



# **Aditya Birla Minerals Ltd**

## **Investor Presentation**

**11 August 2014**



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# Competent Persons Statement

The information in this presentation which relates to Mineral Resources for the Nifty, Mt Gordon and Maroochydore projects is based on and accurately reflects reports prepared by DataGeo and Sivasamy in 2013/14. Mr Ball and Mr Sivasamy have the necessary experience relevant to the style of mineralisation, the type of deposit and the activity undertaken to qualify as a 'Competent Person' under the JORC Code for Reporting of Mineral Resources and Ore Reserves (2012 Edition). Mr Ball and Mr Sivasamy have given their consent to the inclusion of the material in the form and context in which it appears. Mr Ball is Principal of DataGeo Geological Consultant (an independent geological consultancy). Mr Sivasamy is a full time employee of Aditya Birla Minerals Limited (ABML).

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserve. All significant Resource numbers do not imply precision. Figures are rounded according to JORC Code guidelines.

The depletion of the Mineral Resources for the Nifty and Mt Gordon operations for the 2014 reporting period is based on and accurately reflects information prepared by Mr Ball and Mr Sivasamy. Mr Ball is a member of the AusIMM (CP-Geo) and Mr Sivasamy is a Member of the AusIMM. Mr Ball and Mr Sivasamy have the qualifications and necessary experience with this style of mineralisation to qualify as a competent person as described by the 2012 JORC Code for reporting of Mineral Resources and Ore Reserves. Mr Ball and Mr Sivasamy have given their consent to the inclusion of the material in the form and context in which it appears.

The information in this release was previously reported to ASX in the release titled 'Resource Update as at 31 March 2014 dated 30 April 2014.

The Information in this report that relates to exploration results is based on information compiled by Maurice Hoyle, a Fellow of the Australasian Institute of Mining and Metallurgy and Sean Sivasamy, a Member of the Australasian Institute of Mining and Metallurgy, both of whom are full time employees of the Company. Mr Hoyle and Mr Sivasamy have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration results. Mr Hoyle and Mr Sivasamy have given their consent to the inclusion of this information in the form and context in which it appears.

# ABY: Company snapshot

Ordinary shares on issue	<ul style="list-style-type: none"> <li>• 313,372,551</li> </ul>
Share Price as at 28 July 2014	<ul style="list-style-type: none"> <li>• A\$ 0.28 cents</li> </ul>
Market Capitalisation	<ul style="list-style-type: none"> <li>• A\$ 88 million</li> </ul>
Revenue for FY14	<ul style="list-style-type: none"> <li>• A\$ 315 million</li> </ul>
Gross Profit for FY14	<ul style="list-style-type: none"> <li>• A\$ 5.7 million</li> </ul>
Dividend	<ul style="list-style-type: none"> <li>• 9 cents fully franked dividend paid for FY11</li> <li>• 5 cents unfranked dividend paid for FY12</li> <li>• No dividend declared for FY13 &amp; FY14</li> </ul>
Resources at 31 <sup>st</sup> March 2014	<ul style="list-style-type: none"> <li>• Total resources 273.86 Mn tonnes with contained copper of 3.53 Mn tonnes</li> </ul>





# Key Highlights for Q1 FY15

- ❑ Nifty operations remained closed throughout the quarter due to a Prohibition Notice received from the DMP subsequent to a sinkhole developed at the mine on 20<sup>th</sup> March 2014.
- ❑ Voluntary Redundancy was taken up by 106 employees, representing 26% of Nifty work force.
- ❑ Prohibition notice was lifted by the Department of Mines and Petroleum (DMP) on 4<sup>th</sup> July 2014 subsequent to submission of Probe drilling results, Risk assessment and Hazard control reports and completion of investigative activities carried out during the quarter to the satisfaction of the DMP.
- ❑ Mining operations have been resumed in a gradual manner from 15<sup>th</sup> July.
- ❑ Roster change from 8:6 to 2:1 for EBA staff has been implemented w.e.f. 29<sup>th</sup> July'14
- ❑ The amendment application for Environment Authority (EA) made by Birla Mt Gordon on 20th March 2013 to increase the MRL in the Esperanza Pit from 183RL to 217.2 RL was approved by administering authority on 25/6/2014 and a draft Environment Authority has been issued. As there are objections to the draft EA by a stakeholder, the matter will be referred to the Land Court for decision.



# Nifty Sinkhole Incidence

- ❑ Subsequent to development of a sinkhole in southern wall of open pit on 20<sup>th</sup> March'14, the mining crew was immediately evacuated safely on surface and DMP was notified of the incident.
- ❑ A Prohibition notice was issued by DMP on 21<sup>st</sup> March'14 suspending all operations to undertake investigation by an experienced geotechnical expert to establish the cause of the sinkhole and until all safety related issues identified in the risk assessment are adequately addressed.
- ❑ Probe drilling in two phases was carried out by us to determine the size of sinkhole, water or liquid matter presence in the aquifer, ground condition above chequerboard mining area and the presence of void which may cause new sinkhole.
- ❑ The observations and findings from the probe drilling are as under:
  - Significant reduction in the risk of water and/or mud inrush by the dewatered aquifer conditions above the Nifty reserve and the dewatering of the pit sump.
  - Future emerging risks of water and/or mud inrush are being mitigated by the implementation of the 12 level pump station, the flattening and higher elevation of the aquifer to the east and the installation of standpipes and valves for controlled aquifer drainage.
  - There are stopes voids that may continue to self-propagate. There are indications that the OPQ230 and Q238/R240 stope voids may have also coalesced. This could be due to the presence of persistent geological structures intersecting the stope blocks. This void has the highest risk of developing conditions conducive to chimney caving, possible sinkhole formation and air blast. The coalesced void is being backfilled in priority to reduce the risk of development of sinkhole & air blast.
  - The risk of air blast from open voids in the sinkhole is minimal as it has been established that it has no voids. Blast proof walls have been planned for the potential escape routes from those stopes where voids have been identified.
  - The risk of creation of new sinkholes has been mitigated by the identification of potential mobilisation points and plans to pastefill as soon as approval to resume mining activities is given by the DMP.
  - The condition of the regional hanging wall over areas with known voids is deteriorated above 17-level in the checkerboard area.



