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Aditya Birla Minerals Limited

ASX RELEASE

For the Quarter ended 30th September 2015

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ADITYA BIRLA MINERALS LIMITED

Second Quarter Ended

30th September 2015

Highlights

- Binding agreement executed for the sale of 100% of the shares in Birla Mt Gordon Pty Ltd (“BMG”) to Lighthouse Minerals Holdings Pty Ltd (“Buyer”), owned by an affiliate of EMR Capital Resources Fund 1 LP (“EMR”) and Lighthouse Minerals Pty Ltd (“LHM”). The transaction was successfully completed on 27 October 2015 after satisfaction of all conditions precedent.
- Continued improvement in operating performance at Nifty during the September quarter:
 - Nifty Ore mined increased by 25% from the June quarter to 412,947 tonnes. The ore mining rate continued to be impacted by a higher percentage of ore being remotely bogged due to draw point control measures in place following a fatality in the Nifty underground mine in May 2015.
 - Nifty Ore processed during the quarter was 366,294 tonnes, an increase of 3% from the June quarter.
 - Nifty Copper production during the quarter was 6,305 tonnes, an increase of 8% from the June quarter.
- Guidance of production increased by 1,000 tonnes to 25,000 – 28,000 tonnes of Copper production and guidance of total site costs of A\$135 – A\$145 million for the year ending 31 March 2016 remains unchanged.
- Cash and cash equivalents of \$33.43 million as at 30 September 2015 with a further \$50.83 million (classified as trade and other receivables in the balance sheet) in a security deposit against finance facilities (\$49.83 million) and Escrow account against the Mt Gordon sale transaction (\$1 million).
- Moelis Australia Advisory Pty Limited (“Moelis”) appointed as exclusive financial advisor to assist with the strategic review. The focus of the review is to maximise value for shareholders and all strategic options will be explored, including a sale of the Company.
- Subsequent to the end of the quarter, Metals X Limited (“Metals X”) made a highly conditional, unsolicited and inadequate takeover offer for the Company. On 26 October 2015, the Board of Directors of the Company advised shareholders to reject the Offer and take no action in relation to it.

The Company's major shareholder, Hindalco Industries Limited, has advised it would not accept the Offer so the 90% minimum acceptance condition is not capable of being satisfied.

Overview

Key Physicals

Production Summary of ABML	UoM	Quarter Ended 30 Sep'15	Quarter Ended 30 Jun'15	Quarter Ended 30 Sep'14	Year to Date Ended 30 Sep'15	Year to Date Ended 30 Sep'14
Ore mined	tonnes	412,947	329,253	241,263	742,200	241,263
Grade	%	1.82%	1.78%	1.61%	1.80%	1.61%
Cu contained	tonnes	7,509	5,865	3,885	13,375	3,885
Ore Processed	tonnes	366,294	355,254	185,378	721,548	185,378
Cu contained	tonnes	6,610	6,315	3,059	12,925	3,059
Concentrate produced	dmt	25,791	25,252	12,412	51,042	12,412
Concentrate Grade	%	24.44%	23.09%	21.86	23.77%	21.86%
Total Copper Produced	tonnes	6,305	5,831	2,714	12,136	2,714
Total Copper Sold	tonnes	8,118	8,002	239	16,120	1,347

Compared to the corresponding quarter last year, Copper production and sales increased by 132% and 3297% respectively mainly due to the Nifty operations being in ramp up phase during the same quarter last year subsequent to re-commencement of operations post-sinkhole at Nifty, hence directly not comparable. The average copper grade improved to 1.82% during Q2 of the current year compared to 1.61% achieved in the corresponding quarter of last year.

Cash and Cash equivalent / Security Deposit

The Company had a balance of cash and cash equivalents of \$33.43 million as at 30 September 2015. In addition to this, security deposits of \$50.83 million existed as at 30 September 2015 (accounted for as 'trade and other receivables'), consisting of security against finance facilities from the bank (\$49.83 million) and an Escrow deposit of \$1 million for the Mt Gordon sale transaction.

