



ALTIUS MINING LIMITED

(ASX: AYM)

30 August 2012

Non-renounceable rights issue: Extension of closing date and further information

- **Closing extended to 5pm, Friday 7 September 2012**
- **Shareholders' shortfall facility to have priority over sub-underwriters**
- **Rights issue 100% sub-underwritten**

Altius Mining Limited (**Altius** or the **Company**) has extended the closing date under its 1-for-1 pro-rata non-renounceable rights issue by one week, to Friday 7 September.

The extension will allow all shareholders to consider the further disclosure in this announcement, which has been sought by a shareholder.

Use of funds raised by the rights issue

The whole of the funds raised by the rights issue will be used for the pursuit of the Company's exploration and mining projects, and for corporate overheads.

The Company is currently committed to certain required expenditures under the terms of its Queensland and NSW exploration permits. The Company is also progressing the development of its Mining Lease at Forsayth. Those required amounts are set out in the attached **Schedule of Projects**, broken down by the next six months and the subsequent six months. Those items were foreshadowed in the Company's Quarterly Activities Report released to the ASX on 31 July 2012. Total budgeted project expenditure for the first six month period is approximately \$2.56m, and \$0.43m for the subsequent period. The costs of the Company's overheads, including corporate administration, holding costs on the property in Collins Street Melbourne, corporate legal expenses and other abnormal and general operating expenses, will be additional uses of the Company's cash resources.

It is anticipated that the funds raised by the rights issue will suffice for the next 12 months. After the next six months decisions will be made about whether or not to pursue most of the NSW exploration leases. By the end of 12 months decisions will be made about seeking either further equity or debt funding or collaboration options for the Queensland mining lease. The Company is also seeking to sell the Collins Street property that was purchased in January 2012 for \$1.8m, but cannot be confident of an early sale without losing value.

Without the funds raised by a 1-for-1 issue the Company would need to substantially curtail its exploration activities (possibly forfeiting some or all exploration permits) and would need to make a share placement to fund corporate overheads. At 30 June 2012 the Company's balance sheet contained \$4.3m cash. Approximately \$3m of that amount was held in security deposits to support exploration and mining obligations and associated with the purchase of the Collins Street property (as set out in items 1.25 and 5.4 of the Company's Appendix 5B quarterly report to ASX lodged 31 July 2012).

Since 30 June, the new board has gained a deeper understanding of the extent and pace of expenditure commitments made by the former board (some of which was set out in the Letter to Shareholders dated 14 August 2012). Those commitments, including a cash-flow negative differential between the interest paid on the loan to acquire the Collins Street property and the interest earned on the associated security deposit, have seen the Company experience a faster 'cash burn' rate than is ideal, despite the efforts of the new board to reduce the rate of cash burn. The board is still awaiting the forensic accounting report of PKF, which it has committed to release to shareholders.

At 31 July 2012 cash not held in security deposits was \$0.83m. At 31 August the figure is likely to be approximately \$0.4m.

Shortfall facility - priority

The Company has agreed with the underwriter to the rights issue that the underwriter and sub-underwriters will not be allocated any shares until all applications for extra shares (above their 1-for-1 rights) by existing shareholders as at the record date are filled.

Shareholders will be allocated additional shares initially according to their pro-rata share of the rights issue shortfall having regard to their shareholdings at the record date (or any lesser amount sought). If any shortfall remains, further rounds of allocating the remaining shortfall pro-rata will occur on the same basis until all of the shortfall has been allocated or all shortfall applications have been satisfied in full. The one exception to this policy is that no shareholder can emerge from the allocation process with a total number of shares that would see it and its associates exceeding 20% of the Company's total shares.

Accordingly, it needs to be clearly understood that existing shareholders stand ahead of the underwriter and sub-underwriters in making up any rights issue shortfall.

Underwriting arrangements – sub-underwriters' priority

The underwriter has signed sub-underwriting agreements with three sub-underwriters for up to \$2m each, meaning that the issue is 100% sub-underwritten.

The sub-underwriters are Silkman Consultants Pty Ltd, Mr Geng Xin Hua and Mr Zhou Chun Sheng. Silkman Consultants is a private investor group and the other sub-underwriters are high net-worth private investors. Each has been approached by the underwriter because of their stated interest in gold mining exploration investments and none currently holds any shares nor is a related party or associate of any of the directors or the underwriter or one-another. In the event that no existing shareholder were to take up its rights, each sub-underwriter would emerge with a 16.6% shareholding in the Company. However since each director has indicated that he or she will take up their rights, in practice each sub-underwriter would not emerge with more than 12.8% of the Company's total shares.