# Nifty Sinkhole Incidence cont....

- ❑ An external geotechnical consultant was engaged to determine the cause of the sinkhole
- ❑ Report from external geotechnical expert, our Risk assessment and Hazard Control report were submitted to DMP. Following DMP's review of the reports and meetings with the DMP, the prohibition notice has been lifted on 4<sup>th</sup> July 2014 by the DMP.
- ❑ Most of the employees were stood down during this period. Minimum people were working at site to maintain essential services.
- ❑ Restarted the mining activities in phased manner from 15 July 2014 and shall gradually ramp up the production and re-start processing plant and all other functions during August 2014.



# Mt Gordon: Strategic Review by ANZ Bank

- Mt Gordon was put under care & maintenance in April 2013 subsequent to a Scoping study conducted by AMC Consultants suggesting potential for reducing the operating cost through sub level cave mining methodology with hoist shaft haulage
- Scoping study highlights possibility of cost effective ~4 million tonnes per annum operations for 15 years with potential of total operating mine life of 20 years, total production target of 70mn tonnes at average copper grade of 1.3%, as published in the ASX release dated 19 December 2013. The Company confirms that all material assumptions underpinning the production targets, and forecast financial information derived from the production targets, in the relevant market announcement on 19 December 2013 continue to apply and have not materially changed.
- Corporate Advisory Division of ANZ Bank was appointed as a sole financial advisor to carry out strategic review of Mt Gordon operations and advise on all strategic options
- The strategic review process has taken a considerable amount of time in order to fully evaluate each alternative available to the Company.
- The ANZ has submitted their recommendations which are being studied by the management
- Based on this assessment, Board will take an appropriate decision and pursue an appropriate course of action in the coming months.





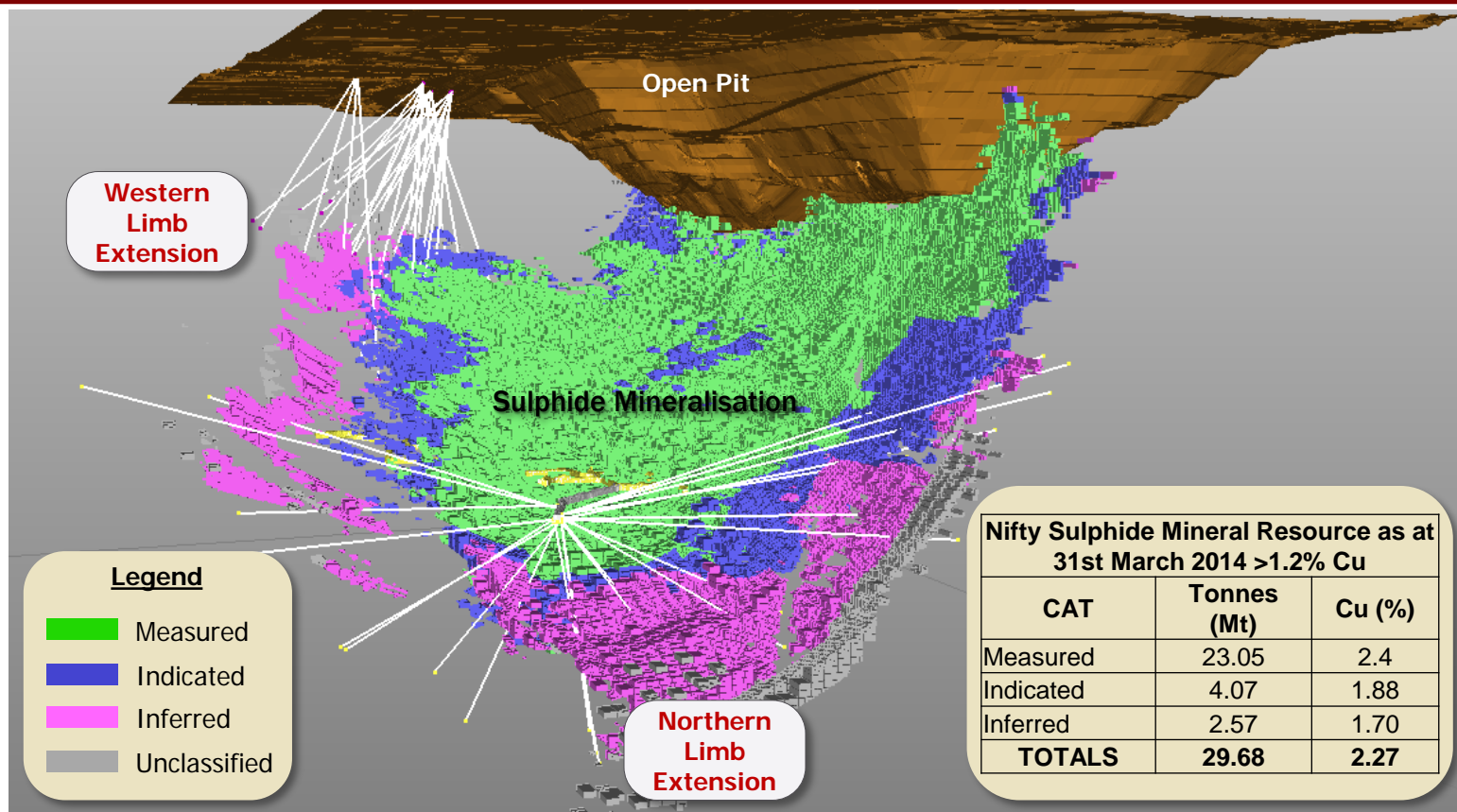
# Exploration and Geology Progress Q1 –FY15