The total of the cash balance and security deposits as at 30 September 2015 has increased to \$84.26 million, an increase of \$10.54 million compared to the

corresponding total of \$74.12 million as on 30 June 2015. The increase is mainly attributed to working capital movements between the two reporting cut-off dates.

Upon completion of the Mt Gordon sale transaction on 27 October 2015, an amount of \$41.7 million from the total \$49.83 million of security deposits against the finance facilities and the Escrow deposit of \$1 million have been released by the bank and the sale proceeds of A\$5 million has been received by the Company from the Buyer. Accordingly, the unencumbered cash balance has increased to A\$72.42 million as on 27 October 2015. In addition to this, a security deposit of A\$8.1 million was placed with the bank on 27 October 2015 against finance facilities for environmental performance bonds for the Nifty operations.

Hedging position

As at 28 October 2015, the Company had sold forward 3,650 tonnes of copper at average rate of US\$5,306 per tonne against the despatched quantity. Currently there is no hedge or forward contract taken for the US\$.

Strategic Review

Resulting from the strategic review process for Mt Gordon, the Company entered into a binding Share Purchase Agreement (“SPA”) agreement for the sale of all shares in Birla Mt Gordon Pty Ltd (“BMG”) to Lighthouse Minerals Holdings Pty Ltd (“Buyer”), owned by an affiliate of EMR Capital Resources Fund 1 LP (“EMR”) and Lighthouse Minerals Pty Ltd (“LHM”). Under the terms of the binding share purchase agreement, the Buyer has acquired all the shares in BMG (the “Transaction”) for:

- A cash payment of A\$5 million to ABML, paid on completion of the Transaction;
- A further contingent cash payment of A\$10 million to the Company, payable if the three month delivery quoted price for copper on the London Metals Exchange averages at least A\$4.20 per pound over any continuous six month period, during the period commencing on 12 months after the date of first commercial production at Mt Gordon (under the Buyer’s ownership) and ending 36 months after the date of first commercial production at Mt Gordon;
- Reimbursing the Company for actual care and maintenance expenses incurred by BMG in relation to Mt Gordon for the period commencing on the execution date of the SPA and ending on the completion date of the Transaction up to a maximum amount of A\$500,000 per month (Note: \$113k has been paid to date for costs up to the end of September 2015); and
- Replacing all financial assurance bonds (being environmental bonds and performance bonds) in relation to Mt Gordon, amounting to a value of approximately A\$41.7 million.

All the conditions precedent under the Share Purchase Agreement have been satisfied and the Transaction was completed on 27 October 2015.

The completion of the Transaction is expected to result in a non-cash impairment of ~A\$29 million to be recognised in the half-yearly Financial Statements, which are to be released in November 2015 and are currently subject to audit review.

Following the announcement of the Transaction and as reported to the ASX on 7 October 2015, the Company has engaged Moelis Australia Advisory Pty Limited (“Moelis”) to act as its exclusive financial advisor to assist with a Strategic Review. The specific focus of the Strategic Review is on maximising value for shareholders and all strategic options will be considered, including a sale of the Company. The Strategic Review is due to be completed by the end of the March Quarter 2016.

