the Board considers matters contained in the Remuneration and Nomination Committee charters, Mr Paul Hallam leads those matters of business. Dr Alistair Cowden is the Managing Director and the Company Secretary is Mr Eric Hughes.

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

- A majority of independent non-executive directors.
- A majority of directors having extensive knowledge of the mining industry combined with expertise in auditing and financial reporting and risk management.
- A non-executive director as Chairman.
- Where there are sufficient directors to serve on committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities, then independent committees are established.

Governance

- Capability to enhance shareholder value and form our strategic objectives.
- A skill matrix which is disclosed on Altona web site.

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

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

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

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

Current: *HRL Holdings Limited (appointed 15 September 2014)*
THEMAC Resources Group Limited (Canadian listed entity) (appointed 2 September 2005)

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

Dr Cowden was founding Chairman of Vulcan Resources Limited in 2002 and subsequently Managing Director until the merger with Universal Resources Limited to form Altona Mining Limited in 2010 when he assumed the position of its Managing Director. Dr Cowden has held no other directorships of listed companies in the last three years.

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

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

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

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

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

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

Current: *Gindalbie Metals Group Limited (appointed 13 December 2011)*
Sandfire Resources NL (appointed 21 May 2013)

Former: *Tintina Resources Inc (Canadian listed entity) (appointed 10 October 2014, resigned 1 September 2016)*
Enterprise Metals Limited (appointed 15 November 2011, resigned 13 May 2014)

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

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

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

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

Current: *Pilbara Minerals Limited (appointed 20 July 2016)*
Australis Oil and Gas Limited (appointed 30 November 2016)
Former: *Aquila Resources Limited (appointed 10 December 2012, resigned 7 June 2016)*

Company Secretary and Officers

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

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

Directors' interests

As at 19 September 2017, the direct and indirect interests of the current directors in the shares and share rights of Altona were as follows:

Directors' shares and share rights

Director	Ordinary shares	Share rights
K. Maloney	35,348,000	-
A. Cowden	12,677,626	3,856,800
P. Hallam	100,000	-
S. Scudamore	350,000	-
	48,475,626	**3,856,800**

This combined shareholding represents 8.9% of the shares on issue. There are no options on issue.

Governance

Meetings

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

Up until November 2015 the Board maintained two committees; a Remuneration and Nomination Committee and an Audit and Risk Management Committee. As the number of non-executive directors fell from five to four, the roles of the committees were assumed by the board until such time as reestablishment of the committees is warranted.

Tabulation of directors' meetings and attendance

Director	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
K. Maloney	8	8	-	-	-	-
A. Cowden	8	8	-	-	-	-
P. Hallam	8	8	-	-	-	-
S. Scudamore	8	8	-	-	-	-

Independence

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

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

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

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

Governance

The role of the Board

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

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

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

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

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

The Company Secretary is directly accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board.

The Company Secretary is also responsible for ensuring the Board procedures are complied with and advising the Board of governance matters. All directors have access to the Company Secretary for advice and support services as required.

Evaluating board and committee performance

The Board has established a process to evaluate its performance, operation and effectiveness. At the conclusion of each meeting the board sets aside time to review the performance of each meeting. Annually the board sets aside time to review its performance and composition. The Board also engages external advisors from time to time to conduct a review of its performance. An external advisor has not been engaged in the last 12 months to conduct a review.

Indemnification and insurance of directors, officers and auditors

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

Ethical standards

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

Governance

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

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

Conflict of interest

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

Where the Board believes that a significant conflict exists for a director on a board matter, the director concerned is not present at the meeting whilst the item is considered. Details of director related transactions are set out in Note 15 to the financial statements.

Trading in Altona shares by directors and employees

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

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

Communication with shareholders

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

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

Governance

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

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

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

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

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

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

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

Diversity

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

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

Gender composition

	30 June 2017		30 June 2016	
	Female	**Male**	**Female**	**Male**
Board	-	100%	-	100%
Senior Executive	-	100%	-	100%
Whole of Company	42%	58%	38%	62%

Governance

The Senior Executive comprises the Managing Director and Chief Financial Officer as at 30 June 2017. As Altona has few employees, the percentage comparison in these circumstances is not an appropriate measure.

Sustainability Risks

Altona has considered its exposure to economic, environmental and social sustainability risks and has concluded these risks to be immaterial at this point in time.

Audit and Risk Management

How the Audit and Risk Management Committee operates

The Committee operated up until November 2015 and comprised Mr Steve Scudamore (Chairman) and Mr Paul Hallam all of whom were independent, non-executive independent directors. Subsequently to that time the board has assumed the responsibilities set out below. The following commentary is made in the context of the period up until the end of November 2015.

The Managing Director and the Chief Financial Officer declared in writing to the Board that, for the financial year ended 30 June 2017 the financial records of the Company have been properly maintained and the Company's financial reports comply with accounting standards and present a true and fair view of the Company's financial conditions and operational results. This statement is provided annually.

The responsibilities of the Committee which have been assumed by the board since November 2015 include:

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

Audit and Risk Management

Altona’s approach to risk management

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

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

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

Material business risks may arise from such matters as government policy change, commodity price movements, exchange rate movements, price of raw materials, occupational health and safety and environment. The Board has an Oversight Group which manages risks in accordance with Altona’s Financial and Commodity Risk Management and Hedging Policy. The Oversight Group comprises the Chairman of the Board, one Non-Executive Director, Managing Director and Chief Financial Officer. The Group meets as required. This group has not met since the sale of the Finland operations to Boliden on 30 September 2014.

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

Treasury and risk management

The Group’s activities expose it to a variety of treasury risks identified through our risk management process. These include liquidity risk, interest rate risk, counterparty risk and exchange rate risk. Management of material treasury risks are addressed through a policy approved and monitored by the Board.

From time to time and based on the Group’s activities, volatility of interest rates and exchange rates impact upon the Group’s liquidity and are assessed and managed via Altona’s Financial and Commodity Risk Management and Hedging Policy. This policy requires the Board to monitor and approve hedging activities in compliance with this policy. A management committee is responsible for the implementing approved transactions.

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

Remuneration Report

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

Having successfully sold its mining operations in Finland and returned A$80 million of the sales proceeds to shareholders, the Company focussed on realising value from its Australian Cloncurry Copper Project. As a consequence of the change in size and complexity of the business, directors and senior executives volunteered a reduction in salaries with effect from December 2014.

However, of the 4 million senior executive Long Term Incentives (share rights) which were tested on 1 July 2016, 1 million were cancelled as they failed the respective tests of the realisation of value from the Cloncurry Copper Project before 1 July 2016.

Key management personnel

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

Directors

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

Senior Executives

Mr Eric Hughes	Chief Financial Officer/Company Secretary

Remuneration and Nomination Committee

The Committee operated up until November 2015. Subsequently to that time the board has assumed the responsibilities set out below.

The Board establishes the appropriate skill mix, personal qualities, expertise and diversity for the Board and any active committees. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary.

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

The Board is responsible for the development of a process for evaluation of its performance, and any active committees, the Managing Director and the Senior Executive. Findings from these annual performance reviews are considered by the Board. Performance reviews were completed in FY2017 in line with the Company's performance evaluation procedures.

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

Remuneration Report

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

During the 2013-14 year the Board engaged an external consultant to conduct a review of the Board and it's Committees' performance. Findings from the review were discussed by the Committee and Board, measures put in place, and monitoring scheduled.

Remuneration Policy

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

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

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

Executive employment contracts

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

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

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

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

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

Subject to the Short Term Incentive Plan rules as amended by the Company from time to time, the Managing Director will be eligible to receive a bonus payment in respect of each financial year of his employment subject to his continuous employment through the relevant financial year, achievement of his individual key performance indicators, and market conditions.

In addition, he may receive a long term incentive grant during each year of his employment subject to the Company's Employee Awards Plan rules. At the Board's discretion, the grant may be awarded in performance share rights and/or options over the Company's shares and/or other similar securities. An award of performance share rights to the Managing Director is subject to shareholder approval.

Remuneration structure

Executive remuneration includes a mix of the following:

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

Performance linked remuneration comprises both short term incentives ("STIs") and long term incentives ("LTIs") which are both 'at risk' incentives. They are designed to reward key management personnel for meeting or exceeding their personal objectives or KPIs. The STI is provided in the form of cash, while the LTI is provided as share rights or options over ordinary shares of the Company under the rules of the Employee Award Plan as approved by shareholders.

The performance linked component of remuneration resulted in a reduction of the Managing Director and Senior Executives remuneration package for the 2016 year when calculated in accordance with relevant accounting standards. Whilst in 2017 it comprised between 7.7% and 8.7% of the combination of salary plus the statutory value of LTIs (not cash) to the Managing Director and the Senior Executive. Please note that statutory value does not relate to market value of any incentive available or indicate that it is capable of being realised by the executive.

Fixed remuneration

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

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

Short term incentives

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

The KPIs for the Managing Director and Senior Executive include measures relating to individual and corporate performance and are aligned to Altona's strategy and achievement of performance objectives. For the year ended 30 June 2017, the maximum percentage of base remuneration that the Senior Executive, other than the Managing Director, could receive as an STI was 30%. For the Managing Director, the maximum percentage was 40%.

No short term incentive targets were set for 2016 and 2017 other than the delivery of value from the Cloncurry Copper Project. The Board considered the performance measures to be appropriate as they aligned with the Company's strategic objectives.

Remuneration Report

At the end of the financial year the Board assesses the performance of the Managing Director and Senior Executive against the KPI's that were set at the beginning for the year. The remuneration policy provides guidelines for the board in awarding short term incentives, were a portion of the pre-determined maximum amount is awarded depending on the results achieved. In FY2017 the Board determined that no short term incentive would be awarded. The Board took an alternative approach whereby should the transaction with the Sichuan Railway and Investment Group be successfully completed a bonus may be awarded in FY2018.

Long term incentives

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

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

LTIs can include share rights or options as detailed in the Employee Awards Plan. Share rights or options are issued for no consideration and the vesting of the benefits are conditional on achieving specific measurable performance hurdles that are aligned with Altona's strategic objectives. Share rights awarded to the Managing Director and the senior executives in 2016 are subject to a Total Shareholder Return criteria of Outperforming the ASX Small Resources XSR index by 25% in the period 1 July 2015 to 30 June 2018. No share rights were awarded to the Managing Director in 2017 Share Rights awarded to the Senior Executive in 2017 are subject to a Total Shareholder Return criteria of Outperforming the ASX Small Resources XSR index by 25% in the period 1 July 2017 to 30 June 2020.

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

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

In November 2015, Shareholders approved the formula to calculate the number of share rights to be awarded to Dr Alistair Cowden for the year ended 30 June 2016. This resulted in 3,856,800 share rights being awarded to Dr Cowden during the period ended 30 June 2016.

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

No options were issued or vested during the reporting period, and there are no options on issue. 3,175,000 share rights were cancelled during the year. Of the cancelled share rights, 2,175,000 vested having met their relevant performance hurdles.

Prohibition on trading

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

Remuneration Report

Non-executive director remuneration

The total remuneration available to remunerate non-executive directors as approved by shareholders at the 2012 Annual General Meeting is not to exceed $750,000 per annum. The level of actual remuneration paid is determined by reference to data on fees paid to non-executive directors of comparable companies and by taking into account the scope and extent of the Company's operations. From 1 December 2014 base fees for the reporting period were reduced from $157,500 to $90,000 per annum for the Chairman of the Board and for non-executive directors base fees were reduced from $78,750 to $60,000.

During the year, each of the Chairmen of the Audit and Risk Management Committee and Remuneration and Nomination Committee received an additional fee of $5,000 per annum.

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

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

Additional disclosures relating to remuneration

Cash value of earnings realised for continuing executives

The productivity Commission, in its Report on Executive Remuneration in Australia, noted that the usefulness of remuneration reports to investors was diminished by complexity and omissions, and in particular recommended that the report should include reporting of pay actually realised by the executives named in the report. The following table shows the cash value of earnings realised by executives.

	Fixed Remuneration(1) ($)	Short Term Incentive ($)	Long Term Incentive ($)	Total ($)
Alistair Cowden - 2017	408,687	-	-	408,687
Eric Hughes - 2017	349,321	-	-	349,321

(1) Fixed Remuneration excludes minimum Superannuation Guarantee Levy required to be paid under relevant legislation.

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

	Salary and fees ($)	STI cash payment [(1)] ($)	Termination benefits ($)	Superannuation and pension contributions ($)	Other non-monetary benefits [(2)] ($)	Total cash and non-monetary benefits ($)
2017						
Non-Executive Directors						
K. Maloney	82,192	-	-	7,808	-	**90,000**
P. Hallam	59,361	-	-	5,639	-	**65,000**
S. Scudamore	59,361	-	-	5,639	-	**65,000**
Executive Director						
A. Cowden	380,384	-	-	19,616	8,687	**408,687**
Executives						
E. Hughes	321,956	-	-	19,616	7,749	**349,321**
Total	**903,254**	**-**	**-**	**58,318**	**16,436**	**978,008**
2016						
Non-Executive Directors						
K. Maloney	82,192	-	-	7,808	-	**90,000**
P. Ingram [(2)]	22,831	-	-	2,169	-	**25,000**
P. Hallam	59,361	-	-	5,639	-	**65,000**
S. Scudamore	59,361	-	-	5,639	-	**65,000**
Executive Director						
A. Cowden	435,325	-	-	19,308	8,279	**462,912**
Executives						
E. Hughes	320,892	-	-	19,308	7,341	**347,541**
Total	**979,962**	**-**	**-**	**59,871**	**15,620**	**1,055,453**

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

(2) Resigned 26 November 2015.

Remuneration Report

The values shown in the following table are required to be calculated in accordance with Australian Accounting Standards. The Directors believe they do not provide guidance on actual remuneration received. The value shown for share rights or options is not equivalent to the value assessed by the Australian Taxation Office, or to any value that may or may not be ultimately realised. No termination benefits were received by key management personnel during 2017.

Total remuneration of key management personnel

	Total cash and non-monetary benefits ($)	Options and share rights ($)	Long service leave provision ($)	Total ($)	Value of equity compensation (%)	Performance related [(1)] (%)
2017						
Non-Executive Directors						
K. Maloney	90,000	-	-	**90,000**	-	-
P. Hallam	65,000	-	-	**65,000**	-	-
S. Scudamore	65,000	-	-	**65,000**	-	-
Executive Director						
A. Cowden	408,687	35,498	13,746	**457,931**	(2)	(2)
Executives						
E. Hughes	349,321	33,914	6,997	**390,232**	(2)	(2)
	978,008	**69,412**	**20,743**	**1,068,163**	**(2)**	**(2)**
2016						
Non-Executive Directors						
K. Maloney	90,000	-	-	**90,000**	-	-
P. Ingram [(4)]	25,000	-	-	**25,000**	-	-
P. Hallam	65,000	-	-	**65,000**	-	-
S. Scudamore	65,000	-	-	**65,000**	-	-
Executive Director						
A. Cowden [(3)]	462,912	(65,832)	11,005	**408,085**	(3)	(3)
Executives						
E. Hughes [(3)]	347,541	(29,034)	6,251	**324,758**	(3)	(3)
	1,055,453	**(94,866)**	**17,256**	**977,843**	(3)	(3)

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

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

(3) The negative option and share rights amount represents the cancellation of LTIs relating to Dr Cowden and Mr Hughes.

(4) Resigned 26 November 2015.

Remuneration Report

Vesting profile of short term incentives to key management personnel

	Included in remuneration ($)	Vested in year (%)	Forfeited in year (%)
Executive Director			
A. Cowden	-	-	-
Executives			
E. Hughes	-	-	-

Vesting profile of share rights granted to key management personnel

	Number	Grant date	Vested in year (%)	Forfeit -ed in year (%)	Dates at which share rights are to be tested					
					Any date between 1/7/2014 & 1/07/2016	1 July 2015	1 July 2016	1 July 2017	1 July 2018	1 July 2019
Executive Director										
A. Cowden	2,250,000	01/08/2013	67%	33%	33%	-	67%	-	-	-
A. Cowden	3,856,800	27/01/2016	-	-	-	-	-	50%	50%	-
Executives										
E. Hughes	750,000	26/07/2013	67%	33%	33%	-	67%	-	-	-
E. Hughes	1,815,000	27/01/2016	-	-	-	-	-	50%	50%	-
E. Hughes	850,500	01/07/2016	-	-	-	-	-	-	50%	50%

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

Share rights vested or granted to key management personnel during 2017

	Number of share rights granted	Grant date	Fair value per share right at grant date[1] ($)	Expiry date	Number of share rights vested
Executive Director					
A. Cowden	-	-	-	-	-
Executives					
E. Hughes	850,500	01/07/2016	86,756	1 July 2019	-

[1]Fair value is calculated in accordance with accounting standards.

Value of share rights granted to key management personnel

	Granted in year ($)	Vested in year[1] ($)	Lapsed in year ($)
Executive Director			
A. Cowden	-	142,500	101,250
Executives			
E. Hughes	86,756	55,500	41,250

[1]These amounts are calculated in accordance with accounting standards.

Remuneration Report

Equity instruments held by key management personnel

Shareholdings

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

Name	Balance at start of year	Acquired during the year	Other changes	Balance at end of year
2017				
Directors				
K. Maloney	35,348,000	-	-	35,348,000
A. Cowden	11,177,626	1,500,000	-	12,677,626
P. Hallam	100,000	-	-	100,000
S. Scudamore	350,000	-	-	350,000
Key management personnel				
E. Hughes	3,580,000	500,000	-	4,080,000
2016				
Directors				
K. Maloney	35,348,000	-	-	35,348,000
A. Cowden	11,177,626	-	-	11,177,626
P. Ingram [(1)]	1,219,662	-	(1,219,662)	-
P. Hallam	100,000	-	-	100,000
S. Scudamore	200,000	150,000	-	350,000
Key management personnel				
E. Hughes	3,580,000	-	-	3,580,000

[(1)] *Resigned 26 November 2015.*

Option holdings

No director currently holds options in the Company.

Share right holdings

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

Name	Balance at start of year	Granted during the year	Vested during the year	Expired during the year	Balance at end of year
2017					
Directors					
A. Cowden	6,106,800	-	(1,500,000)	(750,000)	3,856,800
Key management personnel					
E. Hughes	2,565,000	850,500	(500,000)	(250,000)	2,665,500
2016					
Directors					
A. Cowden	3,500,001	3,856,800	-	(1,250,001)	6,106,800
Key management personnel					
E. Hughes	1,380,000	1,815,000	-	(630,000)	2,565,000

No share rights were held by any other Director.

Loans to key management personnel

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

Statutory Representation

Basis for reporting

The directors present their report together with the consolidated financial statements of the Group comprising of Altona Mining Limited (the Company), and its subsidiaries for the financial year ended 30 June 2017 and the auditor's report thereon.

Non-audit services

The Company's auditor is Deloitte. No non-audit services were provided by Deloitte during the current or previous financial year.

Payments to auditors

	2017 ($)	2016 ($)
Audit and review services		
Auditors of the Company - Deloitte		
Audit and review of financial statements	44,187	46,625
Other services		
Auditors of the Company - Deloitte		
In relation to other assurance, taxation and due diligence services	-	-

Lead auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 76 and forms part of the Directors' Report for the financial year ended 30 June 2017.