- No exploration drilling undertaken during mine closure. All POW's granted for planned drilling programmes.
- In-house study illustrates large regional area of copper interest at Rainbow.
- A total of 6,519m Probe drilling meters was drilled in two phases for aquifer and void testing in fulfilment of safety and technical requirements subsequent to development of sinkhole at Nifty
- Leach pad (1,900m RC) and Western Resource (3,500m RC/DD) delineation drilling planned for Q2.



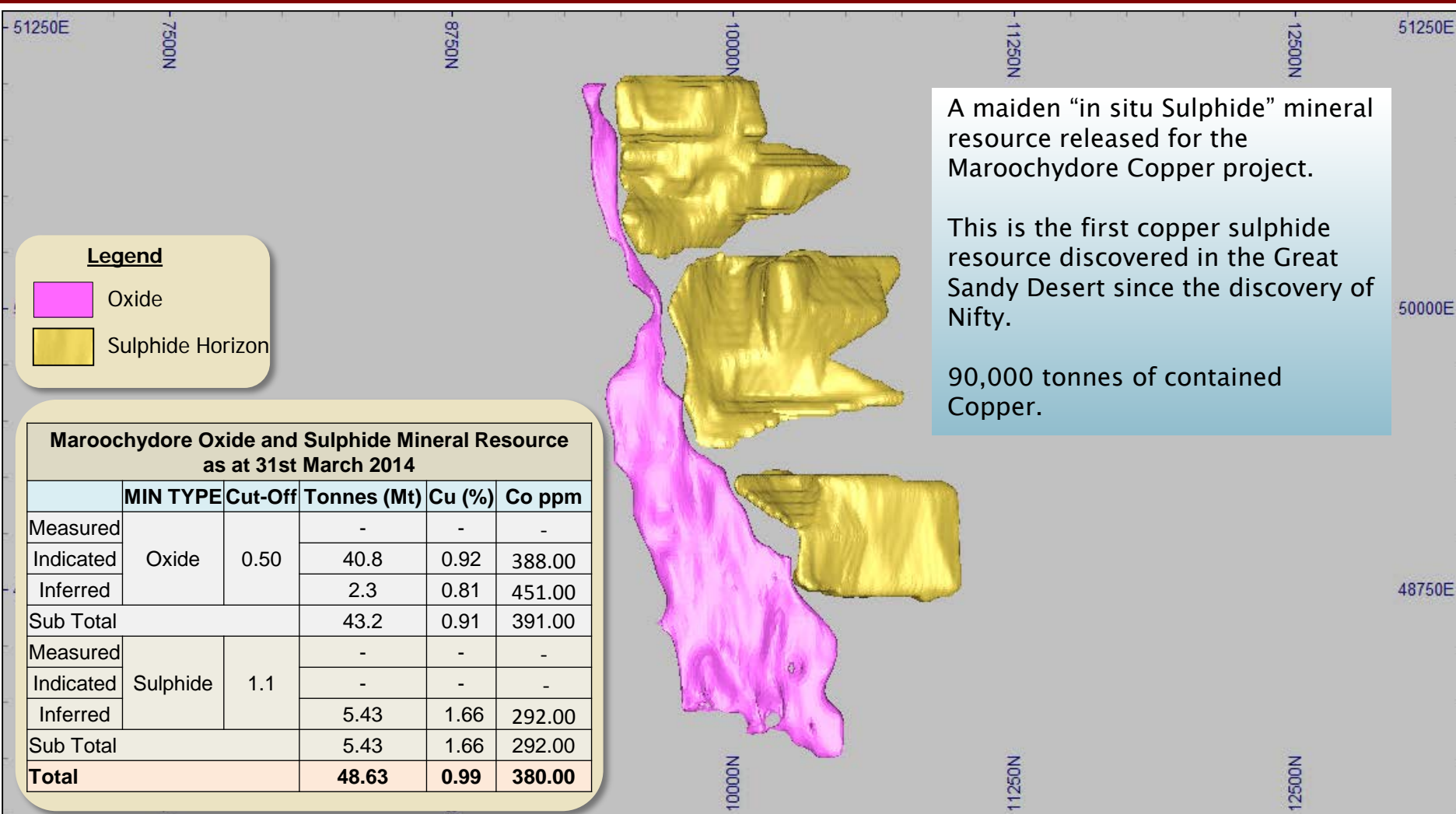
# Nifty – Resource Conversion Drilling



- The surface and underground resource conversion drilling programme was put on hold due to the development of sinkhole.

