



4 June 2014

Australian Securities Exchange Limited

### **Birla Nifty Underground Sinkhole Update**

Aditya Birla Minerals Limited (ABY) advises that the results of phase 1 probe drilling have been analysed. The geological and geotechnical interpretation of the aquifer and sinkhole intersections has been undertaken internally and observations summarized and reviewed by external consultants.

The objective of phase 1 probe drilling was to establish three main issues, namely:

- Establish the extent and status of the sinkhole
- Confirm the extent and status of the aquifer
- Identify voids near or above open stopes that could potentially self-propagate into new sinkholes

The drilling results indicate that the main aquifer in the vicinity of the underground mine is the Upper Carbonate, which is commonly weathered, fractured and permeable. In comparison to the 2008 aquifer model (lithological boundary), the current probe drilling displays little variance to the previous model (lithological boundary-wise) above the 14 level. Similarly, there was no significant water flow intersected during the phase 1 drilling between the 12 and 14 level.

Drilling into the sinkhole confirmed the pre-supposed location to be correct, though the fractured zone around it appears slightly larger. The sinkhole was observed to be filled with highly weathered and oxidised materials most likely from the near surface layer of the pit. No voids, water and or liquid matter were encountered in the probe holes drilled into the sinkhole. The rock quality immediately above and adjacent to the mined stopes between the 12 and 14 levels is noted to have deteriorated.

The aquifer appears to have been largely drained or dried up to the 14-level. Further drilling in phase 2 will determine where this water may have remobilized to or still contained. The absence of water/liquid matter in the sinkhole significantly reduces the risk of inrush of water/mud under the current dry weather conditions.

The underground water balance will be influenced by the inflows (rainwater) through the sinkhole. The absence of any remnant voids intersected in the sinkhole also significantly reduces the risk of air blast from the sinkhole although the risk with the current open stopes still needs to be assessed with phase 2 probe drilling. The deteriorated rock mass poses potential risk of stope crown failures and rock mass failure during exposure. This may have adverse implications on using the same mining method going forward. An alternative mining method may be required to match the ground conditions and risks presented.

Phase 1 probe drilling has provided an improved understanding of the upper 12 and 14 levels. From the preliminary risk assessments, there is significant work required to re-establish the mine infrastructure on 12 level.

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There is minimal development possible on 14 level. The sequential extraction of stopes of 14 level implies leaving the 16 level stopes as a temporary pillar which presents its own challenges. Although unknown at this stage, the risk is either reducing the proportion of mining inventory on that level or failing to recover at all.

Phase 2 drilling remains the critical path in completing the overall risk assessment of the mine. This drilling is progressing as planned and expected to be completed by mid-July 2014 as previously informed.

The installation of seismic system on 12L and 14L is complete and commissioned successfully.

Subsequent to obtaining approval from the DMP for paste filling of 3 stopes, the company has started the preparation for undertaking this activity and likely to start during this week.

All other mining activities continue to remain prohibited pursuant to the Prohibition notice issued by the DMP except paste filling of the above 3 stopes, phase 2 probe drilling, and Jumbo rehab work to maintain safe access.

### **Voluntary Redundancies**

The company remains in communication with its employees on a regular basis.

Current preliminary estimates are that approximately 350 full time equivalent positions in Mining, Concentrator, Paste Plant, Maintenance and Administration will continue to be stood-down until at least up to 15 July 2014, pending the finalisation of the investigation surrounding the sinkhole. The Company is unable at this stage to provide a definitive date when operations could recommence at the mine site.

For this reason, the Company is inviting Expressions of Interest ("EOI") in voluntary redundancy. This is an initial information gathering process only.

For further information please contact:

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