Rounding off

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Legislative Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Director's resolution

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

Mr Kevin Maloney
Chairman

Dated: 15th September 2017

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Other income		80	39
Interest income		64	1,157
Foreign exchange (loss) / gain		(1,041)	261
Exploration and evaluation expenditure	5(a)	(2,829)	(3,189)
Administration expense	5(b)	(2,853)	(3,392)
Finance expense		(3)	(7)
Loss before tax		(6,582)	(5,131)
Income tax	6(a)	-	-
Loss after tax		(6,582)	(5,131)
Loss after income tax for the year attributable to owners of the Group		**(6,582)**	**(5,131)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		268	(163)
Total other comprehensive income for the year, net of tax		268	(163)
Total comprehensive profit for the year attributable to owners of the Group		**(6,314)**	**(5,294)**
Earnings per share			
Basic loss per share (cents)	4	(1.22)	(0.96)
Diluted loss per share (cents)	4	(1.22)	(0.96)

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

Financial Statements

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents	21(a)	36,284	42,280
Trade and other receivables	7	67	120
Other assets		175	342
Total current assets		36,526	42,742
Non-current assets			
Property, plant and equipment	8	44	80
Exploration and evaluation assets	9	14,685	14,685
Security deposits		121	393
Total non-current assets		14,850	15,158
Total assets		**51,376**	**57,900**
Current liabilities			
Trade and other payables	10	150	415
Provisions	11	163	168
Total current liabilities		313	583
Non-current liabilities			
Provisions	11	165	312
Total non-current liabilities		165	312
Total liabilities		**478**	**895**
Net assets		**50,898**	**57,005**
Equity			
Contributed equity	12(a)	94,119	94,126
Reserves	13	6,054	(10,388)
Accumulated losses	14	(49,275)	(26,733)
Total equity		**50,898**	**57,005**

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

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Payments to suppliers and employees		(2,213)	(3,131)
Payments for exploration and evaluation		(2,999)	(2,968)
Recovery of / (payments for) security deposits		148	(110)
Interest and finance costs		(3)	(7)
Other		14	(6)
Net cash used in operating activities	21(b)	(5,053)	(6,222)
Cash flows from investing activities			
Interest received		158	1,214
Payments for property, plant and equipment		(12)	(6)
Outflow from sale of subsidiary		(45)	-
Net cash from investing activities		101	1,208
Cash flows from financing activities			
Share issue Cost		(3)	-
Net cash used in financing activities		(3)	-
Net decrease in cash and cash equivalents		(4,955)	(5,014)
Cash and cash equivalents at the beginning of the financial year		42,280	46,838
Effects of exchange rate changes on cash and cash equivalents		(1,041)	456
Cash and cash equivalents at the end of the financial year	21(a)	**36,284**	**42,280**

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

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Contributed equity $'000	Reserves $'000	Profits reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2016	**94,126**	**5,652**	**(16,040)**	**(26,733)**	**57,005**
Loss for the period	-	-	-	(6,582)	(6,582)
Transfer to profits reserve			16,040	(16,040)	-
Foreign currency translation	-	268	-	-	268
Total comprehensive income	-	268	16,040	(22,622)	(6,314)
Share issue costs	(7)	-	-	-	(7)
Share based payments expense	-	214	-	-	214
Share based payments expired	-	(80)	-	80	-
At 30 June 2017	**94,119**	**6,054**	**-**	**(49,275)**	**50,898**
At 1 July 2015	**94,124**	**6,041**	**(16,040)**	**(22,346)**	**61,779**
Loss for the period	-	-	-	(5,131)	(5,131)
Foreign currency translation	-	(163)	-	-	(163)
Total comprehensive income	-	(163)	-	(5,131)	(5,294)
Share issue costs	(2)	-	-	-	(2)
Share based payments expense		204			204
Share based payments expired	-	(430)	-	430	-
Disposal of subsidiary	4	-	-	314	318
At 30 June 2016	**94,126**	**5,652**	**(16,040)**	**(26,733)**	**57,005**

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

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1 (a) Basis of preparation of the financial statements

Going concern

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

Compliance with Accounting Standards

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

The consolidated financial statements of Altona Mining Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were authorised for issue by the Board of Directors on 13 September 2017.

Basis of measurement

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

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

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

Critical accounting estimates and significant judgements

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

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

Principles of consolidation

Subsidiaries

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

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

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

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

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

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

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

1 (b) Segment reporting

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

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

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

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

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

1 (c) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

1 (d) Finance income and expense

Finance income

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

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

Finance expense

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

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

1 (e) Income tax

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

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

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

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

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

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

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

1 (f) Impairment of assets

Financial assets

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

Non-financial assets

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

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

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

1 (g) Non derivative financial instruments

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

Notes to the Financial Statements

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Available-for-sale financial assets

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

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

Loans and borrowings

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

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

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

1 (h) Fair value estimation

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

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

1 (i) Property, plant and equipment

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

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

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

Land and buildings

Freehold land is not depreciated.

Depreciation

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

- Buildings 5-25 years
- Machinery and mining equipment 3-15 years
- Motor vehicles 3-5 years
- Furniture and fittings 3-10 years

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(f)). Asset depreciation methods and their useful lives are reviewed annually. Any gains or losses on disposals are determined by comparing proceeds with the carrying amount.

1 (j) Restoration and rehabilitation provision

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

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

A corresponding asset is booked within Property, plant and equipment for mining assets and exploration and evaluation assets, and is depreciated on the basis of the current estimate of the useful life of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

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

1 (k) Trade and other payables

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

1 (l) Employee benefits

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

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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

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

1 (m) Provisions

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

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

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

1 (n) Financial instruments issued by the Group

Debt and equity instruments

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

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

Interest and dividends

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

1 (o) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

1 (p) Exploration and evaluation expenditure

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

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

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

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

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

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

Notes to the Financial Statements

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

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

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

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

1 (r) Comparative figures

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

1 (s) Rounding off

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated. Corporations Instrument 2016/191 replaces Class Order 98/100, which was repealed on 1 April 2016. This change in reference does not affect the information stated in the reports.

1 (t) New accounting standards and interpretations

At the date of authorisation of the financial statements certain new Australian Accounting Standards and Interpretations have been issued that are not mandatory for financial reporting years ended on 30 June 2017, as described below.

Affected standards and interpretations	Effective for annual reporting periods beginning on or after	Mandatory application date for Group
AASB 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers, AASB 2014 - 5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	30 June 2019
AASB 16 ‘Leases’	1 January 2019	30 June 2020
AASB 2014-10 ‘Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	1 January 2018	30 June 2019

Affected standards and interpretations	Effective for annual reporting periods beginning on or after	Mandatory application date for Group
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions	1 January 2017	30 June 2019
AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle	1 January 2017	30 June 2018
AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2017	30 June 2019

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

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

2 (a) Impairment of assets

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

2 (b) Share-based payments

The Group measures the cost of equity settled transactions with eligible persons by reference to the value of equity instruments at the date at which they are granted. In the case of share options granted, the value is determined by an external valuer using a pricing model, using the assumptions detailed in Note 22.

NOTE 3 SEGMENT INFORMATION

Operating segments have been identified as mineral projects in Australia ("Australian projects") and unallocated amounts which consist mainly of corporate revenues and expenses, and those assets that cannot be allocated to the reportable segments.

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

3 (a) Details of operating segments of the Group for the year ended 30 June 2017

	Note	Australian projects $'000	Unallocated $'000	Total $'000
Revenue				
Interest income		-	64	64
Other income		-	80	80
Total revenue		**-**	**144**	**144**
Material items of expense				
Corporate Administration		-	(2,591)	(2,591)
Exploration & evaluation		(2,829)	-	(2,829)
Depreciation & amortisation		-	(48)	(48)
Share based payments		-	(214)	(214)
Foreign exchange / net finance costs		-	(1,044)	(1,044)
Segment result before tax	3(c)	(2,829)	(3,753)	(6,582)
Income tax		-	-	-
Loss after tax as per statement of comprehensive income				**(6,582)**
Total assets as at 30 June		14,838	36,538	51,376
Capital expenditure		9	3	12
Total liabilities as at 30 June		164	314	478

Notes to the Financial Statements

3 (b) Details of operating segments of the Group for the year ended 30 June 2016

	Note	Australian projects $'000	Finnish projects $'000	Unallocated $'000	Total $'000
Revenue					
Interest income		-	-	1,157	1,157
Other income		-	-	39	39
Total revenue		**-**	**-**	**1,196**	**1,196**
Material items of expense					
Corporate Administration		-	-	(3,125)	(3,125)
Exploration & evaluation		(2,988)	-	-	(2,988)
Depreciation & amortisation		(27)	-	(63)	(90)
Share based payments		-	-	(204)	(204)
Impairment of assets		-	(174)	-	(174)
Net finance income/expense		-	-	254	254
Segment result before tax	3 (c)	(3,015)	(174)	(1,942)	(5,131)
Income tax		-	-	-	-
Loss after tax as per statement of comprehensive income					**(5,131)**
Total assets as at 30 June		15,040	72	42,788	57,900
Capital expenditure		4	-	3	7
Total liabilities as at 30 June		148	184	563	895

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

	Australian projects $'000	Finnish projects $'000	Unallocated $'000	Total $'000
30 June 2017				
Segment result	(2,829)	-	(3,753)	(6,582)
Interest income	-	-	(64)	(64)
Interest and other finance expenses	-	-	3	3
Foreign exchange gain	-	-	1,041	1,041
Segment EBIT	**(2,829)**	**-**	**(2,773)**	**(5,602)**
30 June 2016				
Segment result	(3,015)	(174)	(1,942)	(5,131)
Interest income	-	-	(1,157)	(1,157)
Interest and other finance expenses	-	-	7	7
Foreign exchange loss	-	-	(261)	(261)
Segment EBIT	**(3,015)**	**(174)**	**(3,353)**	**(6,542)**

Notes to the Financial Statements

3 (d) Unallocated assets consist of the following:

	2017 $'000	2016 $'000
Cash and cash equivalents	36,284	42,280
Property, plant and equipment	12	46
Other receivables	67	120
Other assets	175	342
	36,538	**42,788**

NOTE 4 EARNINGS PER SHARE

	Unit of measurement	2017	2016
Loss attributable to ordinary shareholders	$'000	6,582	5,131
Weighted average number of shares (basic)	'000	536,976	534,801
Dilution due to share rights on issue	'000	8,180	6,624
Weighted average number of shares (diluted)	'000	545,156	541,425
Basic loss per share - total	cents	**(1.22)**	**(0.96)**
Diluted loss per share - total	cents	**(1.22)**	**(0.96)**

NOTE 5 EXPENSES

	2017 $'000	2016 $'000
Loss before income tax from continuing operations includes the following expenses		
5 (a) Exploration and evaluation expense		
Employee benefits	1,262	1,030
Depreciation and amortisation	-	27
Landholding, contractor and supplies	1,567	1,958
Impairment expense	-	174
	2,829	**3,189**
5 (b) Administration expense		
Employee benefits	1,206	1,289
Depreciation and amortisation	48	63
Supplies and services	1,456	1,809
Rental relating to operating leases	143	231
	2,853	**3,392**

NOTE 6 INCOME TAX

The Group recognised an accounting loss of $6.58 million.

Notes to the Financial Statements

Australian tax losses of approximately $73.6 million (2016: $68.2 million) are available to Altona Mining Limited. These losses have not been recognised as assets as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

The franking account balance at year end was nil (30 June 2016: nil). The Group operates primarily in Australia which has a corporate tax rate of 30% (2016: 30%).

	2017 $'000	2016 $'000
6 (a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Total	**-**	**-**
6 (b) Numerical reconciliation between accounting profit and income tax expense		
Loss from continuing operations before tax	(6,582)	(5,131)
	(6,582)	(5,131)
Income tax at 30%	(1,975)	(1,539)
Non-deductible expenses / non-assessable income	405	26
Tax losses not recognised	1,570	1,513
Income tax expense	**-**	**-**
6 (c) Unrecognised deferred tax assets / (liabilities) relate to the following:		
Tax losses	22,120	20,502
Other temporary differences	519	120
Exploration assets	2,655	-
Total	**25,294**	**20,622**

NOTE 7 TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
Trade receivables	-	88
Other debtors [(1)]	67	32
	67	**120**

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

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

Notes to the Financial Statements

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	Land & buildings $'000	Plant & equipment $'000	Total $'000
2017			
Cost			
Balance at 1 July	51	1,360	**1,411**
Additions/transfers in	-	12	**12**
Disposals/transfers out	-	(231)	**(231)**
Balance at 30 June	51	1,141	**1,192**
Less: Accumulated depreciation			
Balance at 1 July	51	1,280	**1,331**
Charge for year	-	48	**48**
Disposals	-	(231)	**(231)**
Balance at 30 June	51	1,097	**1,148**
Net book value	**-**	**44**	**44**
2016			
Cost			
Balance at 1 July	51	1,353	**1,404**
Additions/transfers in	-	7	**7**
Disposals/transfers out	-	-	**-**
Balance at 30 June	51	1,360	**1,411**
Less: Accumulated depreciation			
Balance at 1 July	44	1,197	**1,241**
Charge for year	7	83	**90**
Disposals	-	-	**-**
Balance at 30 June	51	1,280	**1,331**
Net book value	**-**	**80**	**80**

Notes to the Financial Statements

NOTE 9 EXPLORATION AND EVALUATION ASSETS

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

	Exploration and evaluation $'000	Rehabilitation $'000	Total $'000
2017			
Cost			
Balance at 1 July	14,859	367	**15,226**
Balance at 30 June	14,859	367	**15,226**
Less: Accumulated depreciation & impairment			
Balance at 1 July	(174)	(367)	**(541)**
Balance at 30 June	(174)	(367)	**(541)**
Net book value	**14,685**	**-**	**14,685**
2016			
Cost			
Balance at 1 July	14,854	345	**15,199**
Foreign currency movement	5	22	**27**
Balance at 30 June	14,859	367	**15,226**
Less: Accumulated depreciation & impairment			
Balance at 1 July	-	(345)	**(345)**
Impairment charge	(174)	(22)	**(196)**
Balance at 30 June	(174)	(367)	**(541)**
Net book value	**14,685**	**-**	**14,685**

NOTE 10 TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Trade and other creditors	79	339
Accrued expenses	71	76
	150	**415**

Notes to the Financial Statements

NOTE 11 PROVISIONS

	Employee benefits $'000	Rehabilitation and restoration $'000	Total $'000
Balance at 1 July 2016	**296**	**184**	**480**
Provisions made during the year	173	-	173
Provision used during the year	(141)	-	(141)
Disposal	-	(184)	(184)
Balance at 30 June 2017	**328**	**-**	**328**
Current	163	-	163
Non-current	165	-	165
	328	**-**	**328**
Balance at 1 July 2015	**258**	**360**	**618**
Provisions made during the year	175	-	175
Provision used during the year	(137)	-	(137)
Disposal	-	(187)	(187)
Foreign currency translation	-	11	11
Balance at 30 June 2016	**296**	**184**	**480**
Current	168	-	168
Non-current	128	184	312
	296	**184**	**480**

NOTE 12 CONTRIBUTED EQUITY

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

Details of options and share rights issued, cancelled and exercised during the year together with options and share rights outstanding at 30 June 2017 are included in Note 22 to the financial statements. Options and share rights carry no rights to dividends and no voting rights.

	Date	Number of shares	Issue price $	Value $'000
12 (a) Movements in ordinary share capital				
Balance as at 1 July 2016		**534,800,592**		**94,126**
Shares issued on vesting of share rights	1 Jul 16	2,175,000		-
Cost of listing vested performance rights		-		(7)
Balance as at 30 June 2017		**536,975,592**		**94,119**
				-
Balance as at 1 July 2015		**534,678,592**	**-**	**94,124**
Shares issued on vesting of share rights	1 Jul 15	122,000	-	-
Disposal of subsidiary		-	-	4
Cost of listing vested performance rights		-	-	(2)
Balance as at 30 June 2016		**534,800,592**	**-**	**94,126**

12 (b) Capital management

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

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

The following table demonstrates the Group's composition of net cash to total capital and therefore its ability to continue as a going concern and expand its operations:

	Notes	2017 $'000	2016 $'000
Cash and cash equivalents	21 (a)	36,284	42,280
Less trade & other payables	10	(150)	(415)
Net cash		36,134	41,865
Other liabilities	11	(328)	(480)
Total capital		**35,806**	**41,385**

NOTE 13 RESERVES

	Notes	2017 $'000	2016 $'000
Share based payments reserve	13 (a)	5,487	5,352
Converting notes reserve	13 (b)	581	581
Foreign currency translation reserve	13 (c)	(14)	(281)
Profits reserve	13 (d)	-	(16,040)
Total reserves		**6,054**	**(10,388)**

13 (a) Share based payments reserve

The share based payments reserve is used to record the value of equity benefits provided to directors, employees and other parties. Refer to Note 22 for further details of share based payments.

13 (b) Converting notes reserve

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

13 (c) Foreign currency translation reserve

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

13 (d) Profits reserve

The profit reserve consists of amounts allocated from retained earnings that are preserved for possible future dividend payments.

NOTE 14 ACCUMULATED LOSSES

	2017 $'000	2016 $'000
Balance at 1 July	(26,733)	(22,346)
Profit after income tax	(6,582)	(5,131)
Adjustment – profits reserve	(16,040)	-
Adjustment – expired share rights	80	430
Adjustment - subsidiary disposal	-	314
Balance at 30 June	**(49,275)**	**(26,733)**

Notes to the Financial Statements

NOTE 15 RELATED PARTY DISCLOSURES

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

	2017 $	2016 $
Short-term employee benefits	913,689	995,582
Post-employment benefits	79,061	77,127
Share based payments	69,412	(94,866)
	1,062,162	**977,843**

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

15 (b) Transactions with related parties

No transactions with related parties occurred during the current financial year.

15 (c) Loans to key management personnel

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

NOTE 16 REMUNERATION OF AUDITORS

	2017 $	2016 $
Audit and review services		
Auditors of the Company - Deloitte		
Audit or review of the financial statements	44,187	47,250
Other services		
Auditors of the Company - Deloitte		
In relation to other assurance, taxation and due diligence services	-	-
	44,187	**47,250**

NOTE 17 CONTINGENT LIABILITIES

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

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

- 1.50% Net Smelter Return derived from mining operations on tenements acquired from Zinifex and Lake Gold under the terms of the Roseby Acquisition Agreements.
- 0.15% to 0.22% Net Smelter Return derived from mining operations payable to the Kalkadoon people.
- 1.50% of 50% of the gross value of the proceeds derived from the sale of materials for 15 years from certain small areas within the Little Eva deposit.
- 2% Net Smelter Return derived from mining operations on EPM 8059 and EPM 9611.

- $0.50 per tonne of ore mined from EPM 13249.

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

As part of the sale of the Finnish Assets to Boliden in prior periods, Vulcan Resources Pty Ltd, a wholly-owned subsidiary of Altona Mining Limited, has indemnified Boliden for any breach of the Agreement, including a breach of the warranties contained in the Agreement, environmental liabilities and for any taxes that should have been paid before closing. Altona guarantees the performance of Vulcan's obligations under the Agreement, including its payment and indemnity obligations for a five year period which ends on 18 November 2019.

NOTE 18 COMMITMENTS FOR EXPENDITURE

18 (a) Lease commitments

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

	2017 $'000	2016 $'000
Not later than one year	173	109
Later than one year but not later than five years	-	164
	173	**273**

18 (b) Mineral exploration and mining tenements

There is a requirement for minimum annual expenditure commitments to maintain exploration licenses over mineral tenements held in Australia in good standing status. Quantifiable amounts for granted tenements or those with some certainty of granting are $3.56 million (2016: $5.15 million) over the life of the tenements.

18 (c) Capital expenditure commitments

The Group has no contractual capital expenditure commitments outstanding at 30 June 2017 (2016: $nil).

18 (d) Other commitments

No other commitments exist at 30 June 2017 (2016: $nil).

18 (e) Hedge contracts

There are no short-term or long-term hedge contracts remaining at 30 June 2017 (2016: $nil).