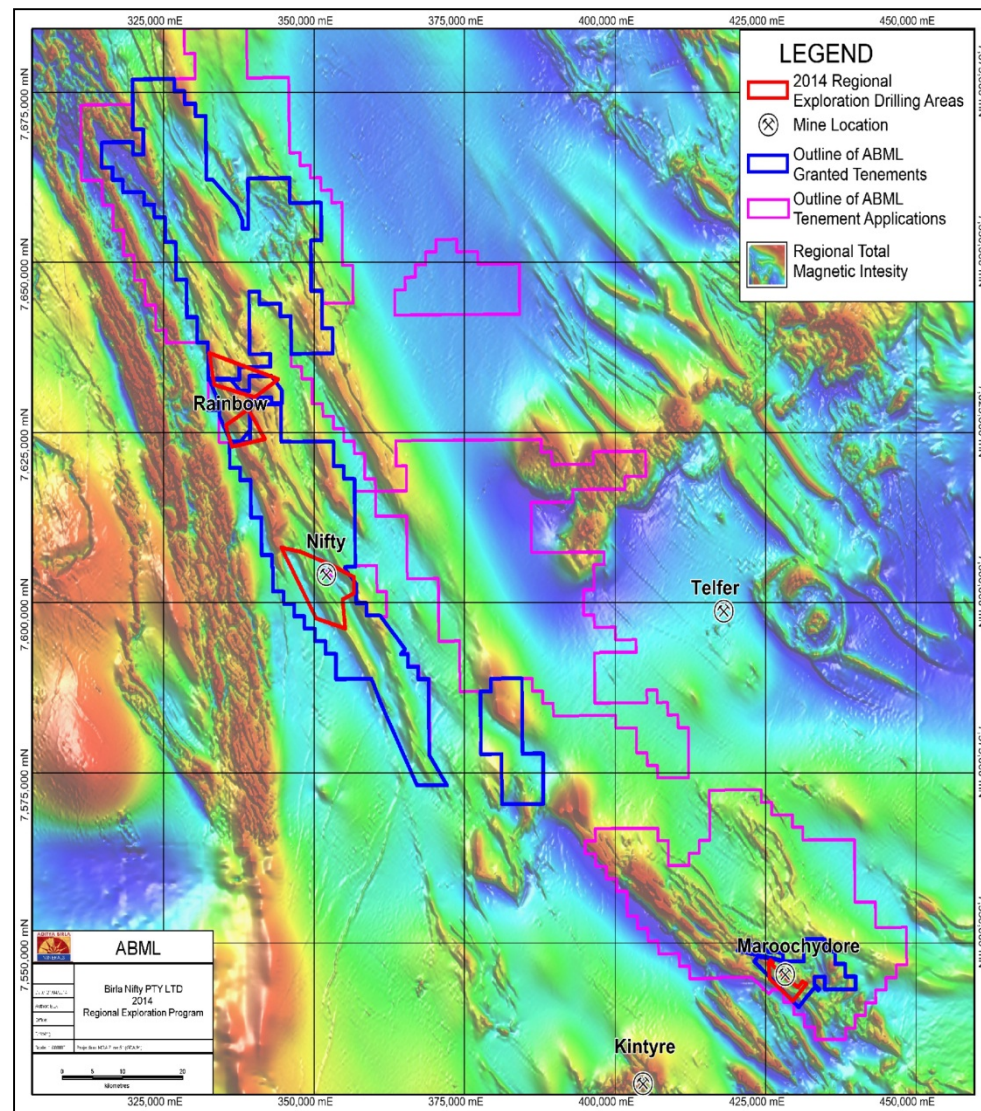


# Maroochydore – Oxide & Sulphide Resource





# Principal Target Areas for FY15 Drilling

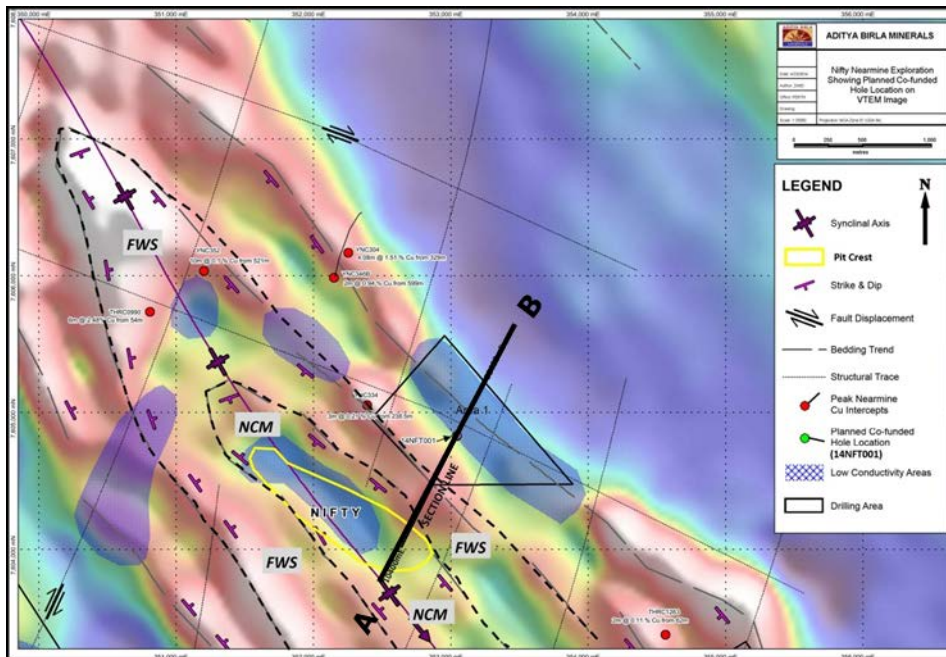


- 3 principle drilling areas will focus on Nifty syncline, Rainbow prospect approximately 30km to the north west and the Maroochydore area
- A number of less advance regional prospects are planned to be tested with shallow RC drilling



