



Altera Resources Ltd

A.B.N. 55 082 541 437

14 September 2010

Company Announcement Platform
ASX Limited
SYDNEY NSW 2000

Dear Sir/Madam,

Acquisition of JDC

Summary of Transaction

The Board of Altera Resources Limited (“**Altera**”) is pleased to announce that it has extended its investment in the coal exploration sector by entering into an agreement to acquire all of the issued securities in Jack Doolan Capital Pty Ltd ACN 125 524 450 (“**JDC**”).

The Board considers that the transaction represents an opportunity for significant potential longer term benefit for shareholders as it combines three components:

1. The addition to the Board and management of Altera of a team of experienced, qualified, well regarded professionals in the coal exploration and mining industry;
2. The acquisition of a number of strategically located coal exploration projects which have been chosen by the incoming team on the basis of their exploration potential;
3. A \$20 million capital raising at a price (30 cents per share) that reflects the confidence that the incoming investors have in the package of people and assets that are being acquired.

Altera will acquire all of the issued securities in JDC for a consideration comprising:

- (a) 210 million ordinary shares;
- (b) 21 million 30 cent options expiring September 30, 2012;

- (c) The assumption of JDC's obligations to pay an initial US\$13.3 million in connection with the acquisition of the 4 coal exploration projects described below;
- (d) The assumption of contingent obligations of JDC to pay further sums totalling US\$25.7 million on the following milestones being achieved:
 - (i) US\$5 million on the reporting of a 20 million metric tonne Inferred Coal Resource in accordance with the JORC Code with a maximum strip ratio of 20 to 1 on the BBM Project;
 - (ii) US\$10 million when a production permit is issued in respect of the BBM Project;
 - (iii) US\$3 million on the reporting of a 10 million metric tonne Inferred Coal Resource in accordance with the JORC Code with a maximum strip ratio of 12 to 1 on the BBP Project;
 - (iv) US\$5 million when a production permit is issued in respect of the BBP Project;
 - (v) US\$1,350,000 in respect of each of the AAK and AAM Projects on the reporting on each of those Projects of a 10 million metric tonne Inferred Coal Resource in accordance with the JORC Code with a maximum strip ratio of 12 to 1.

The majority of the shares and options to be issued will be issued to the incoming Board members and management.

It is a condition of the transaction that Altera concludes a capital raising of \$20 million by the issue of 66,666,667 ordinary fully paid shares. This raising will be undertaken through professional investors by Soaring Securities Pty Ltd and will be managed by Ochre Management Pty Ltd.

The Incoming Board and Management

The proposed new board members and management that will join Altera as part of the transaction are as follows.

Mr Peter Lynch B.Eng (Mining) University of New South Wales – Proposed Chairman

Since graduating with a Mining Engineering degree in 1988, Mr Lynch has held various positions within the coal industry in Australia including as mining engineer, project manager, mine manager, general manager and managing director culminating most recently in the role, from January 2006 until January 2010, as the President, CEO and Director of Waratah Coal Inc., a TSX listed company which was taken over by the

Mineralogy Group in December 2008, having reached a peak market capitalisation of \$ C 300 million.

Mr Patrick Hanna B. Applied Science (Applied Geology) University of New South Wales, C P Geo., FAusIMM – Proposed Executive Director

Mr Hanna has 30 years experience as a coal geologist in the areas of exploration and evaluation including planning, budgeting and managing drilling programmes in Australia and Indonesia, gained since graduating from the University of New South Wales in 1976.

Mr Hanna has authored and co-authored numerous coal industry publications.

Mr James Middleton BE (Mining – Hons) University of New South Wales – Proposed Managing Director/CEO

Mr Middleton has since 1981 held various positions, technical, operational, exploration and corporate in the coal industry in Australia including time with Coal Allied, Exxon, Glencore, Xstrata culminating most recently as Vice President – Mining Operations, Illawara Coal owned by BHP Billiton.

Mr Domenic Martino B. Bus (Curtin University) CPA – Proposed Non Executive Director

Mr Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of “micro-cap” companies.

Mr Christopher Turvey B.Sc (Hons) University of Newcastle, NSW. Member AusIMM – Proposed Exploration Manager

Since graduating in 1984 Mr Turvey has worked as a coal geologist in exploration, resource estimation and geological modelling both in Australia and internationally.

Mr Duncan Cornish B.Bus (Accountancy) – Proposed CFO/Company Secretary

Mr Cornish is a Chartered Accountant with many years experience in management roles for companies listed on ASX, TSX and the AIM Market of the LSE.