Notes to the Financial Statements

NOTE 19 PARENT ENTITY DISCLOSURES

Statement of financial position

	2017 $'000	2016 $'000
Assets		
Current assets	36,526	42,735
Non-current assets	28,830	28,165
Total assets	65,356	70,900
Liabilities		
Current liabilities	313	52,366
Non-current liabilities	51,844	-
Total liabilities	52,157	52,366
Net assets	**13,199**	**18,534**
Equity		
Contributed equity	94,119	94,122
Accumulated losses	(86,988)	(65,481)
Reserves	6,068	(10,107)
Total parent entity equity	**13,199**	**18,534**
Results for the parent entity		
Profit/(Loss) for the period	(5,258)	(3,753)
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	**(5,258)**	**(3,753)**

NOTE 20 INVESTMENTS IN CONTROLLED ENTITIES

		Equity holding	
Name of entity	**Incorporated**	**2017 (%)**	**2016 (%)**
Vulcan Resources Pty Ltd(1)	Australia	100%	100%
Roseby Copper Pty Ltd(1)	Australia	100%	100%
Roseby Copper (South) Pty Ltd(1)	Australia	100%	100%
Vulcan Finland (BVI) Ltd(2)	British Virgin Islands	100%	100%
Vulcan Hautalampi Oy(2) (3)	Finland	-	100%

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

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

(3) *Vulcan Hautalampi Oy was sold in 14 September 2016 to a third party.*

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

Notes to the Financial Statements

NOTE 21 NOTES TO CASHFLOW STATEMENT

	2017 $'000	2016 $'000
21 (a) Reconciliation of cash balances comprises:		
Cash on hand and at bank	36,284	28,280
Cash on deposit	-	14,000
Total cash and cash equivalents	**36,284**	**42,280**
21 (b) Reconciliation of profit after income tax expense:		
Profit /(loss)after income tax	(6,582)	(5,131)
Adjustments for:		
Depreciation and amortisation	48	90
Impairment of exploration and evaluation assets	-	174
Share based payment expense	214	204
Unrealised fair value (gain) / losses	-	(549)
Profit on sale of subsidiaries	(66)	(39)
Finance expenses	-	7
Interest income	(64)	(1,157)
Foreign exchange loss	1,041	288
Other	256	-
Change in assets and liabilities:		
Decrease in trade and other receivables	333	19
(Decrease) / increase in trade and other payables	(264)	10
Increase / (decrease) in provisions	31	(138)
Net cash flow from operating activities	**(5,053)**	**(6,222)**

NOTE 22 SHARE BASED PAYMENTS

22 (a) Employee Awards Plan

The Altona Mining Limited Employee Awards Plan was adopted by shareholders on 6 August 2010 and reapproved by shareholders on 26 November 2015 for the purpose of recognising the efforts of, and providing incentives to directors and employees of the Group.

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

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

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

Notes to the Financial Statements

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

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

22 (b) Valuation models used to value share rights

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

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

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

The model inputs for share rights granted during the period ended 30 June 2017 included:

	Key Management Personnel	**Employee Rights (various issues)**
Grant date	11 August 2016	11 August 2016
Expiry date	1 July 2019	1 July 2019
Quantity	850,500	966,900
Exercise price	-	-
Consideration	-	-
Fair value at grant date	$0.1020	$0.145
Share price at grant date	$0.145	$0.145
Expected future volatility	60%	60%
Dividend yield	-	-
Risk-free rate	1.39%	1.39%
Maximum life (Years)	3	3

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

Notes to the Financial Statements

22 (c) Share rights outstanding

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

Number of share rights	Vesting dates
6,601,800	1 July 2018
1,817,400	1 July 2019

22 (d) Valuation models used to value options

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

Fair values at grant date are determined using a Monte Carlo Simulation 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 probability of rights vesting according to the vesting conditions, 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.

22 (e) 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:

	2017 ($)	2016 ($)
Share rights issued to directors and employees	214,492	204,340
Share rights expired during period	(80,016)	(430,457)
Share options issued to directors	-	-
	134,476	**(226,117)**

Negative amount relate to share rights expired as a result of director resignations and share rights expiring without meeting the vesting conditions.

NOTE 23 FINANCIAL RISK MANAGMENT

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, and trade and other payables.

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

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

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

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

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

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

23 (a) Market risk - foreign currency

The Group has funds on deposit in currency other than Australian dollars. These funds may be sold to purchase Australian dollars and this therefore gives rise to a foreign currency risk.

The Group entered into a Framework Agreement in June 2015. Under the agreement, the Group was required to fund US$23.6 million of obligations. In June 2016 Altona purchased US$23.6 million to satisfy these obligations. This transaction was intended to close on 11 August 2017, but was terminated on 22 July 2017. As a result, the Group retains US$23.65 million dollars at 30 June 2017.

At 30 June 2017, the Group had the following foreign currency exposure, based on notional amounts shown in Australian dollars:

	2017		2016	
	Euro $'000	USD $'000	Euro $'000	USD $'000
Cash and cash equivalents	155	23,650	148	20,216
Provisions	-	-	(123)	-
Net exposure	**155**	**23,650**	**25**	**20,216**

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

At 30 June 2017, 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:

	2017 $'000	2016 $'000
Post tax profit / equity higher / (lower)		
AUD / Euro +/-10%	23	11
AUD / USD +/-10%	3,077	2,726

23 (b) Market risk - price

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

The Group no longer has an exposure to this risk.

23 (c) Market risk - interest rate

Interest rate risk refers to the risk that the value of a financial instrument or the cash flows associated with it will fluctuate due to changes in market interest rates. The Group's exposure to interest rates at 30 June 2017 relates to the Group's cash and cash equivalents.

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

	2017 $'000	2016 $'000
Cash and cash equivalents	36,284	42,280
Net exposure	**36,284**	**42,280**

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

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

	Profit and loss		Equity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
1% increase	363	140	-	-
1% decrease	(363)	(140)	-	-

23 (d) Credit risk

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

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

	2017 $'000	2016 $'000
Cash and cash equivalents	36,284	42,280
Trade and other receivables	67	120
Security deposits	121	393
	36,472	**42,793**

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

23 (e) Liquidity risk

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

The maturities of the Group's financial liabilities are:

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 5 years $'000	More than 5 years $'000
2017						
Trade and other payables	150	323	236	85	-	-
Provisions	328	328	82	82	147	18
	478	**651**	**318**	**167**	**147**	**18**
2016						
Trade and other payables	414	687	469	54	164	-
Provisions	480	480	84	84	112	200
	894	**1,167**	**553**	**138**	**276**	**200**

23 (f) Fair values

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

The Group has no financial instruments valued using the level 1, 2 or 3 valuation method.

There have been no transfers between any levels during the financial years ended 30 June 2017 or 2016.

NOTE 24 EVENTS OCCURRING AFTER BALANCE SHEET DATE

In June 2015 the Company announced that it had signed a Framework Agreement with a major Chinese Sichuan Province owned engineering and construction company for the acquisition of an interest in its 100% owned subsidiary Roseby Copper Pty Ltd. Roseby Copper Pty Ltd ("RCPL") is the owner of the Cloncurry Copper Project comprising a number of Mining Licenses, Exploration permits and freehold land. Contained within the perimeter of the mining lease is the Little Eva copper gold project. The project is located in northwest Queensland, Australia near the major base metal mining and smelting centre of Mt Isa.

On 22 July 2017, the agreement to form the incorporated joint venture with Sichuan Railway and Investment Group was terminated. The termination was triggered by Sichuan Railway and Investment Group being unable to obtain the necessary Chinese regulatory approvals prior to or on 21 July 2017.

NOTE 25 GROUP DETAILS

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

Altona Mining Limited
Level 1, 2 Kings Park Road
West Perth
Western Australia 6005

Directors' Declaration

The Directors of Altona Mining Limited declare that:

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

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the year ended on that date.

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

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

4. The remuneration disclosures included in the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2017, 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 15th day of September 2017

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Brookfield Place
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Perth WA 6000
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The Board of Directors
Altona Mining Limited
Level 1, 2 Kings Park Road
West Perth WA 6005

15 September 2017

Dear Board Members

Altona Mining Limited

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

As lead audit partner for the audit of the financial statements of Altona Mining Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Altona Mining Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of Exploration and Evaluation Assets	
As at 30 June 2017 the Group has $14.69 (2016: $14.69m) of capitalised exploration and evaluation expenditure as disclosed in Note 9. Significant judgement is applied in determining the treatment of exploration and evaluation expenditure in accordance with Australian Accounting Standard 6 *Exploration for and Evaluation of Mineral Resources*. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether the facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our procedures included, but were not limited: • Obtaining a scheduled of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and • Assessing whether any facts or circumstances existed to suggest impairment testing was required. We also assessed the appropriateness of the related disclosures in Note 9 to the Financial Statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

Deloitte.

We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 38 of the director's report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Altona Mining Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 15 September 2017

Additional Information Required by the ASX

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The following information was applicable as at 17 August 2017.

Shareholdings

Substantial shareholders

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

	Date of last notice	Shareholding	% of issued capital
Perpetual Limited and subsidiaries	7 March 2014	79,291,326	14.8%
Matchpoint Investment Management	18 August 2015	52,867,362	9.8%
Tulla Resources Group Pty Limited	22 March 2011	35,348,000	6.6%

Class of shares and voting rights

At 17 August 2017, there were 4,237 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Clause 12.7 of the Company's constitution, are:

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

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

At 17 August 2017, there were no options over any unissued ordinary shares.

At 17 August 2017, there were share rights over 8,419,200 un-issued ordinary shares. There are no voting rights attached to the un-issued ordinary shares. Voting rights will be attached to the un-issued ordinary shares when the share rights have met all vesting criteria.

On-market buy-back

There is no current on-market buy-back.

Other information

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

Additional Information Required by the ASX

Distribution of securities as at 17 August 2017

Category	Ordinary shares	Share rights
1 – 1,000	391,658	-
1,001 – 5,000	3,005,045	-
5,001 – 10,000	4,716,014	-
10,001 – 100,000	43,490,918	83,400
100,001 and over	485,376,957	8,335,800
	536,975,592	**8,419,200**

There were 1,870 holders holding less than a marketable parcel of ordinary shares.

Unquoted securities

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

Restricted securities

There were no restricted securities as at 17 August 2017.

Twenty largest holders of ordinary shares as at 17 August 2017

Holder name	Ordinary shares number	Ordinary shares %
JP Morgan Nominees Australia Limited	99,183,716	18.47
HSBC Custody Nominees (Australia) Limited	92,938,262	17.31
Citicorp Nominees Pty Limited	79,989,395	14.90
Tulla Resources Group Limited	35,348,000	6.58
Morgan Stanley Australia Securities (Nominees) Pty Limited	17,009,035	3.17
McNeil Nominees Pty Limited	15,880,457	2.96
Brachelston Pty Ltd	9,927,626	1.85
Mr Stuart Young Craig	8,330,000	1.55
Prufrock Partners Ltd	6,222,649	1.16
One Managed Invt Funds Ltd	4,805,831	0.89
Mr Eric Edward Hughes	4,080,000	0.76
Miss Jinrong Li	3,300,000	0.61
Mount Isa Mines Limited	3,000,000	0.56
Primdonn Nominees Pty Limited	3,000,000	0.56
BT Portfolio Services Limited	2,863,266	0.53
Drumfrocher Pty Ltd	2,750,000	0.51
BNP Paribas Nominees Pty Ltd	2,361,953	0.44
CS Fourth Nominees Pty Limited	2,249,863	0.42
Mrs Antoia Collopy	2,181,146	0.41
BNP Paribas Nominee Pty Ltd <IB AU Noms Retail client DRP>	2,104,040	0.39
Total	**197,525,239**	**74.03**

Additional Information Required by the ASX

Competent person statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on, and fairly represents information compiled by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG. Dr Cowden is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012). Dr Cowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cloncurry Resource and Reserve estimates

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

ASX Release Date	Title of ASX Release	Outline of Relevance
Resource and Reserve Estimates		
2 August 2017	The Cloncurry Copper Project: JORC 2012 Disclosure	JORC 2012 disclosure for all Cloncurry Copper Project Resource and Reserve estimates (to be read in conjunction with the second release of the same date).
2 August 2017	Updated DFS Delivers Bigger and Better Cloncurry Copper Gold Project	Provides an update of the Cloncurry Copper Project DFS with new mine layouts and inclusion of Turkey Creek; and, additional supporting JORC 2012 disclosure Cloncurry Copper Project Reserve estimates supporting data (to be read in conjunction with the first release of the same date).

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

Additional Information Required by the ASX

Cloncurry Copper Project production target and forecast financial information

Information in this report refers to a production target and the forecast financial information derived from a production target as disclosed to the market in the ASX release Cost Review Delivers Major Upgrade to Little Eva dated 2 August 2017, which is available to be viewed at www.altonamining.com or www.asx.com.au. The Company confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target referred to in the above-mentioned release continue to apply and have not materially changed.

Additional Information Required by the ASX

Tenement Schedule

Number	Name	Interest
Exploration Permit for Minerals - Granted		
EPM 9611	Happy Valley	100%
EPM 14363	Bannockburn	100%
EPM 14370	Malakoff	100%
EPM 14371	Mt. Angeley	100%
EPM 25757	Burke	100%
EPM 25759	Gray	100%
EPM 25760	King	100%
EPM 25761	Wills	100%
EPM 26182	Cameron Crossing	100%
EPM 26277	Antilles	100%
EPM 26278	Fortuna	100%
EPM 26280	Wedge	100%
EPM 26283	Wicket	100%
EPM 26365	Rebo	100%
EPM 26367	Salacious	100%
Exploration Permit for Minerals - Applications		
EPM 26569	Gonk	100%
EPM 26565	Oola	100%
EPM 26566	Bossk	100%
EPM 26595	Shmi	100%
EPM 26606	Wesell	100%
EPM 26279	Malakili	100%
EPM 26284	Sebulba	100%
EPM 26285	Watto	100%
EPM 26605	Lars	100%
EPM 26594	Taun	100%
EPM 26630	Moff	100%
Mining Leases - Granted		
ML 90162	Scanlan	100%
ML 90163	Longamundi	100%
ML 90164	Blackard	100%
ML 90165	Little Eva	100%
ML 90166	Village	100%

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ALTONA

MINING LIMITED

ANNUAL REPORT 2016

Corporate Directory

Directors:
Mr Kevin Maloney
Chairman

Dr Alistair Cowden
Managing Director

Mr Paul Hallam
Non-Executive Director

Mr Steve Scudamore
Non-Executive Director

Company Secretary:
Mr Eric Hughes

Principal and Registered Office:
Level 1
2 Kings Park Road
West Perth 6005 Western Australia
Telephone: +61 8 9485 2929
Email: altona@altonamining.com

Share Registry:
Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth 6000 Western Australia
Telephone: +61 8 9323 2000

Auditor:
Deloitte Touche Tohmatsu
123 St Georges Terrace
Perth 6000 Western Australia
Telephone: +61 8 9365 7000

Stock Exchanges:
Australian Securities Exchange Limited (ASX)
Frankfurt Stock Exchange

Company Codes:
ASX: AOH
FSE: A20

Issued Capital:
536,975,592 Fully paid ordinary shares
8,419,200 Employee share rights
(Valid 11 August 2016)

Annual Report of Directors to Shareholders and Financial Statements

Contents

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

www.altonamining.com

Message from the Chairman

Dear fellow shareholder,

Last year in this report I talked about the sale of our Finnish assets to Boliden and the subsequent capital return and dividend to shareholders. The timing of the transaction, prior to a fall in copper prices, appears in hindsight to be inspired. However, the lesson learned is not one of trying to pick a time to deal, rather that if a transaction makes sense and creates value for shareholders then do it. We never know what the future may bring. For junior miners delivering certainty of returns must always take precedence over trying to play the market.

In this context, the transaction with Sichuan Railway Investment Group ("SRIG") on the Cloncurry Project is another rational and value enhancing transaction driven by the desire to maximise shareholder value. We believe that selling a 66% interest in the project delivers better returns to shareholders than traditional debt/equity financing. With the approach shareholders would be diluted by large share issues which would serve to cap share price appreciation. Debt service would consume most of the returns from the project for up to five years and mandatory hedging of copper would reduce and cap exposure to the widely predicted higher copper prices when the project reaches production.

The SRIG transaction is now in its final stages and we await final regulatory approvals and satisfaction of other conditions precedent for the closing of the deal. On completion some US$238.5 million of cash will flow into the Joint Venture Company and be applied to the construction of a new mine expected to produce 39,000 tonnes of copper and 17,000 ounces of gold for a minimum of 13 years.

Shareholders have commented that investing in Altona whilst the SRIG transaction is progressing is like watching paint dry. A provincial Chinese state owned enterprise entering into its first overseas mining venture is conservative and thorough. It is not as agile as a junior miner and patience is required. I can assure you that whilst we do not provide a continual flow of information to 'feed' markets; your team is working hard to deliver what is a complex deal which, when completed, should add significantly to the value of your company.

Altona has a track record of deal making, the acquisitions in Finland which led to the construction of a successful mine and its eventual sale, the merger to acquire the Cloncurry Project, making that project deal ready and of course the SRIG transaction should it close in the next few months. How will we build on this?

Our strategy is simple:

- Work with SRIG to maximise the value of our share of Cloncurry, deliver on time and budget, grow reserves and grow production.
- Build our relationship with SRIG.
- Seek projects or corporate opportunities that complement the SRIG JV through exploration in the area or acquisition.

I look forward to the challenge of the next year; closing the deal and starting to build our new mine.

Kevin Maloney
Chairman

Highlights

Joint Venture transaction on the Cloncurry Project with SRIG nearing completion.

Altona 34% and SRIG 66%.

SRIG to inject US$214 million into the Cloncurry Project.

Altona can fund its obligations to the Cloncurry Project from its cash on hand.

The Joint Venture Company will have approximately A$320 million of cash to be applied to the construction of a new 7 million tonnes per annum copper mine.

Altona will be debt free with low overheads.

Altona aggressively exploring for repeats of Cloncurry from its extensive 100% owned tenure.

Company Overview and Strategy

DIRECTORS' REPORT

Introduction

This is the Directors' Report for the period 1 July 2015 to 30 June 2016.

Altona is an ASX listed mining company with a successful history of project acquisition, mine development studies, construction, project financing, commissioning and profitable operation. Altona sold its Finnish mining operations to Swedish miner Boliden in 2014 and returned A$80 million to shareholders in 2015. Altona retained substantial cash reserves from that transaction which has enabled it to pursue a transaction on its Cloncurry Project from a position of strength.

Altona is the 100% owner of the Cloncurry Copper Project ("Cloncurry Project") in northwest Queensland, Australia near the major base metal mining and smelting centre of Mt Isa. It has been Altona's strategy to seek to develop the project without encumbering the Company with debt or issuing further shares.

In June 2015 the Company announced that it had signed a Framework Agreement with the major Chinese Sichuan Province owned engineering and construction company SRIG. During the course of the year SRIG completed extensive due diligence including diamond drilling and metallurgical testwork together with legal, financial and corporate investigations.

Altona and SRIG have signed an updated agreement which is subject to a number of conditions that must be satisfied or waived to enable the transaction to close. Details of these conditions are contained in ASX release dated 2 June 2016

On closing of this transaction, Altona will retain a 34% interest in the Cloncurry Project.

In addition to the interest in the Cloncurry Project Altona has cash of A$42.3 million and a 100% interest in extensive exploration tenure adjacent to, and in the general vicinity of, the Cloncurry Project.

Delivery of strategy, likely developments and expected results

Altona's strategy is:

- Focus on copper and gold projects in Australia or low risk jurisdictions.
- Maximise the value of the Cloncurry Project through the SRIG Joint Venture.
- Develop our relationship with SRIG.
- Maintain low overheads.
- Explore our 100% owned tenure.
- Consider corporate transactions or acquisitions which complement Cloncurry, are within Altona's capability and deliver shareholder value.

Business environment

Altona's business and financial performance is dependent on the state of the global economy, market perception of the mining industry, world markets for copper, gold and other metals and the Australian dollar-US dollar exchange rates. Performance is also dependent upon the fiscal regime and input costs such as labour and power in Australia.

Company Overview and Strategy

Community

Altona's Australian activities are located in the Cloncurry region of Queensland whilst the remnant Finnish assets are located in the municipalities of Outokumpu in south-eastern Finland. During the last few years Altona has built good relationships with these communities. On 15 September 2016 Altona sold it's remaining operations in Finland.