# Nifty Near Mine Planned Drilling- FY15

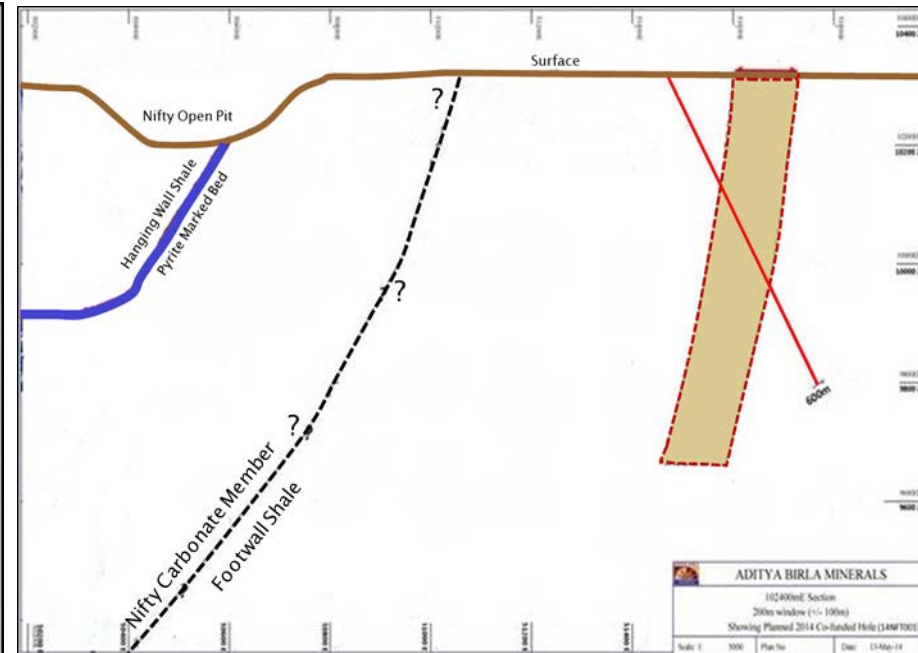
Geological Plan of Proposed Drillhole.



Plan showing:

- conductivity low beneath Nifty Pit
- Comparable zone 1km northeast of pit.
- Both zones within same cross-structural break in stratigraphy.

A-B Cross-Section of the Proposed Drillhole

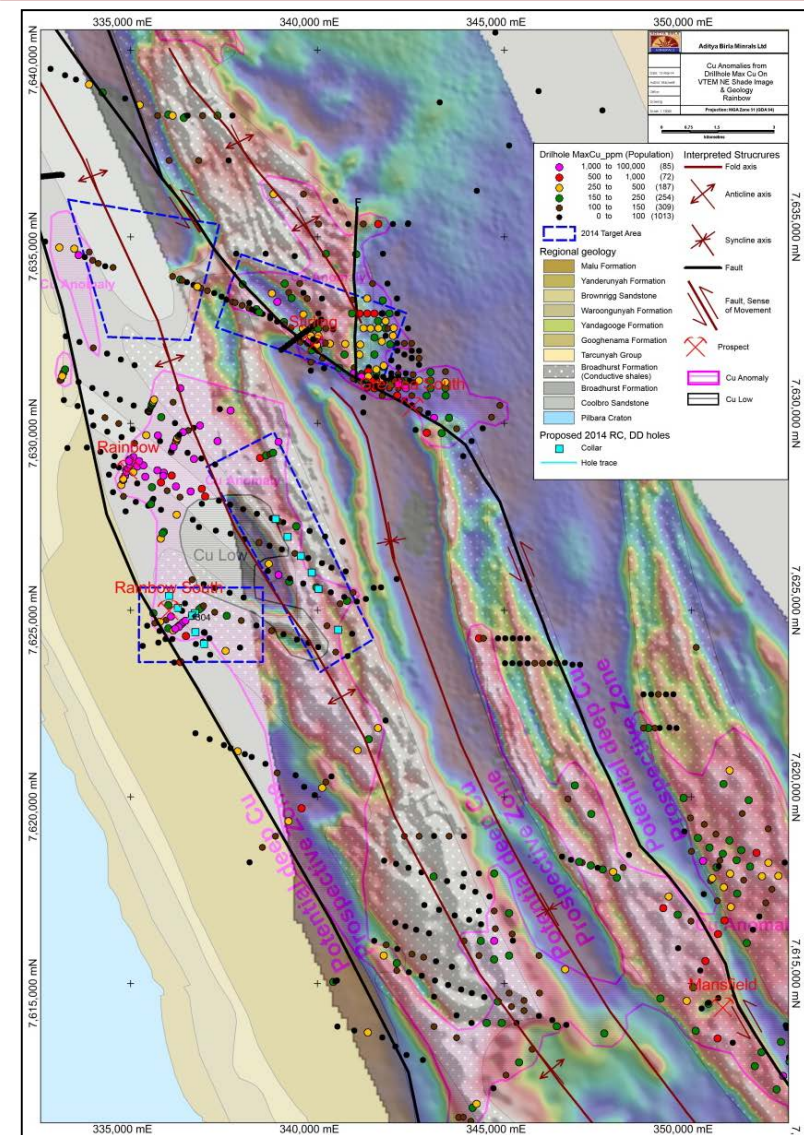


Geophysical interpretation suggests:

- Strong alteration of sediments
- Testing Lower Broadhurst Formation footwall sequence.

Footwall sequence 1km on strike to northwest has peak intersection of 4.08m at 1.51% Cu from 328.9m in hole YNC304.