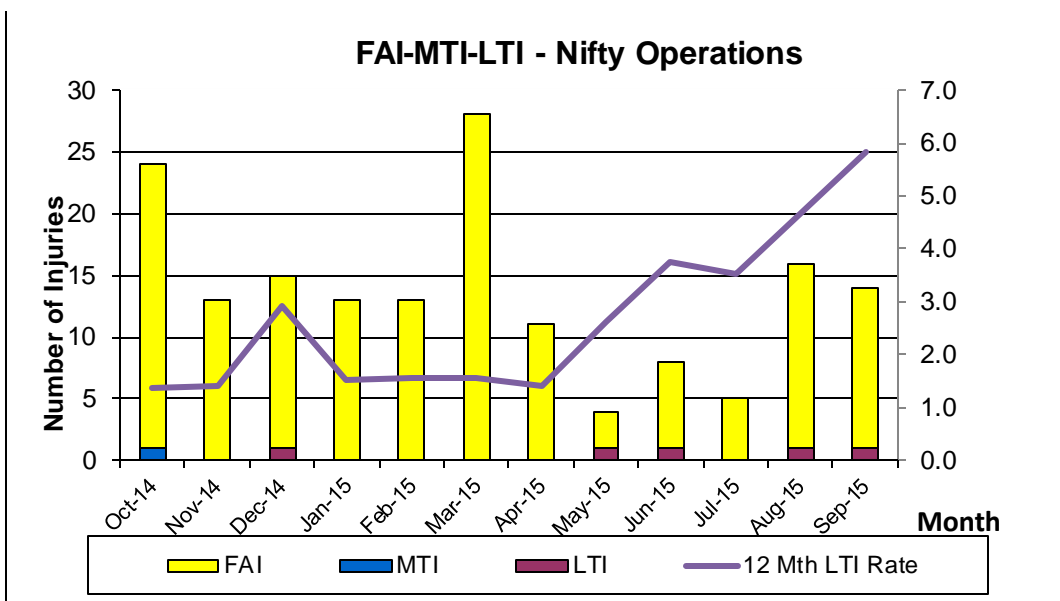
On 15 October 2015, Metals X Limited (“Metals X”; ASX:MLX) announced an unsolicited off-market takeover offer for all of the fully paid ordinary shares in ABML, subject to numerous conditions, for a proposed consideration of 1 fully paid ordinary Metals X share for every 5 ABML shares (the “Offer”).

On 26 October 2015, the Board of Directors of ABML recommended ABML shareholders reject the Offer and take no action in relation to the Offer. The Directors of ABML believe the unsolicited and highly conditional Offer from Metals X materially undervalues ABML and is not in the best interests of ABML shareholders. ABML’s 51% shareholder, Hindalco Industries Limited (“Hindalco”), has informed ABML that after evaluating the proposal, it will not be accepting the Offer. Therefore, the 90% minimum acceptance condition in the Metals X Offer is not capable of being satisfied.

The Company will continue to operate as usual during the Strategic Review, and will keep shareholders advised of any material developments as the Strategic Review progresses.

Nifty Copper Operation

Safety



During the quarter, Nifty operations recorded a Lost Time Injury (LTI) frequency rate of 4.7 compared with metalliferous UG industry average of 2.7. The LTIFR increased due to 2 minor reportable incidents occurred during the month of September 2015. The Company management is fully committed to safety and focus on continually improving our leading safety performance.

Environment

All environmental obligations have been complied with.

Mining and Production

Production Summary of Nifty	UoM	Quarter Ended 30 Sep'15	Quarter Ended 30 Jun'15	Quarter Ended 30 Sep'14	Year to Date Ended 30 Sep'15	Year to Date Ended 30 Sep'14
Ore mined	tonnes	412,947	329,253	241,263	742,200	241,263
Grade	%	1.82%	1.78%	1.61%	1.80%	1.61%
Cu contained	tonnes	7,509	5,865	3,885	13,375	3,885
Ore Processed	tonnes	366,294	355,254	185,378	721,548	185,378
Cu contained	tonnes	6,610	6,315	3,059	12,925	3,059
Recovery	%	95.38%	92.34%	88.75%	93.89%	88.75%
Concentrate produced	Dmt	25,791	25,252	12,412	51,042	12,412
Concentrate Grade	%	24.44%	23.09%	21.86%	23.77%	21.86%
Total Copper Produced	tonnes	6,305	5,831	2,714	12,136	2,714
Total Copper Sold	tonnes	8,118	8,002	239	16,120	1,347