As part of the transaction 10 million 4 year options to acquire Altera shares (5 million exercisable at 50 cents 5 million exercisable at 75 cents) will be issued to Mr Middleton and 2 million 4 year options (1 million exercisable at 50 cents and 1 million exercisable at 75 cents) will be issued to Mr Turvey.

Assets

It is a provision of the agreement for the acquisition of JDC that at Completion JDC will be the owner of:

1. 50% of the shares in companies which own the BBM and BBP Projects located in Central Province, Kalimantan, Indonesia. The BBM Project area comprises 19,920 Hectares and the BBP Project area comprises 25,000 Hectares;
2. 75% of the shares in companies which own the AAK and AAM Projects located in Central Province, Kalimantan, Indonesia. The AAK Project area comprises 5,100 Hectares and the AAM Project area comprises 10,000 Hectares.

The 4 Coal Exploration Projects

Altera has commissioned an independent geological report on the 4 coal exploration projects which will be acquired under the transaction by the international consulting firm SRK Consulting. A full copy of the SRK Consulting Report will be provided to shareholders with a notice convening a meeting of shareholders of Altera to consider the proposed transaction. In the interim the Report can be viewed on Altera's website www.alteraresources.com.au.

Below is an extract from the Executive Summary portion of the Report by SRK Consulting:

“The projects comprise four coal exploration concessions in Central Kalimantan Province. SRK understands that the projects are currently owned by two Kalimantan based business proprietors. The principal sources of information for all four tenements are an exploration report for each concession, commissioned by the tenement owners. None of the reports are authored. The PT BBM and PT BBP reports are more comprehensive and more coal assay data is available for these tenements. The PT AAK and PT AAM reports are less detailed and contain less coal quality information.

Geologically, the four concessions are located in or around the margins of the North Barito Basin in Central Kalimantan and are prospective for coal measures of Eocene age. Most of the areas where Eocene coals outcrop have a moderate to high regional level of coal rank. Coking coal deposits are known to occur within parts of the Northern Barito Basin in Central Kalimantan. In particular the PT BBM and PT BBP coal projects are situated proximal to known coking coal deposits.

The **PT Bumi Barito Mineral (BBM)** project is located in the North Barito Basin, immediately to the south of PT Juloi Coal (BHP 75%, Adaro Energy 25%). Only limited exploration has been undertaken on the concession to date, consisting of a general geological survey which was commissioned by the tenement owners in 2008. The initial geological investigation in the concession area has identified two main coal horizons, each comprising at least four individual seams with a composite coal thickness of 3-4 m in each horizon. Based on the regional geology mapping data for the area, the seams occur within a formation considered to economically prospective for economic coal seams (Haloq Sandstone). Coal quality analysis indicates that the coals are of low volatile

bituminous rank (ASTM), with low ash, low sulphur and high calorific value. Given the location of the BBM concession and the available coal quality data, a range of products may be possible, from a high quality export thermal, to a PCI or coking product.

The ash and sulphur contents of the analysed BBM coals are comparable with those reported in NW Juloi tenement. However, the reported volatile matter of the NW Juloi coals is considerably higher than that of the BBM coals. The generally low volatile matter may impact the coking potential. Further analyses (CSN, fluidity, dilation) are required to test the suitability of these coals for a coking product.

Further work is required to allow the identified coal measures to be upgraded to Resources in accordance with the JORC Code (2004). This will require further outcrop mapping, an exploration drilling programme, detailed topographic mapping and additional verification of coal quality analyses. Further investigation of the Haloq Sandstone in the northwest and northern parts of the concession, adjacent to PT Juloi Coal may identify coal seams additional to the outcrops found near the Barito River.

The **PT Borneo Bara Prima (BBP)** project is located in the North Barito Basin to the west of the Maruwai Coal Project (BHP 75%, Adaro Energy 25%). The Maruwai Coal Project hosts the Lampunut coking coal deposit in the Batu Ayau Formation immediately to the southeast of the eastern PT BPP project area. Exploration activities to date have comprised an initial reconnaissance mapping programme which has identified the presence of up to three coal seams in the undivided Haloq Sandstone and Batu Kelau Formation in the south central area of the concession. The coal seams are generally thin. Analyses of outcrop samples to date indicate a low ash, low sulphur coal with excellent specific energies. The ash and sulphur are comparable with those reported at Lampunut (Batu Ayau Formation), however the Lampunut coals have considerably higher volatile matter than the BBP samples analysed to date. The generally low volatile matter of the outcrop samples analysed to date may impact the coking potential of these coals, and further metallurgical coal analyses are warranted to test the suitability of these coals for a coking product.