# Rainbow Planned RC Drilling FY15

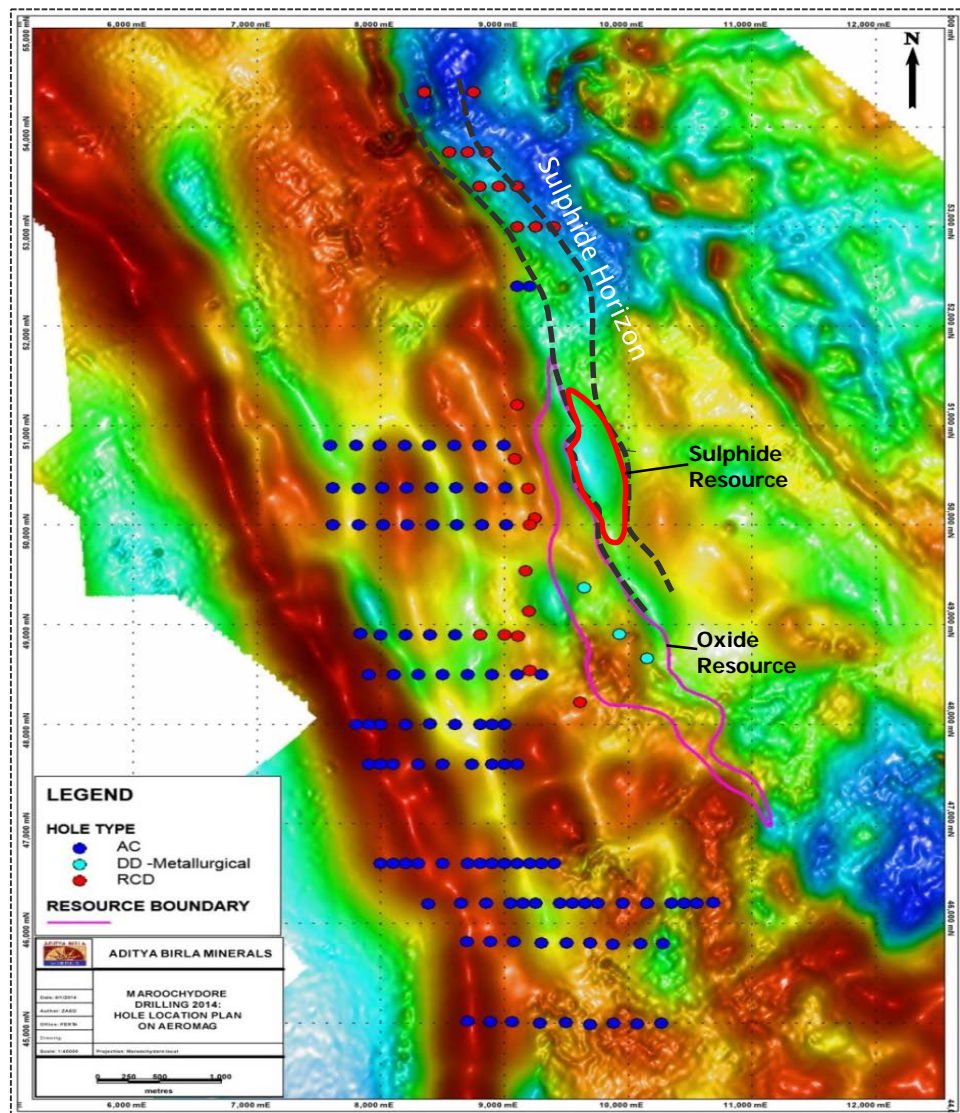


## RC drilling planned to test for shallow stratabound copper mineralisation

- Drilling is planned to test down dip and along strike of best prior intercepts
- Drill areas form small part of much broader area of interest defined by copper anomalism in prior drill holes
- Good copper anomalism is focussed at the confluence of faulting at Stirling / Grevillea prospects
- Prior drilling often too shallow to test for copper at depth.