Nifty Sulphide Operation

Ore production was 412,947 tonnes, an increase of 71% compared to the corresponding quarter of last year, at an average 1.82% Copper Grade in the current quarter. As compared to previous quarter (June 2015), the increase in ore mined was 25%. Ore processed was 366,294 tonnes during the quarter, an increase of 98% over the corresponding quarter of last year and an increase of 3% over the previous quarter. The copper production was 6,305 tonnes with an increase of 132% over the same quarter of last year and an increase of 8% over the previous quarter. The Copper recovery improved to 95.39% during the quarter, an improvement of ~7% over the corresponding quarter of last year and ~3% compared to previous quarter.

The mining rate continued to be impacted during the quarter because of a higher percentage of ore being remotely bogged due to draw point control measures as per advice of DMP subsequent to unfortunate fatal accident at the Nifty underground mine on 11 May 2015. The Company has undertaken measures to upgrade its capabilities of remote bogging to minimise the impact on the mining volumes.

As previously advised the Company advises that total copper production from the Nifty operations for the full year to 31 March 2016 is expected to be in the range of 25kt – 28kt.

Nifty Oxide Operation

The Nifty Oxide operations continued to be under care and maintenance.

Four bulk composite samples were generated for the metallurgical test work from 2014 and 2015 drill samples. Details are shown below.

1. Bulk Master composite (all grades)
2. Bulk Low grade Composite-1 (Cu <0.35%)
3. Bulk Medium grade composite-2 (Cu >0.35 and <0.5%)
4. Bulk High grade composite-3 (Cu >0.5%)

A high grade composite sample was sent to an external lab for conduct scoping metallurgical test work. The phase one test work aimed at focusing on the high grade material (High Grade: Cu Grade >0.5% Cu). The test work conducted entailed gravity separation, flotation, mineralogical and acid leach test work.

The metallurgical test work results demonstrate the recovery of copper from the heap leach pad (Indicated Resource of 2.85mt at 0.75% Cu, Inferred Resource of 0.46mt at 0.66% Cu for a Total Resource of 3.31mt at 0.71% Cu reported above a 0.5% Cu cut-off grade) is not economically viable under the prevailing copper price. As a result a non-cash impairment of ~A\$12 million of heap leach pad inventory is likely to be recognised in the half-yearly financial statements to be announced in November 2015.

Costs

The site cash costs per tonne of ore mined and processed was A\$87.15, a 9% reduction on the previous quarters cost of A\$95.86 per tonne. The continued cost improvement is due to higher levels of ore mined and processed during the quarter and a number of cost reduction initiatives that were implemented.

The C1 cash cost improved to A\$3.08/lb of Cu during the quarter against A\$3.11/lb in the previous quarter.

The total site cash cost at Nifty for Q2 FY16 was A\$34.32 million as against the previous quarter A\$32.46 million. This does not include Tc/Rc, transportation and royalty costs.

The site cost guidance (excluding Tc/Rc, transportation and royalty costs) for Q3 FY16 is in the range of A\$33 – A\$36 million. Original site cost guidance for FY16 of A\$135 – A\$145 million remains unchanged.

Mt Gordon Copper Operation

Safety

During the quarter, there were no loss time incidents at BMGO. One light vehicle travelling to Mt Isa collided with another light vehicle. The BMGO operator sustained minor injury and was released from hospital on the same day.

Environment

Compliance with environmental authority continued. The Court Order No. 3267 was extended for a further period of 5 years with mutual agreement of DEHP. If the water level goes above Mandatory Reporting Level (MRL), BMG will be able to discharge water under the court order otherwise discharge can be done under the Environment Authority.

Production

The Mt Gordon operations continued to remain under care & maintenance during the quarter.