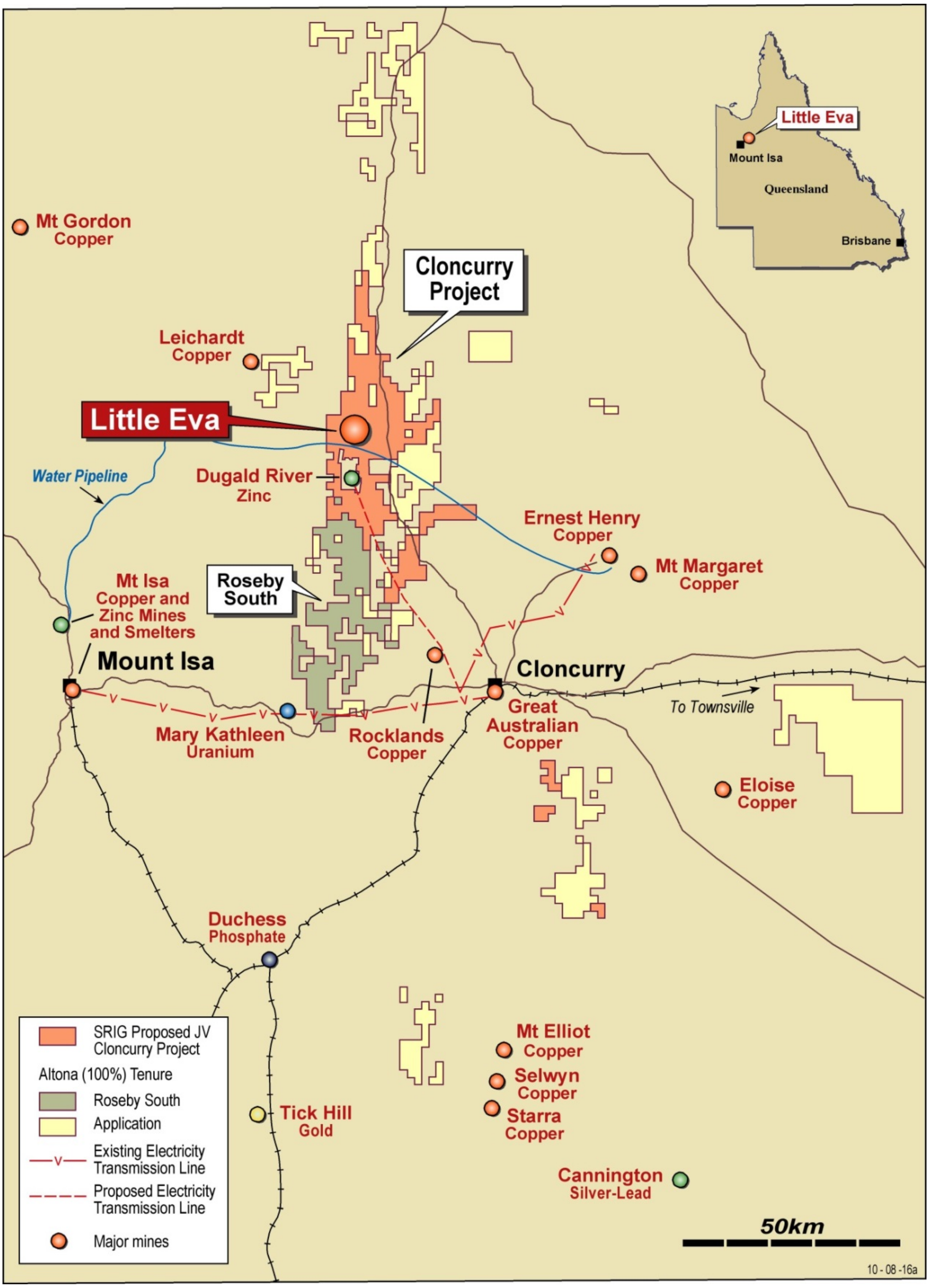


Figure 1: Altona tenure in the Cloncurry area.

Cloncurry Copper Project

Overview

The Cloncurry Project contains one of Australia's largest undeveloped copper resources containing 1.65 million tonnes of copper and 409,000 ounces of gold. The project is in a strategic location 60 kilometres north of Cloncurry and 90 kilometres north-east of Mt Isa in Queensland, Australia. It is 11 kilometres north of MMG's Dugald River zinc mine and is 65 kilometres north-west of Xstrata Copper's Ernest Henry copper-gold mine. Dugald River is under construction and is an A$0.7 billion development with substantial funds already invested in infrastructure. The infrastructure to be put in place by MMG can only assist any development at Cloncurry. The Roseby-Dugald mineral field has the potential to become a major mining camp with two major mines now envisaged being Altona's Little Eva copper-gold mine within the Cloncurry Project and MMG's Dugald River zinc mine.

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

- Simplifying and rationalising tenements, refreshing tenure and reducing holding costs.
- Completing a Definitive Feasibility Study (DFS) focussed on simple copper-gold sulphide mineralisation based on Little Eva and three smaller deposits.
- Securing the major permits required for development.
- Identifying priority exploration targets which may impact on the proposed development resulting in the discovery of the Turkey Creek deposit which may add 2 years to mine life.
- Search for counterparties to a joint venture or sale transaction with a focus on Asia resulting in the SRIG agreements.

SRIG transaction

In June 2015 the Company announced that it has concluded a Framework Agreement with SRIG and in June 2016 signed an updated Framework Agreement. The agreement is subject to certain conditions.

The parties intend to establish an incorporated joint venture holding the Cloncurry Project where SRIG will contribute cash of US$214.46 million and will have a 66% interest in the joint venture. Altona will retain a 34% interest in the joint venture and is to contribute the Cloncurry Project and cash of US$25 million. Altona can meet its obligations under the agreement from its existing A$42.3 million of cash reserves.

The Cloncurry Project offers a large resource of 287 million tonnes at 0.6% copper, 0.04g/t gold for 1.65 million tonnes contained copper and 0.4 million ounces gold and is close to infrastructure.

The joint venture will seek to develop a mine at Little Eva which is situated within the Cloncurry Project. A Definitive Feasibility Study (March 2014) for the Little Eva development anticipates the construction of a 7 million tonne per annum open-pit mine and flotation plant capable of producing 39,000 tonnes per annum copper and 17,000 ounces gold over an initial mine life of 11 years, with recent inclusion of Turkey Creek now anticipated to 13 years.

The cash to be contributed by the joint venture partners of US$238.5 million (A$320 million AUD 0.74) would exceed the estimated capital cost (A$294 million) of the Little Eva mine.

Altona's 34% equity share of annual production from the Cloncurry Project would be substantial at approximately 13-14,000 tonnes of copper and 5-6,000 ounces of gold representing significant cashflow attributable to Altona.

The terms and conditions of the agreement are set out in the Appendix to the ASX announcement dated 2 June 2016.

Cloncurry Copper Project

Little Eva mine development

The first development envisaged at Cloncurry is at Little Eva. This is a large copper-gold open pit mine and processing plant similar to other current and past mines in the Mt Isa-Cloncurry area.

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

The Little Eva deposit has been intensively drilled and resources have increased three-fold since Altona was formed in 2010 allowing for the definition of a simple, technically straightforward and low risk operation treating copper-gold sulphide ore.

The Little Eva development exploits copper-gold sulphide deposits. The other deposit types at Cloncurry contain almost 0.9 million tonnes of copper and were not considered in the Definitive Feasibility Study but will be considered as an opportunity to expand mine life once Little Eva is developed.

The scale of annual production that is envisaged of 7 million tonnes of ore for an average of 38,800 tonnes of copper and 17,200 ounces of gold would make Little Eva one of Australia's larger base metal developments. The project capital cost, including pre-strip, of A$294 million is now out of date and the current competitive construction market should see a reduction in capital costs.

The project comprises the following components:

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

The major permits for Little Eva are in place. Mining leases are granted and the Company also has an agreement in place with the Native Title Holder, the Kalkadoon people. An amendment to the Environmental Authority to reflect the inclusion of Turkey Creek discovery in the mine plan was issued by the regulators in July 2016.

The processing plant is technically simple and is similar to Xstrata Copper's nearby Ernest Henry operation and will produce approximately 160,000 tonnes per annum of readily marketable, clean copper-gold concentrate. Metal recoveries are high at 96% copper and 85% gold and the mill feed averages 0.6% copper and 0.1 grams gold per tonne.

Cloncurry Copper Project

Key metrics for the Little Eva Project		Units
Project life	13	Years
Throughput	7,000,000	Tonnes per annum
Copper grade	0.6	%
Gold grade	0.1	g/t
Copper production	38,800	Tonnes per annum (years 1 to 5)
Gold production	17,200	Ounces per annum (years 1 to 5)
Capital expenditure	294	A$ millions
Life of mine revenue (NSR)	2,931	A$ millions
NPV (7.5% pre-tax real)	346	A$ millions
Internal rate of return	29	%
C1 cash cost	1.65	US$ per pound copper
All-in cash cost	1.96	US$ per pound copper

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

Financial details have not been updated following the declaration of a reserve at Turkey Creek, considering the plant design capacity of 7 million tonnes per annum Turkey Creek will add approximately two years to the mine life. The additional mine life and deferral of treatment of low grade stockpiles will improve returns from those reported in the Definitive Feasibility Study Update and tabulated above. For further details on these metrics see ASX release dated 13 March 2014.

Mineral Resources and Ore Reserves

On 21 June 2016 Altona announced the first Ore Reserve estimate for the Turkey Creek deposit and updated the estimate for the Project. Turkey Creek is located 1.5 kilometres east of the planned Little Eva open pit mine and processing plant.

The Mineral Resources and the Ore Reserves for the Project are tabulated below. The initial ASX disclosure for these Resources and Reserves are given in the footnotes to the individual tables. Other than for the Turkey Creek Ore Reserve, there has been no change to these Resources and Reserves from the disclosure in the 2013 and 2014 Annual Reports.

Cloncurry Copper Project

Table 1: Little Eva Project Resources and Reserves

	Tonnes (million)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
RESOURCES					
Measured	37.1	0.60	0.09	222,000	112,000
Indicated	73.0	0.52	0.07	376,000	158,000
Inferred	40.1	0.52	0.11	208,000	138,000
Total	**150.2**	**0.54**	**0.09**	**807,000**	**409,000**
RESERVES					
Proven	31.0	0.64	0.08	198,000	84.7
Probable	39.4	0.51	0.07	200,000	89.5
Sub Total	70.6	0.57	0.08	399,000	174.2
Probable (stockpile)	15.3	0.18	0.06	28,000	31,000
Total	86.0	0.50	0.07	427,000	**205,000**
Resources within pit	5.5	0.49	0.08	27,000	14,000

Notes

1. Resources have been reported as Inclusive of Reserves.
2. All data has been rounded to significant figures. Discrepancies in summations may occur due to rounding.
3. Resources within pit (previously Mining Inventory) are Inferred Mineral Resources within planned pits.

Table 2: Mineral Resource estimate for all deposits at Cloncurry

	TOTAL			MEASURED			INDICATED			INFERRED		
DEPOSIT	**Million tonnes**	**Cu (%)**	**Au (g/t)**	**Million tonnes**	**Cu (%)**	**Au (g/t)**	**Million tonnes**	**Cu (%)**	**Au (g/t)**	**Million tonnes**	**Cu (%)**	**Au (g/t)**
LITTLE EVA PROJECT												
Little Eva	105.9	0.52	0.09	37.1	0.60	0.09	45.0	0.46	0.08	23.9	0.50	0.10
Turkey Creek	21.0	0.59		-	-		17.7	0.59		3.4	0.58	-
Ivy Ann	7.5	0.57	0.07	-	-	-	5.4	0.60	0.08	2.1	0.49	0.06
Lady Clayre	14.0	0.56	0.20	-	-	-	3.6	0.60	0.24	10.4	0.54	0.18
Bedford	1.7	0.99	0.20	-	-	-	1.3	1.04	0.21	0.4	0.83	0.16
Sub-total	150.2	0.54	0.09	37.1	0.60	0.09	73.0	0.52	0.07	40.1	0.52	0.11
OTHER DEPOSITS												
Blackard	76.4	0.62		27.0	0.68	-	6.6	0.60	-	42.7	0.59	-
Scanlan	22.2	0.65		-	-	-	18.4	0.65	-	3.8	0.60	-
Longamundi	10.4	0.66		-	-	-	-	-	-	10.4	0.66	-
Legend	17.4	0.54		-	-	-	-	-	-	17.4	0.54	-
Great Southern	6.0	0.61		-	-	-	-	-	-	6.0	0.61	-
Caroline	3.6	0.53		-	-	-	-	-	-	3.6	0.53	-
Charlie Brown	0.7	0.40		-	-	-	-	-	-	0.7	0.40	-
Sub-total	136.7	0.61		27.0	0.68	-	25.0	0.64		84.7	0.59	-
TOTAL	**286.8**	**0.57**	**0.04**	**64.1**	**0.63**	**0.05**	**98.0**	**0.55**	**0.05**	**124.8**	**0.57**	**0.04**

Cloncurry Copper Project

Source information for tabulations of Resources (Tables 1 and 2)

The information on Resource Estimates in Tables 1 and 2 was prepared and first disclosed under the JORC Code 2004 Edition. It has been updated as estimates were made in accordance with the JORC 2012 Code. Those estimates disclosed under the JORC Code 2004 Edition comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Resource Estimates for the Little Eva and Turkey Creek deposits were disclosed in compliance with the 2012 JORC Code. Please see ASX releases of 27 May 2014 for Little Eva and 18 March 2015 for Turkey Creek.

All other Resource Estimates were disclosed in accordance with the JORC Code 2012 edition. See ASX release of 23 October 2007 and 26 July 2011 (Longamundi, Great Southern, Caroline and Charlie Brown), 23 April 2012 (Bedford, Ivy Ann and Lady Clayre), 03 July 2012 (Blackard and Scanlan), 22 August 2012 (Legend).

The Resource Estimate for Little Eva is reported above a 0.2% copper lower cut-off grade, all other Resource Estimates are reported above a 0.3% lower copper cut-off grade.

Source Information for tabulations of Reserves (Table 1)

The Ore Reserve estimates for Little Eva, Bedford, Lady Clayre and Ivy Ann were disclosed in the ASX release dated 14 May 2012 in accordance with the 2004 JORC Code. A subsequent ASX release in 13 March 2014 updated financial metrics based on these reserves. These estimates disclosed under the JORC Code 2004 Edition comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Ore Reserve estimate for Turkey Creek was disclosed in the ASX release dated 21 June 2016 in accordance with the 2012 JORC Code.

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

Exploration (Altona 100%)

Exploration tenure largely covers the extension of stratigraphy that hosts Altona's 1.65 million tonne contained copper Cloncurry Copper Project and MMG Limited's Dugald River mine containing 7.4 million tonnes of zinc, 1.14 million tonnes of lead and 64 million ounces of silver immediately to the north.

An exploration joint venture with Chinalco Yunnan Copper Resources Ltd was terminated during the year and the project was returned to Altona management.

Altona is focussed on generating new drill targets, optimising and better defining existing drill targets to delineate a program of exploration which may lead to the delineation of economic resources.

Exploration has been non-systematic due to history over more than 30 years with many prior operators over a patchwork of tenure. There is an extensive database with geochemical data, geophysics and drilling being compiled.

Cloncurry Copper Project

Testing of the targets flowing from data compilation and review is being conducted. The initial stage involves collecting detailed soil sampling coverage. A powerful new approach utilising a hand held XRF, which provides an exploration edge unavailable to past explorers, is being used on the base metal targets. The tool provides an ability to collect high resolution data cheaply with fast turn-around. The approach customised by Altona's exploration team was used successfully in the recent Turkey Creek copper deposit discovery.

The campaign to expand exploration activities beyond the proposed SRIG JV is delivering results with the recent identification of the Harvest and Hobby anomalies (refer to ASX release dated 1 August 2016).

Altona has also applied for 10 new Exploration Permits ("EPM's") covering an area of 1,868 square kilometres and are illustrated in Figure 1.

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

Finnish Projects and Environment

Finland

Two assets in Finland were excluded from the 2014 transaction with Boliden; the Hautalampi and Särkiniemi projects. Boliden terminated its option over the Hautalampi Project and the project was sold on 15 September 2016.

The Särkiniemi Project is held by Altona's wholly owned subsidiary Vulcan Kotalahti Oy. Efforts to secure a buyer for the Project were unsuccessful and Altona petitioned the Finnish courts to dissolve this company and return the mining tenements and their bonds to the government. The company has now been wound up.

Resource estimates for the Hautalampi deposit Finnish assets

Classification	Million tonnes	Copper (%)	Gold (g/t)	Zinc (%)	Cobalt (%)	Nickel (%)
Measured	1.03	0.47	-	0.06	0.13	0.47
Indicated	1.23	0.30	-	0.07	0.11	0.42
Inferred	0.90	0.30	-	0.10	0.10	0.40
Sub-total	3.16	0.36	-	0.08	0.11	0.43

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

Environmental regulations

In Australia, the Company carried out exploration activities which are subject to extensive environmental regulation and detailed environmental management plans. The residual Finland holdings are also subject to extensive environmental regulation. No exploration or mining activities were conducted on the Finnish properties during the period. During the financial year there has been no significant breach of these regulations or plans.

The Company 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 Company 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 Company intends to take as a result. The Company is currently only exploring within Australia and consequently has only minimal energy usage.

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

Commentary on Financial Results

Financial Position

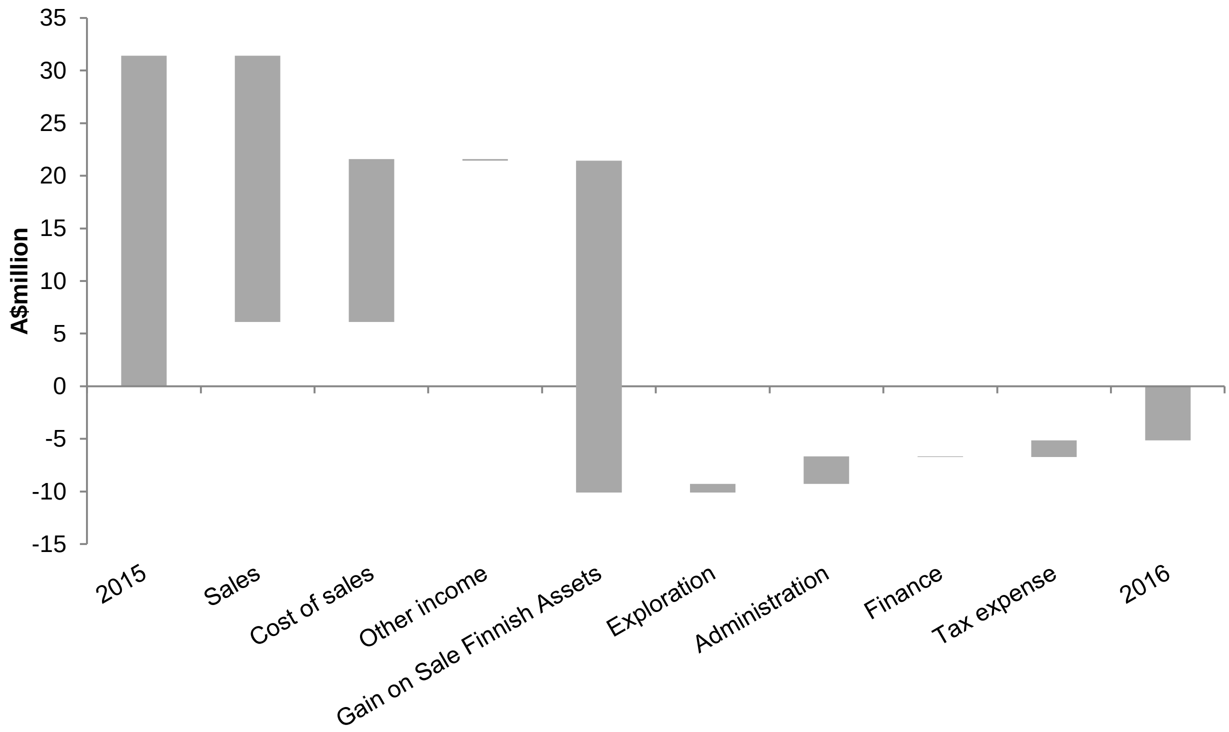
Profitability

This year is Altona's first full year of activities since selling its Finnish mining operations, and as a consequence recorded a loss after tax of $5.1 million for the year ended 30 June 2016, compared to a profit after tax of $31.4 million recorded in the year ended 30 June 2015.

