

9 July 2014

BARMINCO RESPONDS TO MT LYELL MINE BEING PUT INTO CARE & MAINTENANCE

Leading underground hard-rock mining contractor, Barmenco Holdings Limited (Barmenco or the Company), notes the announcement today by CMT/Vedanta regarding the Mt Lyell mine in Tasmania going into care and maintenance (attached).

Mining contractor Barmenco had 169 people employed at Mt Lyell. Where available, Barmenco will offer redeployment opportunities to those employees across its operations in Australia, and redundancies where that is not possible. Employees will continue to be supported by Barmenco and continue to receive their current pay during this period.

Barmenco Chief Executive Officer Peter Stokes said: "Our priority is to ensure we look after our people. This includes giving our employees affected by this decision priority to work at our other operations so we can provide as many opportunities as possible."

Approximately 35 Barmenco employees will remain at Mt Lyell for the next three months working with CMT to clear the rock fall and restore ventilation to the mine.

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About Barmenco

Barmenco's business was established in 1989 and has operations primarily in gold, copper and nickel ore deposits. It offers clients a full suite of underground mining services from mine development to production with one of the largest fleets of self-maintained underground mining equipment in Australia. A separate diamond drilling business operates more than 60 drill rigs.

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MEDIA RELEASE

9 July, 2014

Mt Lyell Mine Put Into Care & Maintenance

It is with deep regret that CMT/Vedanta today announces that the Mt Lyell Mine has been shut down and put into care and maintenance.

CMT's General Manager Scot Clyde said today it was unfortunate and sad that after exploring all options available to try keep the mine open and to keep the workforce together, the company had to make the reluctant decision to put the mine into care and maintenance.

"The discovery of a rock fall in the mine's ventilation drive on Friday 27 June was a bitter blow as we were preparing for a staged restart of operations following the long shut down. This has been a very difficult decision for CMT and for our parent company Vedanta, especially after the large financial commitment to support our workforce on standby pay since the suspension of mining operations in January 2014," Mr Clyde said.

"Clearing the rock fall and restoring ventilation would have required a further shut down of some 3 months with a further substantial financial cost to support our workforce on standby pay for that period. CMT will still need to clear the rock fall and restore ventilation to keep the mine ready to open if and when an opportunity to do so arises in the future.

"I want to reassure everyone that we have done everything possible to keep the mine running as we understand just how important it is to our own workforce and for the West Coast community".

Mr Clyde said about 15 employees would be retained for care and maintenance coverage. There will be ongoing drilling and exploration for new ore bodies on the Mt Lyell lease with the aim of re-opening the mine at some time in the future. The company will explore opportunities for people with appropriate skills to be re-located within the group's international operations.

Going to care & maintenance means keeping the mine operation ready by pumping water, regular examination of all infrastructure as well as complying with all environmental requirements to ensure there is no adverse impact on the environment.

"It would be at least 18 months before any reopening of the mine could be possible if it is found to be technically and economically feasible to do so."

“On behalf of CMT and Vedanta I want to thank all of our employees, our contractor Barmingo, the State Government and the West Coast Council for their assistance and patience over the past six months as we have strived to get the mine back up and running.

“CMT very much appreciates the assistance from Council and the State Government in finding alternative work for some Mt Lyell employees over the past five months and also for the preparedness by the State Government to provide financial assistance and to examine every opportunity to help keep the mine operating,” Mr Clyde said.

Mr Clyde said CMT recognised the decision would cause stress to many people and the company therefore was offering support and counselling to all of its employees.

When it shut down in January Mt Lyell mine employed 320 people. Before the rock fall in the ventilation system CMT had commenced preparatory work for the introduction of a new mining method and had planned to begin a possible phased return to production starting in late July, 2014 with a workforce of about 239 people.

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