Costs

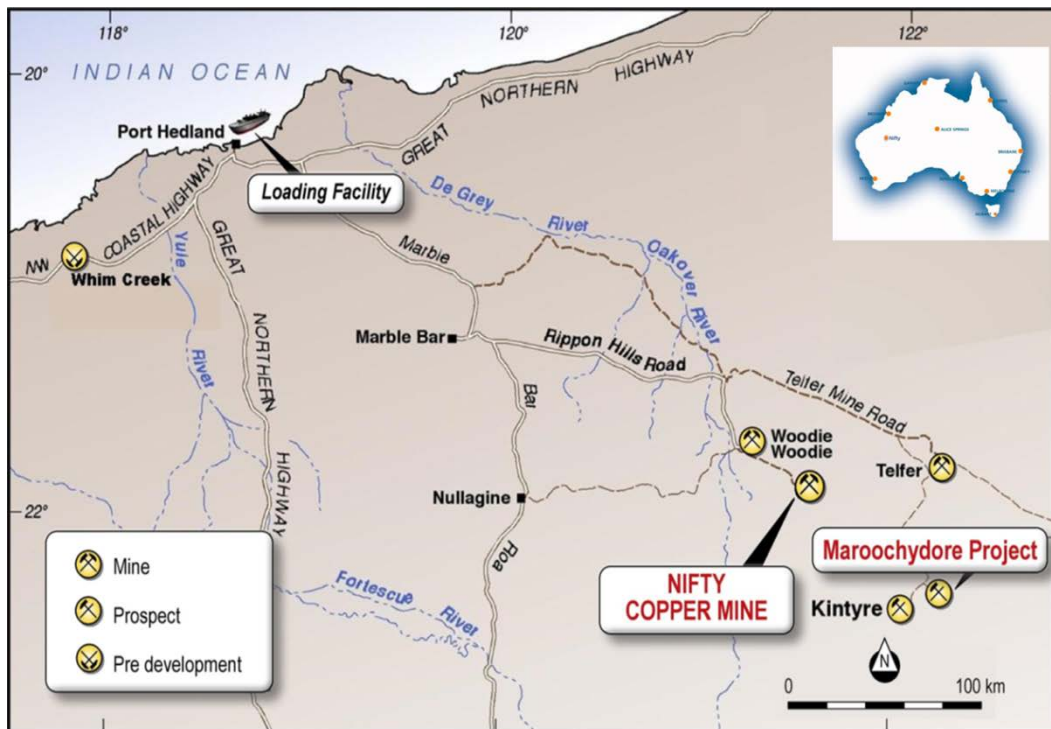
The total care & maintenance cost at Mt. Gordon for Q2 FY16 was A\$1.30 million. Out of this, an amount of ~\$113k has been reimbursed by the Buyer of Mt Gordon operations (Lighthouse Minerals) to the Company on 27 October 2015.