It is pleasing to note that whilst significant time and cost has been invested in negotiating and documenting the proposed Cloncurry Project transaction with Sichuan Railway Investment Group, corporate and administration costs continue to fall on a year on year basis.

The following chart illustrates the impact the sale of the mining operations has had on Altona's reported profit for the current reporting period.

Comparison of profit after tax in FY2015 to profit after tax in FY2016



Revenue

Altona sole source of revenue for the current period is interest income from funds placed on deposit with major Australian Financial Institutions. Throughout the year, interest rates associated with funds on deposit have continued to decline, impacting on amount of revenue being generated.

Assets

As a consequence of the sale of Altona's mining operations in October 2014 and the subsequent return of A$80 million of the sale proceeds to shareholders in February 2015, Altona's total assets of $57.9 million predominantly comprise cash of $42.3 million at 30 June 2016 and interests in the tenements located in Queensland.

Commentary on Financial Results

Liabilities

As with the reduction in assets, Altona's liabilities have fallen significantly and reflect a company with simplified operations.

The net effect from the sale of the mining operations has been a simplification of Altona's Balance Sheet, placing it in a position of relative strength when compared to its peers.

Equity

As a consequence of the sale of the Finland operation and the return to shareholders of A$80 million, total equity reduced to A$61.8 million at 30 June 2015. Since that date, there have been no material transactions that have impacted on the group's Total Equity which now stands at $57 million.

Shareholder returns and delivering value

Share price performance in companies such as Altona is significantly influenced by external factors such as equity and commodity markets.

On 26 June 2015, the Company announced it had entered into a Framework Agreement with SRIG for the formation of a joint venture company to develop Altona's Cloncurry Project. This arrangement is intended to result in SRIG obtaining a 66% interest in the Cloncurry Joint Venture by funding US$213.5 million of the development costs. Altona will retain a 34% interest and fund US$25 million. There are a number of conditions which now need to be completed before the transaction can close. These conditions need to be satisfied or waived before 30 October 2016. Details of these conditions can be found in ASX announcement dated 2nd June 2016.

The share price at 30 June 2015 was A$0.14 and at close on 30 June 2016 was A$0.13.

Shareholder returns for the past five years are tabulated below.

	2015-16	2014-15	2013-14	2012-13	2011-12
Profit/(loss) (A$'000)	(5,131)	31,421	10,128	12,647	(25,046)
Basic earnings per share (cents)	(0.96)	5.88	1.90	2.40	(4.82)
Dividends paid (A$'000)	-	16,040	-	-	-
Return of capital (A$'000)	-	64,161	-	-	-
Share price (A$) as at 1 July	0.140	0.160	0.135	0.240	0.280
Share price (A$) as at 30 June	0.130	0.140	0.160	0.135	0.240

Profit/loss amounts for 2011-2016 have been calculated in accordance with Australian Accounting Standards, and the Company's policy of expensing exploration expenditure.

Dividends

No dividends have been paid or declared by the Company to members since the end of the previous financial year:

Declared and paid during the year 2015	Cents per share	Total amount $'000	Date of payment
Special unfranked dividend	3.0	16,040	12 February 2015
Equal capital return	12.0	64,161	12 February 2015

Commentary on Financial Results

Subsequent events and likely developments

Since the 30 June 2016, a number of condition precedents to the closing of the Cloncurry Project transaction have been satisfied. A number of contractual conditions remain outstanding and both Altona and SRIG are working toward the satisfaction of these conditions.

A list of the condition precedents to closing of the transaction are contained in Altona's ASX announcement of 2 June 2016. On 19 July 2016, Altona announced the condition precedent relating to the amendment of the environmental approvals had been satisfied.

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

Liquidity and capital resources

The principal source of liquidity as at 30 June 2016 is cash of A$42.3 million (2015: A$46.8 million) of which A$14 million (2015: A$46.5 million) has been placed on short term deposit with major banks, the balance is held in transaction cash accounts with major banks but also includes US$20.2 million. The United States Dollar funds have been set aside to satisfy Altona's contribution obligations under the Cloncurry Project Transaction with SRIG.

The Company has no borrowings.

Share capital

At 30 June 2016 Altona had 534,800,592 fully paid shares on issue and 9,776,800 unissued shares under share rights. During the year 122,000 ordinary shares were issued as a consequence of conditions relating to performance share rights being achieved. Since the end of the year ended 30 June 2016, 2,175,000 shares were issued as a consequence of conditions relating to performance share rights being achieved. In addition a further 1,817,400 performance share rights have been issued since 1 July 2016. These share rights have been issued to employees in accordance with the employee incentive scheme approved at the 26 November 2015 Annual General Meeting. These employee share rights are subject to satisfaction of performance hurdles which will be tested on 1 July 2019. If the relevant performance hurdles are not satisfied, the share rights will be cancelled and will not vest as ordinary shares.

Governance

Overview of Corporate Governance

Effective corporate governance is an important element which contributes to the long term success of Altona. By its very nature, effective corporate governance must respond to changes in Altona's business activities, its operating environment and expectations placed upon it by its owners.

Altona is committed to maintaining an effective and appropriate corporate governance structure.

Recently, Altona has undergone some significant changes in the size and natures of activities. These include:

- the sale of its overseas mining operations,
- the return of A$80 million dollars to shareholders,
- the proposed reduction of its interest in the Australian based Cloncurry Project with an objective of establishing an independent management team to answer to the Cloncurry Project owners,
- its retention of exploration interests to the south of the Cloncurry Project, and
- a reduction in its staffing levels to manage the new business profile.

As a consequence, the Board has reviewed Altona's existing governance structures and mechanisms, simplifying, and or eliminating those that are not currently applicable to its business activities.

The Remuneration, Nomination, Audit and Risk Committees' duties and obligations set out in the various Charters have been assumed by the Board for the time being. This results in those matters normally reserved for the committees to be considered by the Board as a whole. However, Mr Scudamore (Independent Non-Executive Director) leads matters relating to Risk and Audit, whilst Mr Hallam (Independent Non-Executive Director) leads matters relating to Remuneration and Nominations. The absorption by the board of these functions results in Altona no longer complying with a number of the principles contained within ASX Corporate Governance Principles and Recommendations. Details of non-compliance with these principles are set out below.

The Board will continue to monitor the company's activities and amend its corporate governance practices such that they are appropriate.

ASX Corporate Governance Statement

Altona considers that it has substantially met the best practice recommendations contained within the ASX Corporate Governance Council Principles and Recommendations 3rd Edition during the reporting period. Any departures from particular ASX Recommendations, the reasons for doing so, and the relevant periods are highlighted in the corresponding topics addressed within this report.

Governance

Compliance with ASX Corporate Governance Principles and Recommendations 3rd Edition

ASX Corporate Governance Council Recommendations Checklist		Page Reference	Compliance
Principle 1: Lay solid foundation for management oversight			
1.1	Companies should disclose respective roles and responsibilities of its board and management particularly those reserved for the board and delegated to management.	25	Yes
1.2	Companies should undertake appropriate checks prior to appointing a person, or putting forward to security holders a candidate for election as director. Company must provide material information to security holders to decide whether or not to elect as director.	32	Yes
1.3	Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	33	Yes
1.4	Company secretary should be accountable directly to the board through the Chairman on all matters to do with the proper functioning of the board.	26	Yes
1.5	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board and relevant committees of the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	19	No
1.6	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors and whether an evaluation was undertaken in the reporting period.	32	Yes
1.7	Companies should disclose the process for evaluating the performance of senior executives and whether an evaluation was undertaken in the reporting period.	32	Yes
Principle 2: Structure the board to add value			
2.1	The board should have a nomination committee that: ▪ has at least three members and consists of a majority of independent directors; ▪ is chaired by an independent director and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	20	No
2.2	Companies should disclose a board skills matrix setting out the mix of skills and diversity currently and in the future.	21	Yes
2.3	Companies should disclose: ▪ names of independent directors, ▪ if a director has an interest, position, association or relationship that might cause doubts about the independence of that director and the nature of interest, position, association or relationship in question and an explanation of why the board is of that opinion, and ▪ length of service of each director.	25	Yes
2.4	A majority of the company's board should be independent directors.	21	Yes
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the CEO.	21	Yes
2.6	Companies should have a program for inducting new directors and provide appropriate professional development opportunities to develop and maintain the skills and knowledge needed.	32	Yes

Governance

ASX Corporate Governance Council Recommendations Checklist		Page Reference	Compliance
Principle 3: Act ethically and responsibly			
3.1	Companies should establish a code of conduct for its directors, senior executives and employees and disclose the code or summary of the code.	26	Yes
Principle 4: Safeguard integrity in corporate reporting			
4.1	The board should establish an audit committee. The audit committee should be structured so that it: ▪ has at least three members and consists of a majority of independent directors; ▪ is chaired by an independent director who is not chair of the board and disclose; ▪ the charter of the committee; ▪ relevant qualifications and experience of the members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	20	No
4.2	Companies board should prior to approving the financial statements for a financial period, receive from its CEO and CFO a declaration that in their opinion, the financial records have been properly maintained and comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	29	Yes
4.3	Companies should at the AGM ensure attendance of the external auditor to answer questions from security holders relevant to the audit.	27	Yes
Principle 5: Make timely and balanced disclosure			
5.1	Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	27	Yes
Principle 6: Respect the rights of security holders			
6.1	Companies should provide information about itself and its governance to investors via its website.	21	Yes
6.2	Companies should design and implement an investor relations program to facilitate effective communication with investors.	27	Yes
6.3	Companies should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	27	Yes
6.4	Companies should give security holders the option to send and receive communications to the entity and its security registry electronically.	27	Yes
Principle 7: Recognise and manage risk			
7.1	The board should establish a risk committee. The risk committee should be structured so that it: ▪ has at least three members who are independent directors; ▪ is chaired by an independent director and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	20	No
7.2	A company's board or committee should review the risk management framework at least annually to satisfy itself that it is sound and disclose in each reporting period such a review has taken place	29	Yes
7.3	Company should disclose the role and structure of their internal audit function.	21	No
7.4	Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks.	28	Yes

Governance

ASX Corporate Governance Council Recommendations Checklist		Page Reference	Compliance
Principle 8: Remunerate fairly and responsibly			
8.1	The remuneration committee should be structured so that it: ▪ has at least three members and consists of a majority of independent directors; ▪ is chaired by an independent chair and disclose; ▪ the charter of the committee; ▪ disclose members of the committee; and ▪ number of times the committee met throughout the period and individual attendance of members at the meeting.	31	No
8.2	Companies should disclose the policies and practices regarding remuneration of non-executive directors, executive directors and senior executives.	35	Yes
8.3	Companies with equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose a policy or summary of it.	35	Yes

Discussion of variance from ASX Corporate Governance Principles and Recommendations 3rd Edition

Principal and Recommendation		Explanation for Departure
Principle 1: Lay solid foundation for management oversight		
1.5	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board and relevant committees of the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them	The Board has established a policy regarding diversity. The Company strives to be an equal opportunity employer and we will not discriminate against prospective employees based on non-skill related characteristics including gender. We pride ourselves on the diversity of our staff and encourage suitably qualified young people, women, people from cultural minorities and people with disabilities to apply for positions. We aim where possible to be flexible in working arrangements and to improve the skills of our people through training and education. To achieve our strategic objectives, we need to recruit, develop and retain a talented and motivated workforce operating in a physical and cultural environment where all employees feel comfortable, included and are valued. The Company has a small number of employees (seven), three of whom identify as female. Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation in such a small company.

Governance

<table>
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<tr><td colspan="3">Principle 2: Structure the board to add value</td></tr>
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▪ has at least three members and consists of a majority of independent directors;
▪ is chaired by an independent director and disclose;
▪ the charter of the committee;
▪ disclose members of the committee; and
▪ number of times the committee met throughout the period and individual attendance of members at the meeting.</td><td rowspan="3">As a consequence of the Non-Executive Board member's number falling to 3, the Remuneration and Nomination Committee role was assumed by the board in November 2015. The Company has retained the Remuneration and Nomination Committee Charter. This charter complies with ASX Corporate Governance Principles. Those matters contained in the charter are now considered by the board. Matters pertaining to the Nomination Charter are championed through the board by Independent Non-Executive Director Paul Hallam.</td></tr>
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▪ has at least three members and consists of a majority of independent directors;
▪ is chaired by an independent director who is not chair of the board and disclose;
▪ the charter of the committee;
▪ relevant qualifications and experience of the members of the committee; and
▪ number of times the committee met throughout the period and individual attendance of members at the meeting.</td><td rowspan="3">As a consequence of the Non-Executive Board member's number falling to 3, the Audit and Risk Committee role was assumed by the board in November 2015. The Company has retained the Audit and Risk Committee Charter. This charter complies with ASX Corporate Governance Principles. Those matters contained in the charter are now considered by the board. Matters pertaining to the Audit and Risk Charter are championed through the board by Independent Non-Executive Director Steve Scudamore.</td></tr>
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▪ has at least three members who are independent directors;
▪ is chaired by an independent director and disclose;
▪ the charter of the committee;
▪ disclose members of the committee; and
▪ number of times the committee met throughout the period and individual attendance of members at the meeting.</td></tr>
</table>

Governance

Principal and Recommendation		Explanation for Departure
7.3	Company should disclose the role and structure of their internal audit function.	Annually the Board considers the need to establish an independent internal audit function. The Board has determined that the size and nature of the business's activities do not currently justify the establishment of an independent audit function within the Company.

The following material is available for shareholder review in the "Corporate Governance" section of Altona's website, see www.altonamining.com:

- Assessing the Independence of Directors
- Audit and Risk Management Committee Charter
- Board Charter
- Code of Conduct
- Disclosure and Communications Policy
- Policy and Procedure for Selection and (Re)Appointment of Directors
- Policy on Compliance Procedures
- Policy on Diversity
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Process for Performance Evaluation of Directors and Executives
- Remuneration and Nomination Committee Charter
- Risk Management Policy
- Shareholder Communication
- Summary of Altona's Remuneration Policy
- Trading in Company Securities

Composition of the Board

There are four directors of the Company. The Non-Executive Chairman is Mr Kevin Maloney. When the board considers matters contained in the Audit and Risk Committee Charter, Mr Steve Scudamore champions those matters of business. When the Board considers matters contained in the Remuneration and Nomination Committee charters, Mr Paul Hallam leads those matters of business. Dr Alistair Cowden is the Managing Director and the Company Secretary is Mr Eric Hughes.

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

- A majority of independent non-executive directors.
- A majority of directors having extensive knowledge of the mining industry combined with expertise in auditing and financial reporting and risk management.
- A non-executive director as Chairman.
- Where there are sufficient directors to serve on committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities, then independent committees are established.
- Capability to enhance shareholder value and form our strategic objectives.
- A skill matrix which is disclosed on Altona web site.

Governance

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

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

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

Mr Maloney is a member of the Remuneration and Nomination Committee until the role of the committee was absorbed by the board.

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

Current: *HRL Holdings Limited (appointed 15 September 2014)*
THEMAC Resources Group Limited (Canadian listed entity) (appointed 2 September 2005)
Former: *The MAC Services Group Limited (appointed 5 June 1991, resigned 30 December 2010)*

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

Dr Cowden was founding Chairman of Vulcan Resources Limited in 2002 and subsequently Managing Director until the merger with Universal Resources Limited to form Altona Mining Limited in 2010 when he assumed the position of its Managing Director. Dr Cowden has held no other directorships of listed companies in the last three years.

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

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

Mr Peter Ingram BSc, FAusIMM, MGSA, FAICD (appointed 19 February 2010 Non-Executive Director, and Lead Independent Non-Executive Director 18 March 2013, resigned 26 November 2015)

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

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

Mr Ingram was a member of the Audit and Risk Management Committee and Remuneration and Nomination Committee prior to his resignation.

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

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

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

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

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

Mr Hallam is Chairman of the Remuneration and Nomination Committee until the role of the committee was assumed by the Board in November 2015.

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

Current: Gindalbie Metals Group Limited (appointed 13 December 2011)
Sandfire Resources NL (appointed 21 May 2013)
Tintina Resources Inc (Canadian listed entity) (appointed 10 October 2014)
Former: Enterprise Metals Limited (appointed 15 November 2011, resigned 13 May 2014)

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

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

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

Mr Scudamore was Chairman of the Audit and Risk Management Committee until the role of the committee was assumed by the Board in November 2015.

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

Current: Pilbara Minerals Limited (appointed 18 July 2016)
Former: Aquila Resources Limited (appointed 10 December 2012, resigned 7 June 2016)

Governance

Company Secretary and Officers

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

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

Directors' interests

As at 22 July 2016, the direct and indirect interests of the current directors in the shares and share rights of Altona were as follows:

Directors' shares and share rights

Director	Ordinary shares	Share rights
K. Maloney	35,348,000	-
A. Cowden	11,177,626	6,106,800
P. Hallam	100,000	-
S. Scudamore	350,000	-
	46,975,626	**6,106,800**

This combined shareholding represents 8.7% of the shares on issue. There are no options on issue.

Meetings

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

Up until November 2015 the Board maintained two committees; a Remuneration and Nomination Committee and an Audit and Risk Management Committee. As the number of non-executive directors fell from five to four, the roles of the committees were assumed by the board until such time as reestablishment of the committees is warranted.

Tabulation of directors' meetings and attendance

Director	Board		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
K. Maloney	11	11	-	-	-	-
A. Cowden	10	10	-	-	-	-
P. Ingram	5	5	1	1	-	-
P. Hallam	11	11	1	1	-	-
S. Scudamore	11	11	1	1	-	-

Governance

Independence

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

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

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

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

The role of the Board

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

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

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

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

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

Governance

The Company Secretary is directly accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board.

The Company Secretary is also responsible for ensuring the Board procedures are complied with and advising the Board of governance matters. All directors have access to the Company Secretary for advice and support services as required.

Evaluating board and committee performance

The Board and each of its primary Committees have established a process to evaluate their performance, operation and effectiveness. At the conclusion of each meeting the board sets aside time to review the performance of each meeting. The Board also engages external advisors from time to time to conduct a review of its performance. Annually the board sets aside time to review its performance and composition.

Indemnification and insurance of directors, officers and auditors

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

Ethical standards

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

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

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

Conflict of interest

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

Where the Board believes that a significant conflict exists for a director on a board matter, the director concerned is not present at the meeting whilst the item is considered. Details of director related transactions are set out in Note 17 to the financial statements.

Governance

Trading in Altona shares by directors and employees

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

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

Communication with shareholders

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

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

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

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

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

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

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

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

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

Governance

Diversity

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

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

Gender composition

	30 June 2016		30 June 2015	
	Female	**Male**	**Female**	**Male**
Board	-	100%	-	100%
Senior Executive	-	100%	-	100%
Whole of Company	27%	73%	25%	75%

The Senior Executive comprises the Managing Director and Chief Financial Officer as at 30 June 2016. As Altona has few employees, the percentage comparison in these circumstances is not an appropriate measure.

Sustainability Risks

Altona has considered its exposure to economic, environmental and social sustainability risks and has concluded these risks to be immaterial at this point in time.

Audit and Risk Management

How the Audit and Risk Management Committee operates

The Committee operated up until November 2015. Subsequently to that time the board has assumed the responsibilities set out below. The following commentary is made in the context of the period up until the end of November 2015.

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

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

The external auditors, the Managing Director and the Chief Financial Officer are invited to committee meetings at the discretion of the Committee. The Committee met once during the year. Committee members' attendance is disclosed in the table of directors' meetings on page 24.