Further field mapping may identify better seam thickness development along strike of the mapped coal outcrops and there is potential for the discovery of additional coal seams elsewhere in the undivided Haloq Sandstone and Batu Kelau Formation. Investigation of the Batu Ayau Formation in the northwest parts of the concession and eastern parts of the concession, adjacent to PT Maruwai Coal may identify coal seams additional those already identified in the undivided Haloq Sandstone and Batu Kelau Formation. The Lampunut deposit appears to be generally contained within a southeast strike extension of the Batu Ayau Formation sediments in the eastern part of the BPP concession. It is reasonable to postulate that the Batu Ayau Formation seam development in the Lampunut deposit may extend to the northwest into the eastern area of the BPP concession. In the western area of the BPP project, the Batu Ayau Formation, which is present on the western flank of the regional anticline, may also be prospective for similar coal seam development. The Batu Ayau Formation in this region is known to be prospective for coking coal.

Given the size and location of the BBP concession and the limited exploration data to date, SRK is of the opinion that there is potential to discover one or more economically significant coal deposits, which may support a range of products, from a high quality export thermal, to a PCI or coking product.

The **PT Anugerah Alam Manuhing (AAM)** project is largely covered by metamorphic rocks belonging to the pre-Tertiary Pinoh Metamorphics. To date, field exploration has been limited to a geological field mapping survey which was commissioned by the tenement owners during 2009. A range of lithologies were reported in the concession area, including claystone, alternating sandstone, carbonaceous claystone, granite and granodiorite, and coal. A total of eleven coal outcrops were recorded during the investigation. The recorded seam thickness ranged between 0.42 m and 4.20 m. The reported coal outcrops show a range of strikes and dips. Two strike directions are identified broadly as NE-SW and NW-SE, with dips ranging from 20° to 80°.

The reported occurrence of Kalimantan coal in a pre-Tertiary high grade metamorphic terrane is unusual. An independent field investigation is warranted to test the veracity of the reported coal occurrences in the concession area. If the coal occurrences are confirmed, a detailed field mapping investigation should be undertaken to better understand the stratigraphy and lithologies in the broader concession area.

The reported ash and specific energy of the single analysed coal sample are suggestive of a low rank, low ash thermal product. However, it is the opinion of the author that the validity of the reported assay results is questionable. Coal which occurs in a metamorphic belt would be expected to have undergone a high degree of coalification (metamorphism) resulting in an anthracite or semi-anthracite rank. The field descriptions and photographic evidence are supportive of a high rank coal. These higher coal ranks are characterised by very low volatile matter content, very high carbon content and high specific energies.

The **PT Anugerah Alam Katingan (AAK)** project located in the North Barito Basin. Based on the published 250,000 scale Geology Map for the region, the surface geology concession area is represented entirely by the Late Eocene Haloq Sandstone. Initial geological mapping within the project area has identified five coal outcrops of between 1.2 m and 1.8 m thick. Based on the available data, it is not clear whether the reported outcrops are representative of one or more seams. The coals occur within the Haloq Sandstone, parts of which are known to be coal bearing (e.g.: NW Juloi).

Laboratory analysis of one of the coal samples indicates the coal is a good quality anthracite with low ash and good specific energy. The field descriptions of the coal are also indicative of a hard high rank coal. Further investigations are warranted to ascertain the distribution and number of coal seams present based on the identified outcrops and the possibility of thicker coal development in the concession.

SRK is of the opinion that all of the coal projects are prospective and worthy of further exploration, including drilling and additional sample analyses.”

Shareholder Approval/Due Diligence

The proposed acquisition of JDC is subject to satisfactory technical and legal due diligence being conducted by Altera and by JDC and is also subject to the approval of shareholders of Altera.

A Notice of Meeting containing full details of the transaction will be despatched to shareholders in the near future and at that time a firm timetable for the transaction will be announced.

Yours faithfully,

Competent Person's Statement

Information in this Announcement that relates to exploration results or mineral resources is based on information compiled by or is compiled by Dr Gerry McCaughan who is a professional geologist with eight years industry and consulting experience in coal and base metals and who is a full time employee of SRK Consulting. Dr McCaughan is a member of the Australasian Institute of Mining and Metallurgy.

Dr McCaughan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr McCaughan consents to the inclusion in this Announcement of the statements based on his information in the form and context in which it appears.

Forward Looking Statements

Statements regarding plans with respect to the Company's mineral properties are forward-looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.