Exploration Activities

Nifty Copper Project

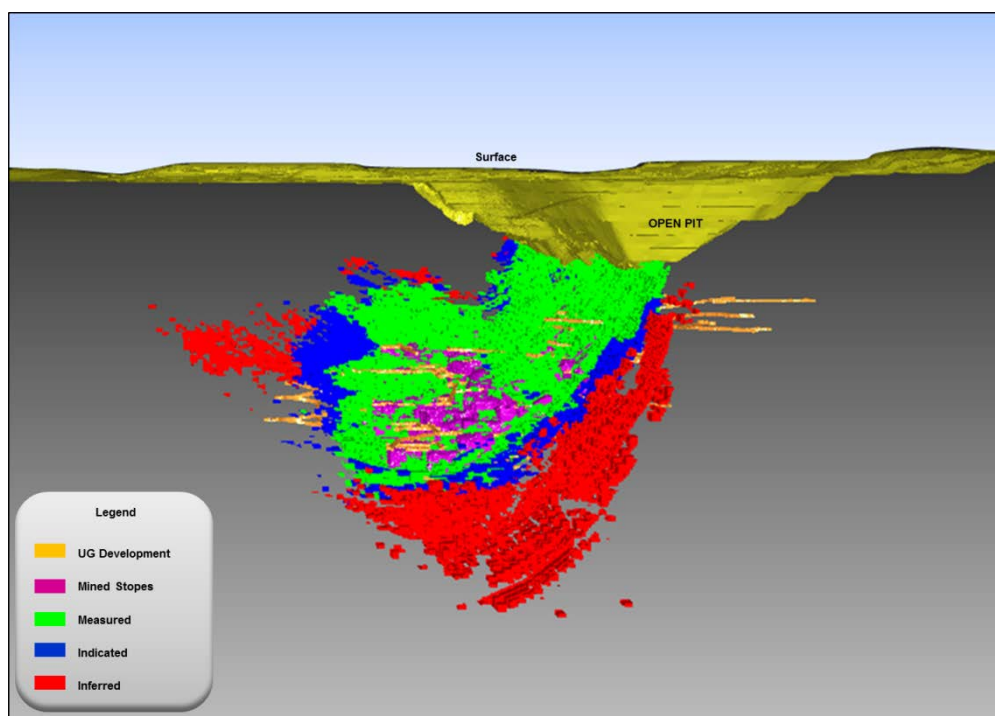
The Nifty and Maroochydore Copper Projects lie approximately 300km and 400km respectively south-east of Port Hedland.

Nifty and Maroochydore Location Plan



The Nifty Sulphide deposit location is shown in the figure below.

Nifty Sulphide Resource – looking west



During the quarter no delineation or infill drilling activity was undertaken at Nifty underground mine.

Nifty and Maroochydore Exploration

No field exploration activity was undertaken on mining and exploration tenements.

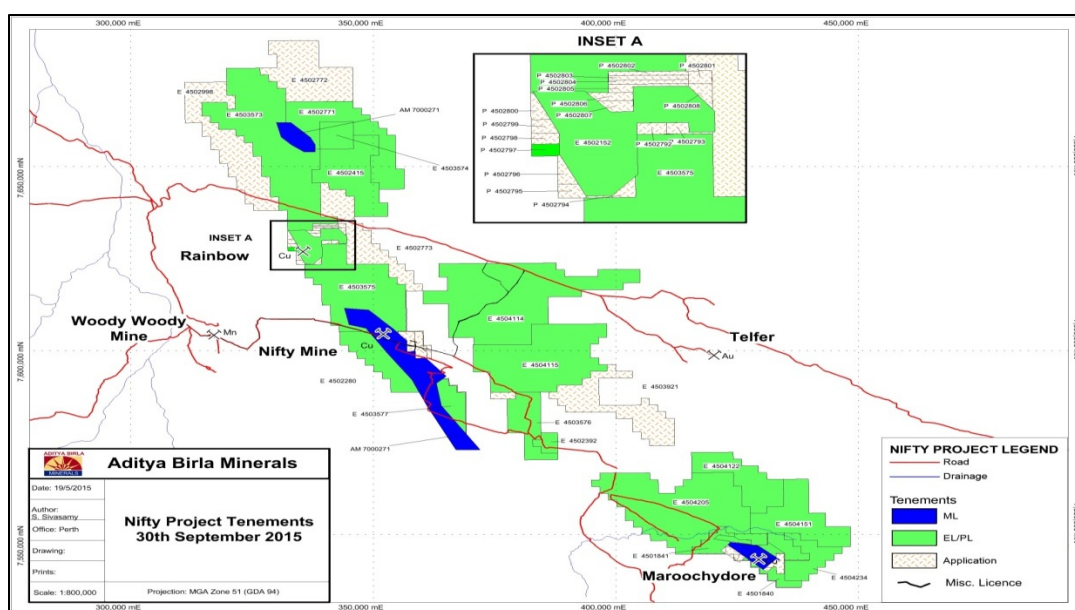
Nifty regional tenements E45/2280, E45/2392 and E45/2415 expired in August 2015 and an extension application was lodged. The Application for extension was granted with validity till August 2016.