The Managing Director and the Chief Financial Officer declared in writing to the Board that, for the financial year ended 30 June 2016 the financial records of the Company have been properly maintained and the Company's financial reports comply with accounting standards and present a true and fair view of the Company's financial conditions and operational results. This statement is provided annually.

The responsibilities of the Committee include:

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

Audit and Risk Management

Altona's approach to risk management

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

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

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

Material business risks may arise from such matters as government policy change, commodity price movements, exchange rate movements, price of raw materials, occupational health and safety and environment. The Board has an Oversight Group which manages risks in accordance with Altona's Financial and Commodity Risk Management and Hedging Policy. The Oversight Group comprises the Chairman of the Board, one Non-Executive Director, Managing Director and Chief Financial Officer. The Group meets as required. This group has not met since the sale of the Finland operations to Boliden on 30 September 2014.

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

Treasury and risk management

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

The comments that follow largely relate to risk associated with copper, gold and zinc sales. The Company is no longer producing these commodities following the sale of its Finnish assets.

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

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

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

Remuneration Report

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

Having successfully sold its mining operations in Finland and returned A$80 million of the sales proceeds to shareholders, the Company focussed on realising value from its Australian Cloncurry Project. As a consequence of the change in size and complexity of the business, directors and senior executives volunteered a reduction in salaries with effect from December 2014. In June 2015 the Company announced an agreement with SRIG which will unlock the value contained in the Cloncurry Project for the benefit of shareholders.

However, all senior executive Long Term Incentives (share rights) which were tested on 1 July 2015 were cancelled as they failed the respective tests of:

- Realisation of value from the Cloncurry Project before 1 July 2015. The Cloncurry Project contract with SRIG is to be finalised after that date, and secondly;
- Long Term Incentive benchmarked against share performance which were tested on 1 July 2015 were cancelled as the test did not take into consideration the A$80 million returned to shareholders.

Key management personnel

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

Directors

Mr Kevin Maloney	Non-Executive Chairman
Dr Alistair Cowden	Managing Director (Executive)
Mr Peter Ingram	Non-Executive Director (resigned 26 November 2015)
Mr Paul Hallam	Non-Executive Director
Mr Stephen Scudamore	Non-Executive Director

Senior Executives

Mr Eric Hughes	Chief Financial Officer/Company Secretary

Former Executives

Dr Iain Scott	Chief Operating Officer (to 15 April 2015)
Mr Antti Pihko	Managing Director Finland (1 February 2014 to 30 September 2014)

Due to the sale of the Finnish assets Mr Pihko's tenure with Altona Mining Limited ceased on 30 September 2014 and Dr Scott's role was made redundant on 15 April 2015.

Remuneration and Nomination Committee

The Committee operated up until November 2015. Subsequently to that time the board has assumed the responsibilities set out below. The following commentary is made in the context of the operation of the committee up until the end of November 2015.

Remuneration Report

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

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

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

The Committee is responsible for the development of a process for evaluation of the performance of the Board, its committees, the Managing Director and the Senior Executive. Findings from these annual performance reviews are reported to the Board. Performance reviews were completed in FY2016 in line with the Company's performance evaluation procedures.

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

As the Committee responsibilities were assumed by the Board in November 2015 it did not meet this financial year. The committee members' attendance record is disclosed in the table of directors' meetings on page 24.

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

The Committee reviews its performance on an annual basis and reports its findings to the Board. During the 2013-14 year the Board engaged an external consultant to conduct a review of the Board and it's Committees' performance. Findings from the review were discussed by the Committee and Board, measures put in place, and monitoring scheduled.

Remuneration Policy

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

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

Remuneration Report

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

Executive employment contracts

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

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

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

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

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

Subject to the Short Term Incentive Plan rules as amended by the Company from time to time, the Managing Director will be eligible to receive a bonus payment in respect of each financial year of his employment subject to his continuous employment through the relevant financial year, achievement of his individual key performance indicators, and market conditions.

In addition, he may receive a long term incentive grant during each year of his employment subject to the Company's Employee Awards Plan rules. At the Board's discretion, the grant may be awarded in performance share rights and/or options over the Company's shares and/or other similar securities. An award of performance share rights to the Managing Director is subject to shareholder approval.

Remuneration structure

Executive remuneration includes a mix of the following:

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

Performance linked remuneration comprises both short term incentives ("STIs") and long term incentives ("LTIs") which are both 'at risk' incentives. They are designed to reward key management personnel for meeting or exceeding their personal objectives or KPIs. The STI is provided in the form of cash, while the LTI is provided as share rights or options over ordinary shares of the Company under the rules of the Employee Award Plan as approved by shareholders.

The performance linked component of remuneration resulted in a reduction of the Managing Director and Senior Executives remuneration package for the 2016 year when calculated in accordance with relevant accounting standards. Whilst in 2015 it comprised between 18.4% and 49.7% of the combination of salary plus the statutory value of LTIs (not cash) to the Managing Director and the Senior Executive. Please note that statutory value does not relate to market value of any incentive available or indicate that it is capable of being realised by the executive.

Fixed remuneration

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

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

Short term incentives

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

The KPIs for the Managing Director and Senior Executive include measures relating to individual and corporate performance and are aligned to Altona's strategy and achievement of performance objectives. For the year ended 30 June 2016, the maximum percentage of base remuneration that the Senior Executive, other than the Managing Director, could receive as an STI was 30%. For the Managing Director, the maximum percentage was 40%.

The FY2015 performance measures and respective allocations for the Managing Director were: safety (30%), environment (10%), business performance target (14%), Outokumpu target (26%) and Little Eva target (20%). Similar targets were also set for the Senior Executive. No short term incentive targets were set for 2016 other than the delivery of value from the Cloncurry Project. The Board considered the performance measures to be appropriate as they aligned with the Company's strategic objectives.

At the end of the financial year the Remuneration and Nomination Committee assesses the performance of the Managing Director and Senior Executive against the KPI's that were set at the beginning for the year. The remuneration policy provides guidelines for the board in awarding short term incentives, were a portion of the pre-determined maximum amount is awarded depending on the results achieved. In FY2016 the Board determined that no short term incentive would be awarded. The Board took an alternative approach whereby should the transaction with the Sichuan Railway and Investment Group be successfully completed a bonus may be awarded in FY2017.

Whilst the Committee was active, it was responsible for recommending to the Board the incentive to be paid to the Managing Director and the Senior Executive, and the Managing Director recommended to the Remuneration and Nomination Committee payments to other employees.

Long term incentives

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

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

LTIs can include share rights or options as detailed in the Employee Awards Plan. Share rights or options are issued for no consideration and the vesting of the benefits are conditional on achieving specific measurable performance hurdles that are aligned with Altona's strategic objectives. No share rights were awarded to the Managing Director and the Senior Executive in 2015. Share rights awarded to the Managing Director and the senior executives in 2016 are subject to a Total Shareholder Return criteria of Outperforming the ASX Small Resources XSR index by 25% in the period 1/07/2015 to 30/06/2018.

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

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

In November 2015, Shareholders approved the formula to calculate the number of share rights to be awarded to Dr Alistair Cowden for the year ended 30 June 2016. This resulted in 3,856,800 share rights being awarded to Dr Cowden during the period ended 30 June 2016.

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

No options were issued or vested during the reporting period, and there are no options on issue. 6,034,194 share rights were cancelled during the year. Of the cancelled share rights, 2,443,888 vested having met their relevant performance hurdles.

Prohibition on trading

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

Non-executive director remuneration

The total remuneration available to remunerate non-executive directors as approved by shareholders at the 2012 Annual General Meeting is not to exceed $750,000 per annum. The level of actual remuneration paid is determined by reference to data on fees paid to non-executive directors of comparable companies and by taking into account the scope and extent of the Company's operations. From 1 December 2014 base fees for the reporting period were reduced from $157,500 to $90,000 per annum for the Chairman of the Board and for non-executive directors base fees were reduced from $78,750 to $60,000.

During the year, each of the Chairmen of the Audit and Risk Management Committee and Remuneration and Nomination Committee received an additional fee of $5,000 per annum.

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

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

Remuneration Report

Additional disclosures relating to remuneration

Cash value of earnings realised for continuing executives

The productivity Commission, in its Report on Executive Remuneration in Australia, noted that the usefulness of remuneration reports to investors was diminished by complexity and omissions, and in particular recommended that the report should include reporting of pay actually realised by the executives named in the report. The following table shows the cash value of earnings realised by those executives who are continuing with the Company post the sale of the Finland operations. The Company believes that the additional information provided in the table below is useful to investors.

	Fixed Remuneration(1) ($)	Short Term Incentive ($)	Long Term Incentive ($)	Total ($)
Alistair Cowden - 2016	435,326	-	-	435,326
Eric Hughes - 2016	320,892	-	-	320,892

(1) Fixed Remuneration excludes minimum Superannuation Guarantee Levy required to be paid under relevant legislation.

Remuneration Report

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

	Salary and fees ($)	STI cash payment [1] ($)	Termination benefits ($)	Superannuation and pension contributions ($)	Other non-monetary benefits [2] ($)	Total cash and non-monetary benefits ($)
2016						
Non-Executive Directors						
K. Maloney	82,192	-	-	7,808	-	**90,000**
P. Ingram [5]	22,831	-	-	2,169	-	**25,000**
P. Hallam	59,361	-	-	5,639	-	**65,000**
S. Scudamore	59,361	-	-	5,639	-	**65,000**
Executive Director						
A. Cowden	435,326	-	-	19,308	8,279	**462,913**
Executives						
E. Hughes	320,892	-	-	19,308	7,341	**347,541**
Total	**979,963**	**-**	**-**	**59,871**	**15,620**	**1,055,454**
2015						
Non-Executive Directors						
K. Maloney	107,877	-	-	10,248	-	**118,125**
P. Ingram	61,929	-	-	5,883	-	**67,812**
P. Hallam	71,252	-	-	6,769	-	**78,021**
S. Scudamore	71,252	-	-	6,769	-	**78,021**
Executive Director						
A. Cowden	485,479	200,000	-	18,783	7,893	**712,155**
Executives						
I. Scott [4]	207,046	100,000	157,966	13,298	7,432	**485,742**
E. Hughes	337,167	100,000	-	18,783	6,950	**462,900**
A. Pihko [3]	71,845	21,579	-	5,065	-	**98,489**
Total	**1,413,847**	**421,579**	**157,966**	**85,598**	**22,275**	**2,101,265**

(1) The short term incentive payment methodology is given on page 34.

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

(3) Became a KMP from 1 February 2014. Ceased being KMP 1 October 2014.

(4) Position made redundant 15 April 2015.

(5) Resigned 26 November 2015.

Remuneration Report

The values shown in the following table are required to be calculated in accordance with Australian Accounting Standards. The Directors believe they do not provide guidance on actual remuneration received. The value shown for share rights or options is not equivalent to the value assessed by the Australian Taxation Office, or to any value that may or may not be ultimately realised. No termination benefits were received by key management personnel during 2016.

Total remuneration of key management personnel

	Total cash and non-monetary benefits ($)	Options and share rights ($)	Long service leave provision ($)	Total ($)	Value of equity compensation (%)	Performance related [1] (%)
2016						
Non-Executive Directors						
K. Maloney	90,000	-	-	**90,000**	-	-
P. Ingram [5]	25,000	-	-	**25,000**	-	-
P. Hallam	65,000	-	-	**65,000**	-	-
S. Scudamore	65,000	-	-	**65,000**	-	-
Executive Director						
A. Cowden [4]	462,912	(65,832)	11,005	**408,085**	[3]	[3]
Executives						
E. Hughes [4]	347,541	(29,034)	6,251	**324,758**	[3]	[3]
	1,055,453	**(94,866)**	**17,256**	**977,843**	[3]	[3]
2015						
Non-Executive Directors						
K. Maloney	118,125	-	-	**118,125**	-	-
P. Ingram	67,812	-	-	**67,812**	-	-
P. Hallam	78,021	-	-	**78,021**	-	-
S. Scudamore	78,021	-	-	**78,021**	-	-
Executive Director						
A. Cowden	712,155	308,684	2,126	**1,022,965**	30.2	49.7
Executives						
I. Scott	485,742	136,087	-	**621,829**	21.9	38.0
E. Hughes	462,900	131,993	7,534	**602,427**	21.9	38.5
A. Pihko [2]	98,489	(4,264)	-	**94,225**	[3]	18.4
	2,101,265	**572,500**	**9,660**	**2,683,425**	**21.4**	**37.1**

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

(2) From 1 February 2014. Mr Pihko did not receive any payments for agreeing to hold the position of Managing Director Finland, prior to commencing employment. The negative option and share rights amount represents a cancellation of LTIs.

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

(4) The negative option and share rights amount represents the cancellation of LTIs relating to Dr Cowden and Mr Hughes.

(5) Resigned 26 November 2015.

Vesting profile of short term incentives to key management personnel

	Included in remuneration ($)	Vested in year (%)	Forfeited in year (%)
Executive Director			
A. Cowden	-	-	-
Executives			
E. Hughes	-	-	-

Vesting profile of share rights granted to key management personnel

	Number	Grant date	Vested in year (%)	Forfeit -ed in year (%)	Dates at which share rights are to be tested					
					Any date between 1/7/2013 & 1/07/2015	Any date between 1/7/2014 & 1/07/2016	1 July 2015	1 July 2016	1 July 2017	1 July 2018
Executive Director										
A. Cowden	1,250,001	21/11/2012	-	100%	25%	-	75%	-	-	-
A. Cowden	2,250,000	01/08/2013	-	-	-	33%	-	67%	-	-
A. Cowden	3,856,800	27/01/2016	-	-	-	-	-	-	50%	50%
Executives										
E. Hughes	630,000	06/12/2012	-	100%	25%	-	75%	-	-	-
E. Hughes	750,000	26/07/2013	-	-	-	33%	-	67%	-	-
E. Hughes	1,815,000	27/01/2016	-	-	-	-	-	-	50%	50%

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

Share rights vested or granted to key management personnel during 2016

	Number of share rights granted	Grant date	Fair value per share right at grant date[1] ($)	Expiry date	Number of share rights vested
Executive Director					
A. Cowden	3,856,800	27/01/2016	0.053	1 July 2018	-
Executives					
E. Hughes	1,815,000	27/01/2016	0.053	1 July 2018	-

[1] *Fair value is calculated in accordance with accounting standards.*

Value of share rights granted to key management personnel

	Granted in year ($)	Vested in year[1] ($)	Lapsed in year ($)
Executive Director			
A. Cowden	204,410	-	249,908
Executives			
E. Hughes	96,195	-	107,900

[1] *These amounts are calculated in accordance with accounting standards.*

Equity instruments held by key management personnel

Shareholdings

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

Name	Balance at start of year	Acquired during the year	Other changes	Balance at end of year
2016				
Directors				
K. Maloney	35,348,000	-	-	35,348,000
A. Cowden	11,177,626	-	-	11,177,626
P. Ingram [(1)]	1,219,662	-	(1,219,662)	-
P. Hallam	100,000	-	-	100,000
S. Scudamore	200,000	150,000	-	350,000
Key management personnel				
E. Hughes	3,580,000	-	-	3,580,000
2015				
Directors				
K. Maloney	35,348,000	-	-	35,348,000
A. Cowden	10,010,960	1,166,666	-	11,177,626
P. Ingram	1,219,662	-	-	1,219,662
P. Hallam	100,000	-	-	100,000
S. Scudamore	200,000	-	-	200,000
Key management personnel				
I. Scott	2,634,924	472,222	(82,962)	3,024,184
E. Hughes	3,120,000	460,000	-	3,580,000
A. Pihko	-	-	-	-

[(1)] *Resigned 26 November 2015.*

Option holdings

No director currently holds options in the Company.

Share right holdings

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

Name	Balance at start of year	Granted during the year	Vested during the year	Expired during the year	Balance at end of year
2016					
Directors					
A. Cowden	3,500,001	3,856,800	-	(1,250,001)	6,106,800
Key management personnel					
E. Hughes	1,380,000	1,815,000	-	(630,000)	2,565,000
2015					
Directors					
A. Cowden	4,666,667	-	(1,166,666)	-	3,500,001
Key management personnel					
I. Scott	1,888,888	-	(472,222)	-	1,416,666
E. Hughes	1,840,000	-	(460,000)	-	1,380,000
J. Vesanto[(1)]	1,558,334	-	-	(1,558,334)	-
A. Pihko[(1)]	1,000,000	-	-	(1,000,000)	-

No share rights were held by any other Director.

Loans to key management personnel

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

Statutory Representation

Basis for reporting

The directors present their report together with the consolidated financial statements of the Group comprising of Altona Mining Limited (the Company), and its subsidiaries for the financial year ended 30 June 2016 and the auditor's report thereon.

Non-audit services

The Company's auditor is Deloitte. No non-audit services were provided by Deloitte during the current financial year. For the previous year, the Board considered the non-audit services that were provided by the auditor and, in accordance with written advice provided by the Audit and Risk Management Committee, was satisfied that the provision of those services during the previous year by the auditor is compatible with, and did not compromise, the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

Payments to auditors

	2016 ($)	2015 ($)
Audit and review services		
Auditors of the Company - Deloitte		
Audit and review of financial statements	46,625	70,543
Audit and review of financial statements (Network firms)	-	33,282
Other services		
Auditors of the Company - Deloitte		
In relation to other assurance, taxation and due diligence services	-	40,771
Tax compliance services (Network firm)	-	-

Lead auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 87 and forms part of the Directors' Report for the financial year ended 30 June 2016.

Rounding off

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and in accordance with that Legislative Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Statutory Representation

Director's resolution

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

Mr Kevin Maloney
Chairman

Dated: 29th September 2016

Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Continuing operations			
Other income/(loss)		39	(90)
Interest income		1,157	1,552
Foreign exchange gain		261	326
Exploration and evaluation expenditure	7(a)	(3,189)	(3,940)
Administration expense	7(b)	(3,392)	(4,970)
Finance expense		(7)	(594)
Loss before tax from continuing operations		(5,131)	(7,716)
Income tax expense	8(a)	-	-
Loss after tax from continuing operations		(5,131)	(7,716)
Profit from discontinued operations, after tax	4(a)	-	39,137
Profit after income tax for the year attributable to owners of the Group		**(5,131)**	**31,421**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(163)	(1,238)
Total other comprehensive income for the year, net of tax		(163)	(1,238)
Total comprehensive profit for the year attributable to owners of the Group		**(5,294)**	**30,183**
Earnings per share – continuing operations only			
Basic earnings per share (cents)	6	(0.96)	(1.44)
Diluted earnings loss per share (cents)	6	(0.96)	(1.44)
Earnings per share			
Basic earnings per share (cents)	6	(0.96)	5.88
Diluted earnings per share (cents)	6	(0.96)	5.78

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

Financial Statements

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	23(a)	42,280	46,838
Trade and other receivables	9	120	159
Other assets		342	300
Total current assets		42,742	47,297
Non-current assets			
Property, plant and equipment	10	80	163
Exploration and evaluation assets	11	14,685	14,854
Security deposits		393	469
Total non-current assets		15,158	15,486
Total assets		**57,900**	**62,783**
Current liabilities			
Trade and other payables	12	415	386
Provisions	13	168	163
Total current liabilities		583	549
Non-current liabilities			
Provisions	13	312	455
Total non-current liabilities		312	455
Total liabilities		**895**	**1,004**
Net assets		**57,005**	**61,779**
Equity			
Contributed equity	14(a)	94,126	94,123
Reserves	15	(10,388)	(9,999)
Accumulated losses	16	(26,733)	(22,345)
Total equity		**57,005**	**61,779**

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

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		-	24,997
Payments to suppliers and employees		(3,131)	(20,963)
Payments for exploration and evaluation		(2,968)	(3,757)
Payments for security deposits		(110)	(288)
Interest and finance costs		(7)	(622)
Net GST / VAT cashflows		(6)	1,684
Other			223
Net cash (used in)/from operating activities	23(b)	(6,222)	1,274
Cash flows from investing activities			
Interest received		1,214	1,808
Payments for property, plant and equipment and mine development		(6)	(5,013)
Proceeds from sale of discontinued operation, net of transaction costs		-	111,118
Net cash from investing activities		1,208	107,913
Cash flows from financing activities			
Return of capital		-	(64,162)
Dividend paid		-	(16,040)
Payment for finance leases		-	(128)
Net cash used in financing activities		-	(80,330)
Net (decrease)/increase in cash and cash equivalents		(5,014)	28,857
Cash and cash equivalents at the beginning of the financial year		46,838	18,076
Effects of exchange rate changes on cash and cash equivalents		456	(95)
Cash and cash equivalents at the end of the financial year	23(a)	**42,280**	**46,838**

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

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Contributed equity $'000	Reserves $'000	Profits reserve $'000	Accumulated losses $'000	Total equity $'000
At 1 July 2015	**94,124**	**6,041**	**(16,040)**	**(22,346)**	**61,779**
Loss for the period	-	-	-	(5,131)	(5,131)
Foreign currency translation	-	(163)	-	-	(163)
Total comprehensive income	-	(163)	-	(5,131)	(5,294)
Share issue costs	(2)	-	-	-	(2)
Share based payments expense		204			204
Share based payments expired	-	(430)	-	430	-
Disposal of subsidiary	4	-	-	314	318
At 30 June 2016	**94,126**	**5,652**	**(16,040)**	**(26,733)**	**57,005**
At 1 July 2014	**158,290**	**14,207**	**-**	**(53,767)**	**118,730**
Profit for the period	-	-	-	31,421	31,421
Foreign currency translation	-	(9,057)	-	-	(9,057)
Change in value of available-for-sale investments	-	630	-	-	630
Total comprehensive income	-	(8,427)	-	31,421	22,994
Share issue costs	(5)	-	-	-	(5)
Return of capital	(64,161)	-	-	-	(64,161)
Dividends paid	-	-	(16,040)	-	(16,040)
Share based payments	-	261	-	-	261
At 30 June 2015	**94,124**	**6,041**	**(16,040)**	**(22,346)**	**61,779**

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

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1 (a) Basis of preparation of the financial statements

Going concern

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

Compliance with Accounting Standards

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

The consolidated financial statements of Altona Mining Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements were authorised for issue by the Board of Directors on 29 September 2016.

