

A little bit of South Australia in London



There are kangaroos on Kangaroo Island

The South Australian Government has long been represented in Europe via the Office of the Agent General in London. Whereas once the office had a strong UK focus, it is now very much the centre for

the State's trading relationships across the EU.

South Australia's Agent General, Bill Muirhead, heads up the office, working in partnership with business, community, government, industry, educational institutions and other stakeholders to maximise and promote South Australia's economic, social and cultural development. The Office provides market knowledge, advice and connections for South Australian exporters as well as UK and European investors interested in South Australia, and Altona can vouch for the professionalism, skill and effectiveness with which Bill and his team pursue these objectives.

Bill is a South Australian who completed his education in London, where he studied at the Institute of Marketing. He joined Saatchi & Saatchi in 1972. In 1989 he became Chairman and Chief Executive of Saatchi & Saatchi in London, and in

1992 he became Chairman of Saatchi & Saatchi Europe. Bill also spent time in New York as Chief Executive and President of Saatchi & Saatchi Advertising Worldwide. He is a founding partner and equal shareholder in M&C Saatchi (1995). He was appointed Agent-General for South Australia in Europe in April 2007.

He is also a 'man on a mission' to see Kangaroo Island, off the South Australian coast, established as the fourth icon of Australian tourism, alongside the rock, the reef and Sydney harbour bridge!

If you're not familiar with KI it's worth whetting your appetite at <http://www.southaustralia.com/regions/kangaroo-island.aspx>

And for more information about the Office of the Agent General, contact Matt Johnson on 0207 520 9111 or matt.johnson@south-aus.eu

Share price update



Three Month Share Price



Annual Share Price

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Altona News



The Arckaringa Project - South Australia's Energy Bank

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Chairman's message



Once again it is my pleasure to report that we are ending the year on a high note with some very exciting prospects ahead of us in 2012.

As you will see in more detail in this edition of our newsletter, the South Australian Government has granted approval for a Program for Environment

Protection and Rehabilitation, which sets the conditions for the detailed coal and hydrogeological drilling operation that we plan to carry out in conjunction with our joint venture partner CNOOC in the first half of the New Year. The program will take six months to complete.

Additionally, approval of the key elements of the continuing Stage 1 work program to be completed next year has been given by the Arckaringa Joint Venture Management Committee and this is also explained in more detail inside.

This covers the drilling program, coal sampling and test work; and studies covering inter alia, mine design, environmental impact assessment, preferred coal conversion options, infrastructure requirements, product marketing and carbon capture, storage and utilisation.

We have been given a resounding endorsement for the Arckaringa Project by SA's Minister for Mines and Energy,

Hon. Tom Koutsantonis MP, which you can read on the following page, as it really is exciting news.

The South Australian Parliament has cleared all necessary hurdles for the development of BHP Billiton's AUD30 billion Olympic Dam Expansion project and all that remains now is for the company's Board to make a decision on whether to proceed, which is expected in the first half of 2012.

In addition to Olympic Dam there are many other mineral projects in various stages of development in the outback of South Australia and all of these will be reliant on diesel, electricity and water.

This month we held our AGM in London, attended by a very supportive group of shareholders. We go into a new year with great support and great optimism, and a confidence that 2012 will be crucially important to us as we strengthen our position as a clean energy provider.

The Board believes the company is undervalued, which is common to resource companies around the world and is a reflection of global pressures, not individual companies and projects. However, the Board remains confident that once world markets settle down and the work program progresses through 2012 that this situation will rectify itself and reflect a more realistic valuation.

My very best wishes to you for Christmas and the New Year.

Chris Lambert
Chairman



Support from SA's Minister for Mineral Resources and Energy, Hon. Tom Koutsantonis MP



Hon. Tom Koutsantonis MP (left) and Altona Chairman Chris Lambert

Last month Altona's Chairman Chris Lambert led a delegation to meet with South Australia's Minister for Mineral Resources and Energy, Hon. Tom Koutsantonis MP.

The Minister was briefed on Altona and its plans and updated on the company's projects.

Following this meeting his Office released the following statement:

"Altona Energy's proposal for the Arckaringa Basin is one of the most exciting developments in the State at the moment," Mr Koutsantonis said.

"Altona has some very big plans for the mineral-rich basin in the State's north where the company holds three tenements, Westfield, Wintinna and Murloocoppie.

"The company says the coal deposits in the basin rival some of the world's largest and are perfect for conversion into clean liquid fuels, low cost power and high value industrial feedstock.

"I am very excited about Arckaringa. It is one of the most important strategic projects in the State and lack of diesel is the number one fuel issue we face".

Arckaringa Drilling Program Approval

The Joint Venture partners have been successful in their application to the Department of Manufacturing, Innovation, Trade, Resources and Energy for the approval of a Program for Environment Protection and Rehabilitation (PEPR), formerly called an Exploration Works Approval, which encompasses a detailed coal and hydro-geological drilling program.

This approval is subject to a number of conditions which we are currently working on meeting, but it opens the pathway for a drilling program which we plan to begin in the first half of next year.

The program and resultant reports are anticipated to take approximately six months to complete.

The drilling program will focus on the EL 4512 (Wintinna) area, feeding further data into the mine design studies and coal conversion studies during the coming year, and will include:

- boreholes to further delineate mine design parameters and upgrade the geological model and JORC resource estimates;
- bulk sampling of coal to finalise coal feedstock characteristics for coal conversion options (including gasification, coal drying, briquetting etc);
- detailed hydro-geological testing to refine the model and lay the basis for the mine dewatering and groundwater management plan.

The program will cover up to 34 boreholes. The first six holes will be multi-purpose, for priority water testing and coal sample extraction, and then will be followed by 16 boreholes variously covering hydro-geological testing/observation, coal drilling and/or geotechnical assessment.

The requirement for a further 12 boreholes will be assessed as the drilling program proceeds.

The cost of the drilling, as well as other elements of the 2012 work program, is covered by CNOOC NEIA's funding commitment for the BFS.

JV meeting sets course for 2012

Two major steps were taken by Altona and its Joint Venture partner CNOOC-NEI at their Management Committee meeting in Beijing late last month.

The Committee both endorsed the results of the Project BFS work program for 2011, and approved the key elements of the continuing Stage 1 program for completion during 2012.

CNOOC-NEI's confidence in the Arckaringa Project is growing steadily as more reports provide further confirmation of the extent of its coal resources, particularly in the Wintinna deposit.

The most recent results come from reports commissioned by the CNOOC-NEI from the China National Administration for Coal geology (CNACG), and subsequently verified by the Mineral Resources and Reserves Evaluation Centre of China's Ministry of Land Resources.

The key elements of the continuing Stage 1 work program for completion during 2012 include the drilling program, the coal sampling and test work and the following preparatory studies to underpin the detailed design work in Stage 2 of the BFS:

- mine design to Chinese standards;
- preferred coal conversion options (including coal upgrading, CTL and power);
- groundwater management and utilisation;
- project infrastructure requirements;
- transport and port logistics;
- product marketing;
- environmental impact assessment;
- carbon capture, storage and utilisation;
- ongoing technical support requirements.



CNOOC, CNACG and Altona on site together at Arckaringa