During the quarter a combined annual report C162/1996 for tenements – M45/492, M45/314 – 315, M45/317 – 318, E45/1018 and E45/1839 was submitted to the department.

Maroochydore regional tenements E45/1840, E45/1841 and E45/3011 annual technical reports were prepared and submitted.

Maroochydore prospecting license P45/2917 was granted on the 21st September 2015 and P45/2918 was granted on the 23rd September 2015.

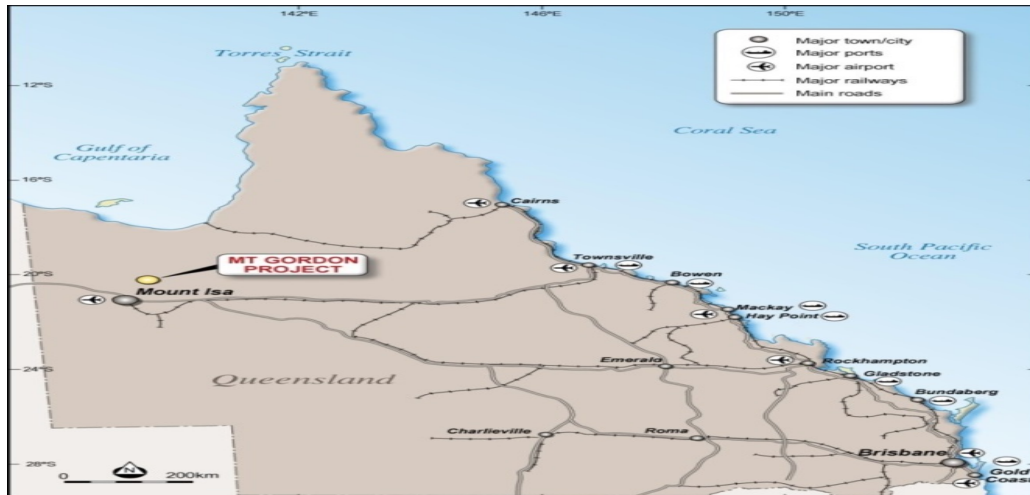
Nifty and Maroochydore Tenement Location Plan



Mt Gordon Copper Project

The Mt Gordon Copper Project which was under the ownership of the Company during the quarter and until the completion of its sale which occurred on 27 October 2015, is located in northwest Queensland approximately 120 km north of Mt Isa.

Mt Gordon Project Location Plan



Mt Gordon Exploration

No field exploration activity was undertaken on mining and exploration tenements during the quarter.

Market Outlook

In the backdrop of subdued commodity market, Copper prices also remain stressed and are currently prevailing in the range of US\$5100–5300/MT. The price has fallen sharply in last few months on the concerns of slowdown in Chinese growth, which accounts for ~40% of the world's total copper consumption, and slow economic recovery in Europe. The fall in copper prices is partly offset with decrease in value of A\$:US\$ exchange rate, resulting in the Copper price in Australian Dollar terms trading in a similar range. Copper fundamentals appear to be supportive of range bound LME in the short term. However downside risks from the macro economic factors still persist.

Company profile

Aditya Birla Minerals (ASX: ABY) is a copper mining company in Australia with operations in Western Australia and Queensland. ABY is currently conducting copper mining at the Nifty Copper Operations located in the Great Sandy Desert, Western Australia. Copper concentrates produced from its Nifty copper mine is shipped to Hindalco Industries Limited's (Hindalco) copper smelter in India. Hindalco is a member of the Aditya Birla Group, one of India's largest industrial conglomerates.

Hindalco has a 51% shareholding in ABY and is Asia's largest integrated aluminium producer and growing copper producer.