The key terms of each sub-underwriting mirror the terms of the underwriting (previously announced), except for the quantum of each sub-underwriter's commitment (being \$2m or a lesser amount called by the underwriter). Each sub-underwriter has no right to terminate its sub-underwriting commitment (which would only cease if the underwriter were relieved of its obligations), the sub-underwriting commitments cannot be assigned or passed to another entity without the underwriter's consent and each sub-underwriter give warranties about regulatory compliance and indemnifies the underwriter accordingly.

Any unallocated shares remaining after all shortfall facility applications are filled (as described above) will be allocated by the underwriter to its sub-underwriters. The underwriter has made this commitment because the underwriter is associated with a director of the Company, Mr John Zee.

Accordingly, the underwriter Foxfire Capital Pty Ltd will only be allotted any shortfall shares if they cannot be allocated to an eligible shareholder and there is a default by a sub-underwriter (which is not anticipated). In any event, the underwriter could not be allotted shares that would represent more than 20% of the Company's total shares.

Revised Timetable

EVENT	DESCRIPTION	PROPOSED DATE (2012)
Closing date	The Offer closes.	5:00pm (Melbourne time) on Friday 7 September
Securities quoted on a deferred settlement basis	Deferred settlement trading commences.	Monday 10 September
Shortfall notification date	ASX is notified of any under subscription.	Wednesday 12 September
Shortfall settled	The Underwriter settles the shortfall.	Friday 14 September
Despatch date	New securities applied for under the Offer are issued and entered onto shareholders' uncertificated security holdings.	Monday 17 September
End of deferred settlement trading	Deferred settlement trading ends and normal (T+3) trading commences the next Business Day.	Monday 17 September
Normal trading commences	Normal trading commences.	Tuesday 18 September
Holding statement mail-out date	Holding statements for shares are despatched to participating shareholders.	Wednesday 19 September

-End

For further information, please contact:

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ATTACHMENT – Schedule of Projects

Queensland Budget

Task Name	Projected 6 month spend	Projected 6 to 12 month spend	Total Cost (\$)
<i>Ropewalk</i>	\$630,000.00	\$0.00	\$630,000.00
<i>Flying Cow</i>	\$630,000.00	\$0.00	\$630,000.00
<i>Mill</i>	\$88,500.00	\$0.00	\$88,500.00
<i>Equipment Hire</i>	\$152,448.00	\$0.00	\$152,448.00
<i>EPM Exploration Expenditure</i>	\$200,000.00	\$0.00	\$200,000.00
<i>Level 1 Environmental Study</i>	\$120,000.00	\$0.00	\$120,000.00
Totals	\$1,820,948.00	\$0.00	\$1,820,948.00

NSW Budget

Task Name	Projected 6 month spend	Projected 6 to 12 month spend	Total Cost (\$)
<i>EL7036 GUNNERS</i>	\$120,220.00	\$18,000.00	\$138,220.00
<i>EL7423 SOFALA</i>	\$20,000.00	\$0.00	\$20,000.00
<i>EL7332 KARANGI</i>	\$125,000.00	\$0.00	\$125,000.00
<i>EL7039 YARRAN</i>	\$40,220.00	\$0.00	\$40,220.00
<i>EL7041 HONEYBUGLE</i>	\$63,220.00	\$0.00	\$63,220.00
<i>EL7045 WAMBOYNE</i>	\$125,220.00	\$0.00	\$125,220.00
<i>EL7046 HUNTINGFIELD</i>	\$0.00	\$0.00	\$0.00
<i>EL7082 MOOCULTA</i>	\$35,220.00	\$66,000.00	\$101,220.00
<i>EL7155 PUGGOON</i>	\$45,220.00	\$59,000.00	\$104,220.00
<i>EL7159 BEEHIVE EAST</i>	\$15,220.00	\$70,000.00	\$85,220.00
<i>EL7173 BURRAWAY</i>	\$135,440.00	\$70,000.00	\$205,440.00
<i>EL7195 BULLAMALITO</i>	\$10,220.00	\$148,000.00	\$158,220.00
Totals	\$735,200.00	\$431,000.00	\$1,166,200.00