Basis of measurement

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

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

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

Critical accounting estimates and significant judgements

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

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

Principles of consolidation

Subsidiaries

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

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

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

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

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

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

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

1 (b) Segment reporting

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

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

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

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

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

1 (c) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

1 (d) Revenue recognition

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

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

1 (e) Finance income and expense

Finance income

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

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

Finance expense

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

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

1 (f) Income tax

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

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

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

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

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

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

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

1 (g) Leases

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

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

1 (h) Impairment of assets

Financial assets

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

Non-financial assets

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

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

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

1 (i) Non derivative financial instruments

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Available-for-sale financial assets

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

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

Loans and borrowings

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

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

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

1 (j) Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

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

Derivatives that do not qualify for hedge accounting

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

1 (k) Fair value estimation

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

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

1 (l) Property, plant and equipment

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

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

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

Land and buildings

Freehold land is not depreciated.

Mine properties and development

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

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

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

Ore processing equipment

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

Depreciation

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

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

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

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

1 (m) Inventories

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

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

1 (n) Restoration and rehabilitation provision

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

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

A corresponding asset is booked within Property, plant and equipment for mining assets and exploration and evaluation assets, and is depreciated on the basis of the current estimate of the useful life of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

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

1 (o) Trade and other payables

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

1 (p) Employee benefits

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

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

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

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

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

1 (q) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

1 (r) Financial instruments issued by the Group

Debt and equity instruments

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

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

Interest and dividends

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

Notes to the Financial Statements

1 (s) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

1 (t) Exploration and evaluation expenditure

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

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

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

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

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

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

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

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

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

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

1 (v) Comparative figures

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

1 (w) Rounding off

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated. Corporations Instrument 2016/191 replaces Class Order 98/100, which was repealed on 1 April 2016. This change in reference does not affect the information stated in the reports.

Notes to the Financial Statements

1 (x) New accounting standards and interpretations

At the date of authorisation of the financial statements certain new Australian Accounting Standards and Interpretations have been issued that are not mandatory for financial reporting years ended on 30 June 2016, as described below.

Affected standards and interpretations	Effective for annual reporting periods beginning on or after	Mandatory application date for Group
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

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

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

2 (a) Impairment of assets

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

2 (b) Mine properties and development

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

Judgement is required as to the criteria chosen to assess this.

2 (c) Share-based payments

The Group measures the cost of equity settled transactions with eligible persons by reference to the value of equity instruments at the date at which they are granted. In the case of share options granted, the value is determined by an external valuer using a pricing model, using the assumptions detailed in Note 24.

NOTE 3 SEGMENT INFORMATION

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

Notes to the Financial Statements

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

The Outokumpu project segment was disposed of on 1 October 2014. See Note 5 for more details.

3 (a) Details of operating segments of the Group for the year ended 30 June 2016

	Note	Australian projects $'000	Outokumpu project $'000	Finnish projects $'000	Unallocated $'000	Total $'000
Revenue						
Concentrate sales		-	-	-	-	-
Interest income		-	-	-	1,157	1,157
Other income		-	-	-	39	39
Total revenue		**-**	**-**	**-**	**1,196**	**1,196**
Material items of expense						
Corporate Administration		-	-	-	(3,125)	(3,125)
Exploration & evaluation		(2,988)	-	-	-	(2,988)
Depreciation & amortisation		(27)	-	-	(63)	(90)
Share based payments		-	-	-	(204)	(204)
Impairment of assets		-	-	(174)	-	(174)
Net finance income/expense		-	-	-	254	254
Segment result before tax	3 (c)	(3,015)	-	(174)	(1,942)	(5,131)
Income tax expense		-	-	-	-	-
Profit after tax as per statement of comprehensive income						**(5,131)**
Total assets as at 30 June	3 (d)	15,040	-	72	42,788	57,900
Capital expenditure		4	-	-	3	7
Total liabilities as at 30 June		148	-	184	563	895

Notes to the Financial Statements

3 (b) Details of operating segments of the Group for the year ended 30 June 2015

	Note	Australian projects $'000	Outokumpu project [1] $'000	Finnish projects $'000	Unallocated $'000	Total $'000
Revenue						
Concentrate sales		-	25,327	-	-	25,327
Interest income		-	-	-	1,957	1,957
Other income/(expense)		-	182	-	31,386	31,568
Total revenue		**-**	**25,509**	**-**	**33,343**	**58,852**
Material items of expense						
Exploration & evaluation		(3,532)	(104)	-	-	(3,636)
Depreciation & amortisation		(63)	(3,643)	-	(166)	(3,872)
Share based payments		-	-	-	(261)	(261)
Net finance expense		-	(1)	-	(419)	(420)
Segment result before tax	3 (c)	(3,595)	8,929	(345)	28,011	33,000
Income tax expense	8	-	(1,579)	-	-	(1,579)
Profit after tax as per statement of comprehensive income						**31,421**
Total assets as at 30 June	3 (d)	15,013	-	413	47,357	62,783
Capital expenditure		-	5,233	-	10	5,243
Total liabilities as at 30 June		420		316	514	1,004

[1] *Outokumpu segment results are to 30 September 2014.*

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

	Note	Australian projects $'000	Outokumpu project $'000	Finnish projects $'000	Unallocated $'000	Total $'000
30 June 2016						
Segment result		(3,015)	-	(174)	(1,942)	(5,131)
Interest income		-	-	-	(1,157)	(1,157)
Interest and other finance expenses		-	-	-	7	7
Foreign exchange gain		-	-	-	(261)	(261)
Segment EBIT		**(3,015)**	**-**	**(174)**	**(3,353)**	**(6,542)**
30 June 2015						
Segment result		(3,595)	8,929	(345)	28,011	33,000
Interest income		-	-	-	(1,957)	(1,957)
Interest and other finance expenses		-	72	-	594	666
Foreign exchange gain		-	(71)	-	(268)	(339)
Segment EBIT		**(3,595)**	**8,930**	**(345)**	**26,380**	**31,370**

Notes to the Financial Statements

3 (d) Unallocated assets consist of the following:

	2016 $'000	2015 $'000
Cash and cash equivalents	42,280	46,838
Property, plant and equipment	46	59
Other receivables	120	159
Other assets	342	301
	42,788	**47,357**

NOTE 4 DISCONTINUED OPERATION

On 8 July 2014, the Group announced that it had entered into a Share Purchase Agreement ("SPA") with Boliden Mineral AB (Publ) ("Boliden") for the sale of the Group's Finnish mining operations and certain exploration properties for total proceeds of US$95 million plus working capital adjustment. The Boliden Transaction was completed on 1 October 2014 for approximately $A112 million.

The assets disposed comprised the Outokumpu project segment, and part of the Finnish projects segment. Altona will retain the Hautalampi Project near Outokumpu but has granted Boliden an option to either mine the Hautalampi deposit in exchange for payment of a 2% Net Smelter Royalty or to purchase the project outright for US$3 million. The option was terminated by Boliden in April 2016.

The Boliden transaction was effected through the sale of the shares in Kuhmo Nickel Limited. Kylylahti Copper Oy, Vulcan Exploration BV and Kuhmo Metals Oy were also included in the assets disposed and the subsidiaries were deconsolidated using an effective date of 30 September 2014. The results for the discontinued operation presented are from 1 July 2014 to 30 September 2014.

	Note	2016 $'000	2015 $'000
4 (a) Result from discontinued operation			
Profit after tax from discontinued operation	4(b)	-	7,661
Gain recognised on disposal	4(e)	-	31,476
Profit from discontinued operation, net of tax		**-**	**39,137**
4 (b) Profit after tax from discontinued operation			
Revenue		-	25,327
Cost of sales		-	(15,480)
Other income		-	182
Other expenses		-	(1,135)
Net finance income		-	346
Income tax expense	8(b)	-	(1,579)
Profit after tax from discontinued operations		**-**	**7,661**
4 (c) Cashflows from/(used in) discontinued operation			
Net cash from operating activities		-	10,378
Net cash used in investing activities		-	(4,982)
Net cash used in financing activities		-	(128)
		-	**5,268**

Notes to the Financial Statements

	Note	2016 $'000	2015 $'000
4 (d) Carrying amount of net assets sold			
Trade and other receivables		-	8,130
Available for sale financial assets		-	154
Inventories		-	4,577
Other current assets		-	278
Property, plant and equipment		-	85,442
Deferred tax asset		-	2,914
Security deposits		-	2,060
Trade and other payables		-	(8,344)
Interest-bearing liabilities		-	(2,879)
Provisions		-	(4,837)
Carrying amount of net assets sold		**-**	**87,495**
4 (e) Gain recognised on disposal			
Total sale consideration received in cash		-	112,391
Less: carrying amount of net assets sold	4 (d)	-	(87,495)
Direct transaction costs		-	(1,529)
Accumulated reserves realised and transferred to Profit and Loss on disposal		-	8,109
Gain on disposal after income tax		**-**	**31,476**

NOTE 5 REVENUE FROM DISCONTINUED OPERATIONS

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

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

	2016 $'000	2015 $'000
Copper-gold-silver concentrate	-	24,390
Zinc concentrate	-	937
	-	**25,327**

Notes to the Financial Statements

NOTE 6 EARNINGS PER SHARE

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

	Unit of measurement	2016	2015
Loss attributable to ordinary shareholders – continuing operations only	$'000	(5,131)	(7,716)
Profit attributable to ordinary shareholders – total	'000	-	31,421
Weighted average number of shares (basic)	'000	534,801	534,143
Dilution due to share rights on issue	'000	6,624	9,464
Weighted average number of shares (diluted)	'000	541,425	543,607
Basic earnings per share – continuing operations only	cents	**(0.96)**	**(1.44)**
Diluted earnings per share – continuing operations only	cents	**(0.96)**	**(1.44)**
Basic earnings per share – total	cents	**(0.96)**	**5.88**
Diluted earnings per share – total	cents	**(0.96)**	**5.78**

NOTE 7 EXPENSES

	2016 $'000	2015 $'000
Profit before income tax from continuing operations includes the following expenses		
7 (a) Exploration and evaluation expense		
Employee benefits	1,030	950
Depreciation and amortisation	27	63
Landholding, contractor and supplies	1,958	2,582
Impairment expense	174	345
	3,189	**3,940**
7 (b) Administration expense		
Employee benefits	1,289	2,307
Depreciation and amortisation	63	167
Raw material, supplies and services	1,809	2,259
Rental relating to operating leases	231	237
	3,392	**4,970**

NOTE 8 INCOME TAX

The Group recognised an accounting loss of $5.13 million.

Australian tax losses of approximately $68.2million (2015: $36.5 million) are available to Altona Mining Limited. These losses have not been recognised as assets as it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences and tax losses can be utilised.

The franking account balance at year end was nil (30 June 2015: nil). The Group operates primarily in Australia which has a corporate tax rate of 30% (2015: 30%).

	2016 $'000	2015 $'000
8 (a) Income tax expense		
Current tax	-	(1,344)
Deferred tax	-	(235)
Adjustment in respect of prior periods	-	-
Total	-	(1,579)
Income tax expense is attributable to:		
Continuing operations	-	-
Discontinued operations	-	(1,579)
	-	(1,579)
8 (b) Numerical reconciliation between accounting profit and income tax expense		
Profit from discontinued operations before tax	-	40,716
Loss from continuing operations before tax	(5,131)	(7,716)
	(5,131)	33,000
Income tax at 30%	(1,539)	(9,900)
Non-deductible expenses / non-assessable income	26	(104)
Income not assessable	-	9,443
Tax losses not recognised	(1,513)	(2,315)
(Assessable income) / allowable deduction on items eliminated on consolidation	-	275
Effect of lower Finnish tax rate	-	766
Adjustment for deferred tax in prior periods	-	256
Income tax expense	**-**	**(1,579)**

Notes to the Financial Statements

	2016 $'000	2015 $'000
8 (c) Recognised deferred tax assets and liabilities		
Opening balance	-	4,514
Amounts credited to income	-	(1,579)
Disposed	-	(2,914)
Foreign currency movements	-	(21)
Closing balance	**-**	**-**
Recognised deferred tax assets / (liabilities) relate to the following:		
Tax losses	-	-
Provisions	-	-
Payables and lease liability	-	-
Property, plant & equipment	-	-
Other	-	-
Net deferred tax asset	**-**	**-**
8 (d) Unrecognised deferred tax assets / (liabilities) relate to the following:		
Tax losses	20,502	11,103
Other temporary differences	120	16
Exploration assets	-	(2,828)
Gain on business combination	-	(4,411)
Total	**20,622**	**3,880**

NOTE 9 TRADE AND OTHER RECEIVABLES

	2016 $'000	2015 $'000
Trade receivables	88	145
Other debtors (1)	32	14
	120	**159**

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

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

Notes to the Financial Statements

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	Mine property $'000	Ore processing facility $'000	Land & buildings $'000	Rehabilitation $'000	Plant & equipment $'000	Work in progress $'000	Total $'000
2016							
Cost							
Balance at 1 July	-	-	51	-	1,353	-	**1,404**
Additions/transfers in	-	-	-	-	7	-	**7**
Disposals/transfers out	-	-	-	-	-	-	**-**
Foreign currency movement	-	-	-	-	-	-	**-**
Balance at 30 June			51		1,360		**1,411**
Less: Accumulated depreciation							
Balance at 1 July	-	-	44	-	1,197	-	**1,241**
Charge for year	-	-	7	-	83	-	**90**
Disposals	-	-	-	-	-	-	**-**
Foreign currency movement	-	-	-	-	-	-	**-**
Balance at 30 June	-	-	51	-	1,280	-	**1,331**
Net book value	**-**	**-**	**-**	**-**	**80**	**-**	**80**
2015							
Cost							
Balance at 1 July	62,634	30,564	3,127	3,259	8,456	3,292	**111,332**
Additions/transfers in	2,987	231	20	-	268	1,737	**5,243**
Disposals/transfers out	(65,514)	(30,544)	(3,091)	(3,253)	(7,369)	(5,285)	**(115,056)**
Foreign currency movement	(107)	(251)	(5)	(6)	(2)	256	**(115)**
Balance at 30 June	-	-	51	-	1,353	-	**1,404**
Less: Accumulated depreciation							
Balance at 1 July	15,367	7,498	403	830	3,256	-	**27,354**
Charge for year	2,082	968	87	101	605	-	**3,843**
Disposals	(17,582)	(8,183)	(451)	(926)	(2,737)	-	**(29,879)**
Foreign currency movement	133	(283)	5	(5)	73	-	**(77)**
Balance at 30 June	-	-	44	-	1,197	-	**1,241**
Net book value	**-**	**-**	**7**	**-**	**156**	**-**	**163**

Notes to the Financial Statements

NOTE 11 EXPLORATION AND EVALUATION ASSETS

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

	Exploration and evaluation $'000	Rehabilitation $'000	Total $'000
2016			
Cost			
Balance at 1 July	14,854	345	**15,199**
Disposals	-	-	**-**
Foreign currency movement	5	22	**27**
Balance at 30 June	14,859	367	**15,226**
Less: Accumulated depreciation & impairment			
Balance at 1 July	-	(345)	**(345)**
Disposal	-	-	**-**
Impairment charge	(174)	(22)	**(196)**
Balance at 30 June	(174)	(367)	**(541)**
Net book value	**14,685**	**-**	**14,685**
2015			
Cost			
Balance at 1 July	22,388	344	**22,732**
Disposals	(7,534)	-	**(7,534)**
Foreign currency movement	-	1	**1**
Balance at 30 June	14,854	345	**15,199**
Less: Accumulated depreciation & impairment			
Balance at 1 July	7,534	-	**7,534**
Disposal	(7,534)	-	**(7,354)**
Impairment charge	-	(345)	**(345)**
Balance at 30 June	-	(345)	**(345)**
Net book value	**14,854**	**-**	**14,854**

NOTE 12 TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Trade and other creditors	339	321
Accrued expenses	76	65
	415	**386**

NOTE 13 PROVISIONS

	Employee benefits $'000	Rehabilitation and restoration $'000	Total $'000
Balance at 1 July 2015	**258**	**360**	**618**
Provisions made during the year	175	-	175
Provision used during the year	(137)	-	(137)
Disposal	-	(187)	(187)
Foreign currency translation	-	11	11
Balance at 30 June 2016	**296**	**184**	**480**
Current	168	-	168
Non-current	128	184	312
	296	**184**	**480**
Balance at 1 July 2014	**1,827**	**4,077**	**5,904**
Provisions made during the year	166	40	206
Provision used during the year	(647)	-	(647)
Disposal	(1,086)	(3,751)	(4,837)
Foreign currency translation	(2)	(6)	(8)
Balance at 30 June 2015	**258**	**360**	**618**
Current	163	-	163
Non-current	95	360	455
	258	**360**	**618**

NOTE 14 CONTRIBUTED EQUITY

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

Details of options and share rights issued, cancelled and exercised during the year together with options and share rights outstanding at 30 June 2016 are included in Note 24 to the financial statements. Options and share rights carry no rights to dividends and no voting rights.