Both Aditya Birla Minerals and Hindalco have a reputation for efficient copper operations, providing copper investment opportunities that exceed and extend mining capabilities.

Aditya Birla Minerals has a team of highly skilled mining and copper exploration industry professionals, each adhering to the Company's values: commitment, integrity, speed, seamlessness and passion.

Competent Person's Statement

The Information in this report that relates to exploration results is based on information compiled by Sean Sivasamy, a Member of the Australasian Institute of Mining and Metallurgy, who is a full time employee of Aditya Birla Minerals Limited (ABML). 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 Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Mr Sivasamy has given his consent to the inclusion of the material in the form and context in which it appears.

The information in this report that relates to Mineral Resources for the Nifty, Mt Gordon and Maroochydore deposits is based on and accurately reflects reports prepared by Mr Peter Ball and Mr Sean Sivasamy from 2013 to 2015.

Mr Ball is a member of the Australasian Institute of Mining and Metallurgy (CP-Geo) and Mr Sivasamy is a Member of the Australasian Institute of Mining and Metallurgy. 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. In all Resources tables, significant figures do not imply precision. Figures are rounded according to JORC Code guidelines.

The depletion of the Mineral Resource for the Nifty operation for the 2015 reporting is based on and accurately reflects information prepared by Mr Sivasamy. Mr Sivasamy is a Member of the Australasian Institute of Mining and Metallurgy. Mr Sivasamy has 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 Sivasamy has given his consent to the inclusion of the material in the form and context in which it appears. Mr Sivasamy is a full time employee of Aditya Birla Minerals Limited (ABML).

The resource information in this report was previously reported to ASX in the release titled 'Resource Update as at 31 March 2015', dated 28 April 2015.

The Information in this report that relates to Nifty Copper Operations Ore Reserve is based on, and fairly represents, information and supporting documentation prepared by Mr. David Lee, Principal Mining Engineer and an employee of AMC Consultants Pty Ltd. Mr. Lee is a Fellow of Australasian Institute of Mining and Metallurgy. Mr. Lee has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 JORC edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Lee consents to the release of this information in the form and context in which it appears. The Nifty Copper Operations Ore Reserve information in this report was previously reported to ASX Release dated 29 April 2015 and Revised Update dated 15 June 2015 and Supplementary Information dated 22 June 2015.

The Information in this report that relates to Mt Gordon Operations Ore Reserve is based on and fairly represents, information and supporting documentation prepared by Mr Edward Gleeson who is a Member of the Australasian Institute of Mining and Metallurgy and full time employee of AMC Consultants Pty Ltd. Mr Gleeson has sufficient experience to be a 'Competent Person' as defined in the 2004 Edition of the Australasian Code for reporting of Ore Reserve results. Mr Gleeson has given his consent to the inclusion of the material in the form and context in which it appears.

Mt Gordon reserve information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Disclaimer

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding financial, production and cost performances, potential mineralisation, exploration results and future expansion plans and development objectives of Aditya Birla Minerals Limited are forward-looking statements that involve various risks and uncertainties.

Forward-looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from any future results, performance or achievements stated in these forward looking statements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs, speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, the actions of competitors, changes

to regulatory framework, within which the company operates or may in future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward-looking statements are based on the company management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The company does not give any assurance that the assumptions on which such forward looking statements are based will prove to be correct, or that the company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the company or management or beyond the company's control. There can be no assurance that such forward looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Given these risks and uncertainties, the readers are cautioned not to place undue reliance on forward looking statements.

No representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information, contained in this announcement or of the views, opinions and conclusions contained in this material. To the maximum extent permitted by law, Aditya Birla Minerals Limited and its related bodies corporate and affiliates, and its respective directors, officers, employees, agents and advisers disclaim any liability (including, without limitation any liability arising from fault or negligence) for any loss or damage arising from any use of this material or its contents, including any error or omission there from, or otherwise arising in connection with it.