# Maroochydore – Planned Drilling FY15

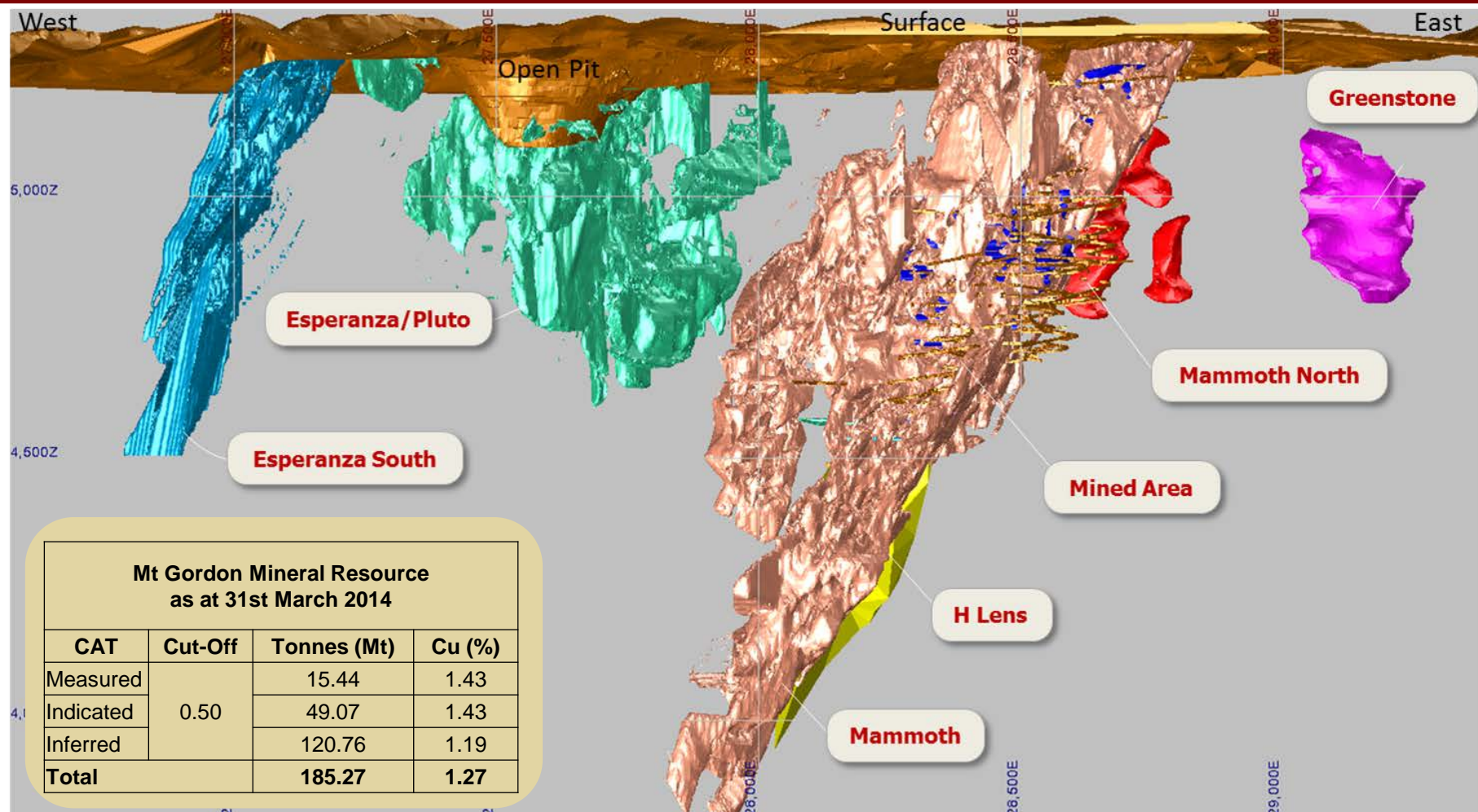


Detailed interpretation of aeromagnetic data has identified a probable faulted syncline lying immediately west of the Maroochydore oxide deposit.

- Testing for resources in synclinal structures to the west of Oxide deposits
- Testing along strike and down plunge to the north west



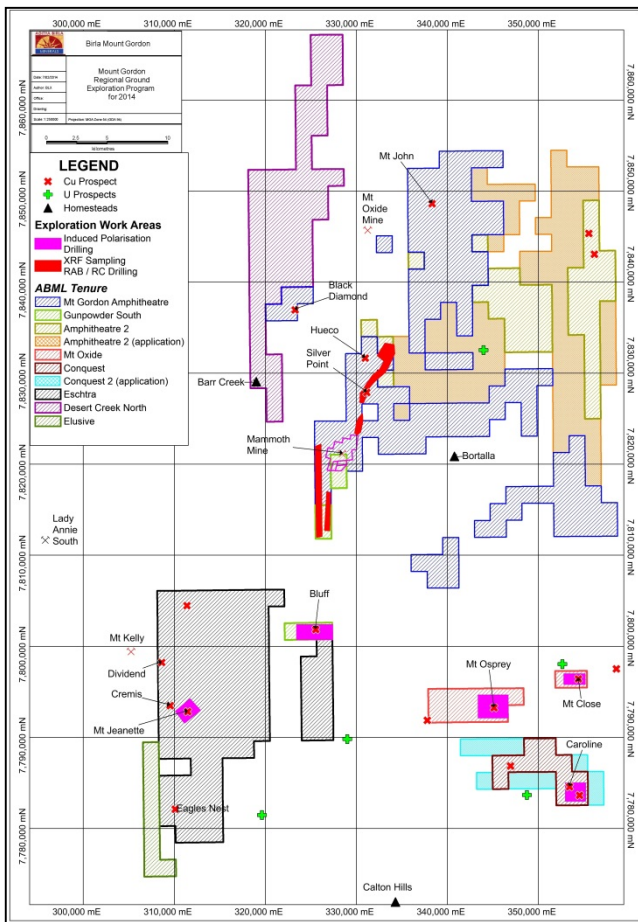
# Mt Gordon Resource Building



- Exciting discovery of high grade copper mineralisation in a new lens ('H Lens') of Mammoth style mineralisation at Mt Gordon copper project.

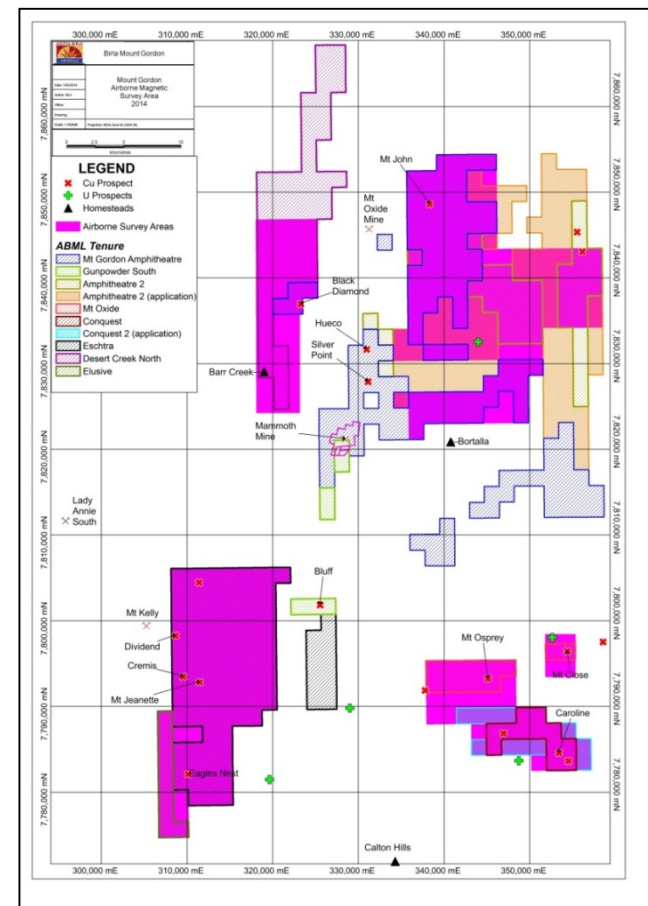


# Mt Gordon Exploration Planning -FY15



Areas for planned ground geological, geochemical, geophysical surveys and follow-up drilling.