	Date	Number of shares	Issue price $	Value $'000
14 (a) Movements in ordinary share capital				
Balance as at 1 July 2015		**534,678,592**	**-**	**94,123**
Shares issued on vesting of share rights	1 Jul 15	122,000	-	-
Disposal of subsidiary		-	-	4
Cost of listing vested performance rights		-	-	(1)
Balance as at 30 June 2016		**534,800,592**	**-**	**94,126**
				-
Balance at 1 July 2014		532,234,704	-	158,290
Shares issued on vesting of share rights	2 Jul 14	345,000	-	-
Shares issued on vesting of share rights	2 Oct 14	2,098,888	-	-
Return of capital		-	-	(64,162)
Cost of listing vested performance rights		-	-	(5)
Balance as at 30 June 2015		**534,678,592**	**-**	**94,123**

14 (b) Capital management

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

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

Notes to the Financial Statements

The following table demonstrates the Group's composition of net cash to total capital and therefore its ability to continue as a going concern and expand its operations:

	Notes	2016 $'000	2015 $'000
Cash and cash equivalents	25 (a)	42,280	46,838
Less trade & other payables	12	(415)	(386)
Net cash		41,865	46,452
Other liabilities	13	(480)	(618)
Total capital		**41,385**	**45,834**

NOTE 15 RESERVES

	Notes	2016 $'000	2015 $'000
Share based payments reserve	15 (a)	5,352	5,578
Converting notes reserve	15 (b)	581	581
Foreign currency translation reserve	15 (c)	(281)	(118)
Profits reserve	15 (d)	(16,040)	(16,040)
Total reserves		**(10,388)**	**(9,999)**

15 (a) Share based payments reserve

The share based payments reserve is used to record the value of equity benefits provided to directors, employees and other parties. Refer to Note 24 for further details of share based payments.

15 (b) Converting notes reserve

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

15 (c) Foreign currency translation reserve

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

15 (d) Profits reserve

The profit reserve consists of amounts allocated from retained earnings that are preserved for possible future dividend payments.

Notes to the Financial Statements

NOTE 16 ACCUMULATED LOSSES

	2016 $'000	2015 $'000
Balance at 1 July	(22,346)	(53,767)
Profit after income tax	(5,131)	31,421
Adjustment – expired share rights	430	-
Adjustment - VKO disposal	314	-
Transfer to profit reserve	-	-
Balance at 30 June	**(26,733)**	**(22,346)**

NOTE 17 RELATED PARTY DISCLOSURES

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

	2016 $	2015 $
Short-term employee benefits	995,582	2,015,665
Post-employment benefits	77,127	92,033
Termination benefits	-	157,966
Share based payments	(94,866)	572,501
	977,843	**2,838,165**

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

17 (b) Transactions with related parties

No transactions with related parties occurred during the current financial year. During the 2015 financial year, Tulla Drilling Services provided $530,256 of drilling services as an element of Altona's exploration and evaluation campaign on its Cloncurry Project. Tulla Drilling Services is partly owned by Altona's Chairman Mr Kevin Maloney. Tulla Drilling Services competed in an arm's length tender process for the opportunity to provide the drilling services.

17 (c) Loans to key management personnel

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

Notes to the Financial Statements

NOTE 18 REMUNERATION OF AUDITORS

	2016 $	2015 $
Audit and review services		
Auditors of the Company - Deloitte		
Audit or review of the financial statements	46,625	70,543
Audit or review of the financial statements (Network firm)	-	33,282
Other services		
Auditors of the Company - Deloitte		
In relation to other assurance, taxation and due diligence services	-	40,771
	46,625	**144,596**

NOTE 19 CONTINGENT LIABILITIES

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

The Group has the following contingent liabilities in respect of its Cloncurry Project as follows:

- 1.50% Net Smelter Return derived from mining operations on tenements acquired from Zinifex and Lake Gold under the terms of the Roseby Acquisition Agreements.
- 0.15% to 0.22% Net Smelter Return derived from mining operations payable to the Kalkadoon people.
- 1.50% of 50% of the gross value of the proceeds derived from the sale of materials for 15 years from certain small areas within the Little Eva deposit.
- 2% Net Smelter Return derived from mining operations on EPM 8059 and EPM 9611.
- $0.50 per tonne of ore mined from EPM 13249.

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

As part of the sale of the Finnish Assets to Boliden (see Note 5), Vulcan Resources Pty Ltd, a wholly-owned subsidiary of Altona Mining Limited, has indemnified Boliden for any breach of the Agreement, including a breach of the warranties contained in the Agreement, environmental liabilities and for any taxes that should have been paid before closing. Altona guarantees the performance of Vulcan’s obligations under the Agreement, including its payment and indemnity obligations.

NOTE 20 COMMITMENTS FOR EXPENDITURE

20 (a) Lease commitments

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

	2016 $'000	2015 $'000
Not later than one year	109	235
Later than one year but not later than five years	164	-
	273	**235**

20 (b) Mineral exploration and mining tenements

There is a requirement for minimum annual expenditure commitments to maintain exploration licenses over mineral tenements held in Australia in good standing status. Quantifiable amounts for granted tenements or those with some certainty of granting are $5.15 million (2015: $5.45 million) over the life of the tenements. No minimum annual expenditure commitments are required in Finland.

20 (c) Capital expenditure commitments

The Group has no contractual capital expenditure commitments outstanding at 30 June 2016 (2015: $nil).

20 (d) Other commitments

No other commitments exist at 30 June 2016 (2015: $nil).

20 (e) Hedge contracts

There are no short-term or long-term hedge contracts remaining at 30 June 2016 (2015: $nil).

Notes to the Financial Statements

NOTE 21 PARENT ENTITY DISCLOSURES

Statement of financial position

	2016 $'000	2015 $'000
Assets		
Current assets	42,735	47,133
Non-current assets	28,165	27,160
Total assets	70,900	74,293
Liabilities		
Current liabilities	52,366	52,209
Non-current liabilities	-	-
Total liabilities	52,366	52,209
Net assets	**18,534**	**22,084**
Equity		
Contributed equity	94,122	94,123
Accumulated losses	(65,481)	(62,158)
Reserves	(10,107)	(9,881)
Total parent entity equity	**18,534**	**22,084**
Results for the parent entity		
Profit/(Loss) for the period	(3,753)	14,766
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	**(3,753)**	**14,766**

NOTE 22 INVESTMENTS IN CONTROLLED ENTITIES

		Equity holding	
Name of entity	**Incorporated**	**2016 (%)**	**2015 (%)**
Vulcan Resources Pty Ltd[(1)]	Australia	100%	100%
Roseby Copper Pty Ltd[(1)]	Australia	100%	100%
Roseby Copper (South) Pty Ltd[(1)]	Australia	100%	100%
Vulcan Finland (BVI) Ltd[(2)]	British Virgin Islands	100%	100%
Vulcan Hautalampi Oy[(2)]	Finland	100%	100%
Vulcan Kotalahti Oy[(3)]	Finland	-	100%

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

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

(3) Removed from companies register in Finland on 26 June 2016.

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

NOTE 23 NOTES TO CASHFLOW STATEMENT

	2016 $'000	2015 $'000
23 (a) Reconciliation of cash balances comprises:		
Cash on hand and at bank	28,280	310
Cash on deposit	14,000	46,528
Total cash and cash equivalents	**42,280**	**46,838**
23 (b) Reconciliation of profit after income tax expense:		
Profit /(loss)after income tax	(5,131)	31,421
Adjustments for:		
Depreciation and amortisation	90	3,872
Impairment of exploration and evaluation assets	174	345
Share based payment expense	204	261
Unrealised fair value (gain) / losses	(549)	10
Loss on sale of assets	-	-
Profit on sale of subsidiaries	(39)	(31,476)
Finance expenses	7	34
Interest received	(1,157)	(1,957)
Foreign exchange loss / (gain)	288	(983)
Income tax expense / (benefit)	-	1,579
Change in assets and liabilities:		
(Increase) in trade and other receivables	19	9,865
(Increase) in inventories	-	3,983
Increase in trade and other payables	10	(10,394)
Increase in provisions	(138)	(5,286)
Net cashflow from operating activities	**(6,222)**	**1,274**

NOTE 24 SHARE BASED PAYMENTS

24 (a) Employee Awards Plan

The Altona Mining Limited Employee Awards Plan was adopted by shareholders on 6 August 2010 and reapproved by shareholders on 26 November 2015 for the purpose of recognising the efforts of, and providing incentives to directors and employees of the Group.

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

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

Notes to the Financial Statements

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

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

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

24 (b) Valuation models used to value share rights

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

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

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

The model inputs for share rights granted during the period ended 30 June 2016 included:

	Managing Director Rights 1	Managing Director Rights 2	Key Management Personnel Rights 1	Key Management Personnel Rights 2	Employee Rights (various issues)
Grant date	27 Jan 16	27 Jan 16	27 Jan 16	27 Jan 16	13 Aug 15
Expiry date	1 Jul 18	1 Jul 18	1 Jul 18	1 Jul 18	1 Jul 18
Quantity	1,928,000	1,928,000	907,500	907,500	930,000
Exercise price	-	-	-	-	-
Consideration	-	-	-	-	-
Fair value at grant date	$0.053	$0.053	$0.053	$0.053	$0.100
Share price at grant date	$0.084	$0.084	$0.084	$0.084	$0.100
Expected future volatility	58%	58%	58%	58%	58%
Dividend yield	-	-	-	-	-
Risk-free rate	1.86%	1.86%	1.86%	1.86%	1.86%
Maximum life (Years)	2.43	2.43	2.43	2.43	2.89

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

24 (c) Share rights outstanding

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

Number of share rights	Vesting dates
3,175,000	1 July 2016
6,601,800	1 July 2018

24 (d) Valuation models used to value options

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

Fair values at grant date are determined using a Monte Carlo Simulation 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 probability of rights vesting according to the vesting conditions, 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.

24 (e) 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:

	2016 ($)	2015 ($)
Share rights issued to directors and employees	204,340	261,284
Share rights expired during period	(430,457)	-
Share options issued to directors	-	-
	(226,117)	**261,284**

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

NOTE 25 FINANCIAL RISK MANAGMENT

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, and trade and other payables.

Notes to the Financial Statements

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

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

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

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

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

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

25 (a) Market risk – foreign currency

Prior to the sale of its Finnish operations on 1 October 2014, the Group had exposure to currency risk on concentrate sales, operating costs and interest bearing liabilities that are denominated in currencies other than the Australian Dollar. The currencies in which these transactions were primarily denominated are Euros and United States Dollars ("USD"). These risks no longer exist for the Group.

The Group is finalising the Cloncurry Project transaction, which should it close will require Altona to subscribe for up to US$25 million of subscription shares.

At 30 June 2016, the Group had the following foreign currency exposure, based on notional amounts shown in Australian dollars:

	2016			2015		
	Euro $'000	**CAD $'000**	**USD $'000**	**Euro $'000**	**CAD $'000**	**USD $'000**
Cash and cash equivalents	148	-	20,216	281	-	13
Trade and other receivables	-	-	-	1	-	-
Available for sale financial assets	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Provisions	(123)	-	-	(360)	-	-
Interest bearing liabilities	-	-	-	-	-	-
Net exposure	**25**	**-**	**20,216**	**(78)**	**-**	**13**

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

At 30 June 2016, 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:

	2016 $'000	2015 $'000
Post tax profit / equity higher / (lower)		
AUD / Euro +/-10%	11	13
AUD / USD +/-10%	2,726	52

25 (b) Market risk - price

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

The Group no longer has an exposure to this risk.

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

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

25 (c) Market risk - interest rate

Interest rate risk refers to the risk that the value of a financial instrument or the cash flows associated with it will fluctuate due to changes in market interest rates. The Group's exposure to interest rates at 30 June 2016 relates to the Group's cash and cash equivalents.

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

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

	2016 $'000	2015 $'000
Cash and cash equivalents	42,280	46,838
Net exposure	**42,280**	**46,838**

Notes to the Financial Statements

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

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

	Profit and loss		Equity	
	2016 **$'000**	**2015** **$'000**	**2016** **$'000**	**2015** **$'000**
1% increase	140	468	-	-
1% decrease	(140)	(468)	-	-

25 (d) Credit risk

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

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

	2016 **$'000**	**2015** **$'000**
Cash and cash equivalents	42,280	46,838
Trade and other receivables	120	159
Security deposits	393	468
	42,793	**47,465**

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

25 (e) Liquidity risk

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

The maturities of the Group's financial liabilities are:

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6 to 12 months $'000	1 to 5 years $'000	More than 5 years $'000
2016						
Trade and other payables	414	687	469	54	164	-
Provisions	480	480	84	84	112	200
	894	**1,167**	**553**	**138**	**276**	**200**
2015						
Trade and other payables	386	621	386	235	-	-
Provisions	618	618	91	82	85	360
	1,004	**1,239**	**477**	**317**	**85**	**360**

25 (f) Fair values

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

The Group has no financial instruments valued using the level 1, 2 or 3 valuation method.

There have been no transfers between any levels during the financial years ended 30 June 2016 or 2015.

The different valuation methods are defined as follows:

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

NOTE 26 EVENTS OCCURRING AFTER BALANCE SHEET DATE

In June 2015 Altona completed a Framework Agreement with Sichuan Railway Investment Group to incorporate a joint venture to develop the Cloncurry Project. In May 2016 a binding agreement was signed based on the principles contained in the Framework Agreement. There are certain conditions that need to be met in order for the joint venture to proceed. Please see page 6 for more detail.

Since 30 June 2016, Vulcan Resources Pty Ltd, a subsidiary of Altona, has entered into a Share Sale and Purchase Agreement with Alandra Oy and Kiviralli Oy to purchase the shares in Vulcan Hautalampi Oy. The transaction was finalised on 15 September 2016 and completes Altona's withdrawal from Finland. The consideration received for the sale of shares in Vulcan Hautalampi Oy amounted to €48,071. The sale and purchase agreement contained standard warranties pertaining to ownership and ability of Vulcan Resource Pty Ltd to sell the shares in Vulcan Hautalampi Oy.

NOTE 27 GROUP DETAILS

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

Altona Mining Limited
Level 1, 2 Kings Park Road
West Perth
Western Australia 6005

Directors' Declaration

The Directors of Altona Mining Limited declare that:

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

    (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

    (b) give a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date.

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

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

4. The remuneration disclosures included in the Directors' Report (as part of audited Remuneration Report) for the year ended 30 June 2016, 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 29th day of September 2016

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Altona Mining Limited
Level 1
2 Kings Park Road
West Perth, WA 6005

29 September 2016

Dear Board Members

Altona Mining Limited

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

As lead audit partner for the audit of the financial statements of Altona Mining Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely,

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountant

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

Report on the Financial Report

We have audited the accompanying financial report of Altona Mining Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 44 to 86.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

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

Deloitte.

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 2016 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 41 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Altona Mining Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 29 September 2016

Additional Information Required by the ASX

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The following information was applicable as at 19 August 2016.

Shareholdings

Substantial shareholders

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

	Date of last notice	Shareholding	% of issued capital
Perpetual Limited and subsidiaries	7 March 2014	79,291,326	14.8%
Matchpoint Investment Management	18 August 2015	52,867,362	9.8%
Tulla Resources Group Pty Limited	22 March 2011	35,348,000	6.6%

Class of shares and voting rights

At 19 August 2016, there were 4,445 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Clause 12.7 of the Company's constitution, are:

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

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

At 19 August 2016, there were no options over any unissued ordinary shares.

At 19 August 2016, there were share rights over 8,419,200 un-issued ordinary shares. There are no voting rights attached to the un-issued ordinary shares. Voting rights will be attached to the un-issued ordinary shares when the share rights have met all vesting criteria.

On-market buy-back

There is no current on-market buy-back.

Other information

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

Additional Information Required by the ASX

Distribution of securities as at 19 August 2016

Category	Ordinary shares	Share rights
1 – 1,000	396,957	-
1,001 – 5,000	3,158,010	-
5,001 – 10,000	5,129,715	-
10,001 – 100,000	44,978,585	83,400
100,001 and over	483,312,325	8,335,800
	536,975,592	**8,419,200**

There were 1,870 holders holding less than a marketable parcel of ordinary shares.

Unquoted securities

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

Restricted securities

There were no restricted securities as at 19 August 2016.

Twenty largest holders of ordinary shares as at 19 August 2016

Holder name	Ordinary shares number	Ordinary shares %
JP Morgan Nominees Australia Limited	77,031,877	14.35
RBC Investor Services Australia Nominees Pty Limited	76,800,976	14.30
Citicorp Nominees Pty Limited	64,657,395	12.04
Tulla Resources Group Limited	35,348,000	6.58
Morgan Stanley Australia Securities (Nominees) Pty Limited	19,092,759	3.56
National Nominees Limited	18,618,865	3.47
BBY Nominees Limited (in liquidation)	14,322,500	2.67
HSBC Custody Nominees (Australia) Limited	10,250,025	1.91
Brachelston Pty Ltd	9,927,626	1.85
Contango Nominees Pty Limited	8,601,944	1.60
CS Fourth Nominees Pty Limited	7,393,866	1.38
Mr Stuart Young Craig	7,000,000	1.30
Prufrock Partners Ltd	6,222,649	1.16
Mr Eric Edward Hughes	4,080,000	0.76
Sovereign Gold NL	3,751,864	0.70
Miss Jinrong Li	3,300,000	0.61
Mount Isa Mines Limited	3,000,000	0.56
Nero Resource Fund Pty Ltd	3,000,000	0.56
One Managed Invt Funds Ltd	3,000,000	0.56
Primdonn Nominees Pty Limited	3,000,000	0.56
Total	**378,400,346**	**70.48**

Additional Information Required by the ASX

Competent person statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on, and fairly represents information compiled by Dr Alistair Cowden BSc (Hons), PhD, MAusIMM, MAIG. Dr Cowden is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012). Dr Cowden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Cloncurry Resource and Reserve estimates

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

ASX Release Date	Title of ASX Release	Outline of Relevance
Resource Estimates		
26 July 2011	Roseby Resource passes one million tonnes of contained copper	Resource estimates for Longamundi, Great Southern, Caroline and Charlie Brown (Initial resource estimate for Little Eva deposit with 2004 JORC Code Table 1. See release 27 May 2014).
23 April 2012*	Further resource upgrades at Roseby Project	Resource estimates for Bedford, Ivy Ann and Lady Clayre deposits with relevant 2004 JORC Code Table 1.
3 July 2012*	15% Resource Upgrade at Roseby Project	Resource estimates for the Blackard and Scanlan deposits with relevant 2004 JORC Code Table 1.
22 August 2012*	Further Resource Upgrade at Roseby Project	Resource estimate for the Legend deposit with 2004 JORC Code Table 1.
27 May 2014	JORC 2012 Resource estimate for the Little Eva deposit	Resource estimate for the Little Eva deposit with 2012 JORC Code Table 1.
18 March 2015	Maiden Resource Estimate for Turkey Creek	Resource estimate for the Turkey Creek deposit with 2012 JORC Code Table 1.
Reserve Estimates		
13 March 2014*	Cost review delivers major upgrade to Little Eva	Reserve estimates unchanged since ASX release of 14 May 2012 *"Little Eva: A new large scale copper development."*
21 June 2016	Turkey Creek – First Reserve Estimate	Reserve estimate for the Turkey Creek deposit with 2012 JORC Code Table 1.

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

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

Additional Information Required by the ASX

Little Eva Project production target and forecast financial information

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

Finland Resource and Reserve estimates

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

Additional Information Required by the ASX

Tenement Schedule

Number	Name	Interest
CLONCURRY PROJECT		
Exploration Permit for Minerals		
EPM 9611	Happy Valley	100%
EPM 14363	Bannockburn	100%
EPM 14370	Malakoff	100%
EPM 14371	Mt. Angelay	100%
EPM 25757	Burke	100%
EPM 25760	King	100%
Mining Leases		
ML 90162	Scanlan	100%
ML 90163	Longamundi	100%
ML 90164	Blackard	100%
ML 90165	Little Eva	100%
ML 90166	Village	100%
ROSEBY SOUTH PROJECT		
Exploration Permit for Minerals		
EPM 25761	Wills	100%
EPM 25759	Gray	100%
EPM 26182	Cameron Crossing	100%
NEW APPLICATIONS - MT ISA REGION		
Exploration Permit for Minerals Applications		
EPM 26277	Antilles	100%
EPM 26278	Fortuna	100%
EPM 26279	Malakili	100%
EPM 26280	Wedge	100%
EPM 26281	Dooku	100%
EPM 26282	Tarkin	100%
EPM 26283	Wicket	100%
EPM 26284	Sebulba	100%
EPM 26285	Watto	100%
FINNISH PROJECTS		
Mining Licenses/Mining Permits		
K7802	Hautalampi	100%

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