- High resolution aeromagnetic surveys over key areas of regional tenements.
- Ground XRF sampling and mapping of radiometric ratio anomalies.
- IP surveys and drilling planned over advanced mineralised targets.
- New EPM granted adjoining Caroline and Mt Osprey.



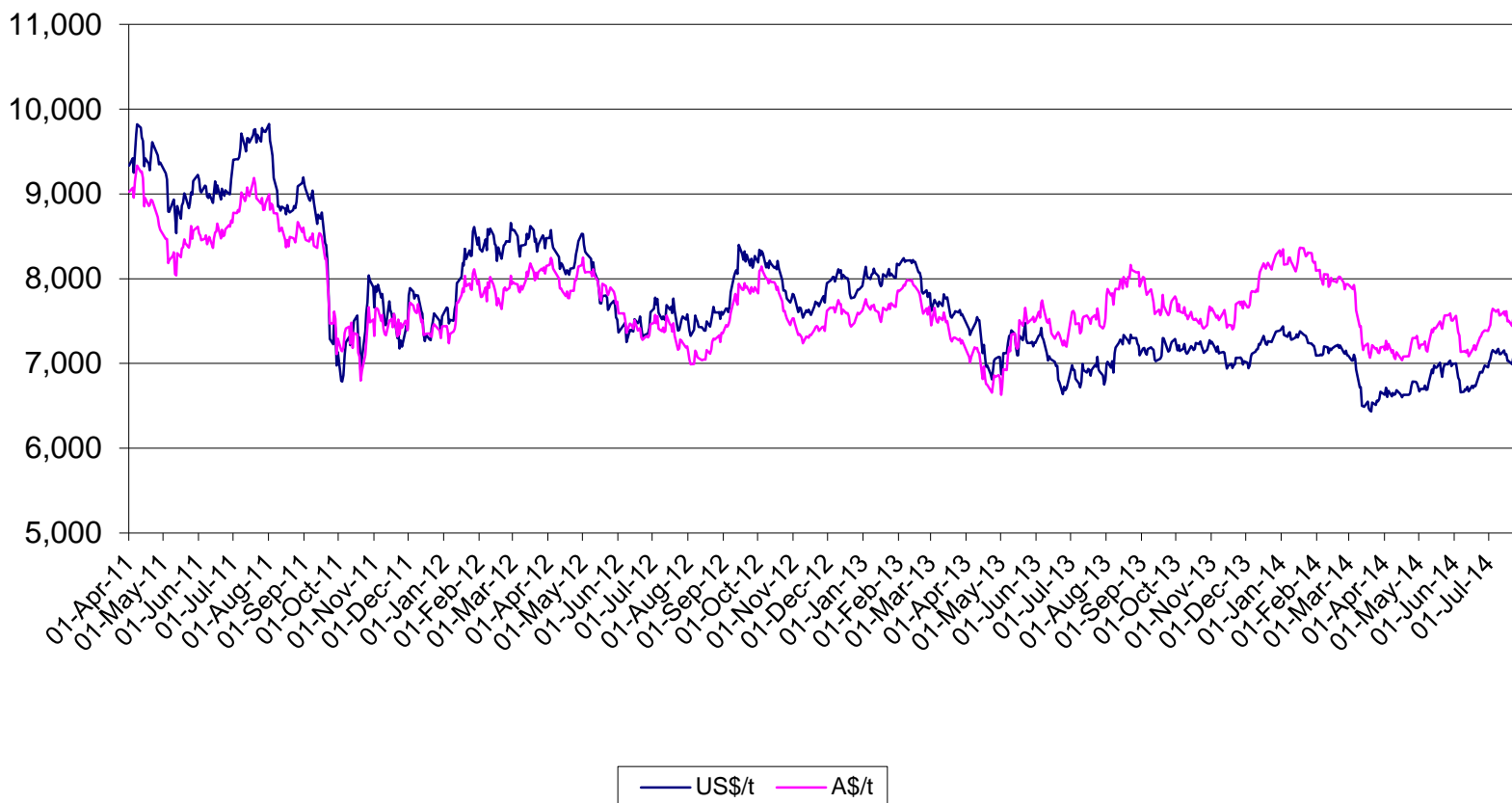
Areas of planned high resolution aeromagnetic and radiometric surveys.



# **LME trend, Hedging position and Production Guidance**



# Copper Prices



**LME price of Copper in US\$ terms dropped by ~10% in FY14 compared to FY13 average, but due to depreciation of AUD Vs. USD, it remained almost same in AUD terms**



# Metal and Fx Hedges

Metal hedging	Buy Put		Sell Call		Swap			
QP month	Qty	USD	Qty	USD	Qty	USD	Total Qty Hedged	Average Rate
Delivered Qty	-	-	-	-	-	-	-	-
Rolling 12 months	-	-	-	-	-	-	-	-
Total Qty Hedged	-	-	-	-	-	-	-	-

	Forward Sell	Average
FX Hedging	US\$-Mn	FX Rate
Rolling 12 months	-	-

The hedge position is Nil for Copper and Forex





# FY 15 Production Guidance

## Production: Contained Metal in concentrate

Copper	UOM	Qty
- Nifty Operations	Tonnes	16-18,000
<b>TOTAL</b>		<b>16-18,000</b>



# Macro Economic Overview

Copper market sentiment low due to slow recovery in Europe and concerns of slow growth rate in China

The copper inventories are at historically low levels, which helped to provide price support in recent months

While supply continues to exceed demand in the short term, the recovery in US economy augurs well for Copper demand. However, downside risks from the macro economic factors persist



Thank you