

Media Statement

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State Government Investment Boosts Mt Lyell Restart Plans

Copper Mines of Tasmania says the State Government's announcement of a \$9.5 million investment will fast-forward works required to allow a decision to re-open the Mt Lyell copper mine.

Welcoming the State Government's announcement today, Chief Executive Officer Zinc International and CMT at Vedanta Limited Deshnee Naidoo said it would bring forward a potential restart and had the potential to create some 50 and 60 jobs immediately.

The projects include rehabilitation of the main decline, re-opening of the North Lyell tunnel for essential water drainage, construction of a new water supply pipeline and infrastructure associated with an upgrade of the crushing mill.

"It will allow us to make a restart decision much sooner, and more likely, as well as provide substantial community and environmental benefits to the West Coast and broader Tasmanian community," Ms Naidoo said.

Ms Naidoo said a decision to go full ahead with a restart would require a company capital investment of between \$80 and \$100 million.

Vedanta has already demonstrated its long-term commitment to CMT and the Mt Lyell Mine having invested about \$100 million into development of the new block caving mining method, environmental projects, exploration and rehabilitation since moving into care & maintenance following the cease of mining operations in January 2014.

Mt Lyell's General Manager, Peter Walker, said the four key mine development projects were critical early works necessary to get the mine in a state where a restart could commence.

"Ideally we would like to engage contractors to commence the tunnel work in the next few weeks and for the main decline work in the next one to two months," Mr Walker said.

He said addressing water drainage issues in the longer term would also reduce Government exposure to legacy environmental issues due to operations before ownership of Mt Lyell prior to CMT.

CMT currently employs about 25 people and the Government-funded work has the potential to create jobs for between 50 and 60 additional people for up to 6 months. It has the potential to create 300 plus jobs at the peak of a restart.

Mr Walker said CMT would give preference to West Coast and Tasmanian contractors and suppliers provided they were competitive and met the necessary quality and safety standards.

Mr Walker said CMT was dewatering the mine after record rainfalls last year, continuing with environmental initiatives that had seen outstanding audit results from the regulators and continually improving safety systems.

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****NB: See background note on the four projects below****

BACKGROUND

The four projects are:

- Full rehabilitation of 4.4 km of the 40 year old Main Decline down to level 18 where ore loading will occur with the new block caving mining method. This will also facilitate evaluation of the feasibility of the proposed electric truck haulage system and the installation and testing of that system if it chosen as the preferred haulage method;
- Immediate rehabilitation and re-opening of the 1928-built North Lyell Tunnel which is the sole source of drainage from the mine and is required to manage legacy water inflows through the cave and for water to be then drained. The mine cannot be either safely operated or, for environmental reasons, closed without this drain reopened. It was blocked by a rock fall during the record rainfall last winter.
- Construction of a new water pipeline to replace the 100 year old pipeline that supplies water to the site for processing purposes. The pipeline is required even now to ensure that lime added to water is able to cover the tailings facility. Modern safety requirements mean construction of a road to lay the pipe in a different location to its present route. The pipeline will significantly reduce water wastage caused by pipe leaks and an inability to shut valves because of the risk of pipe burst and could also be used as a backup to the Queenstown water supply should this ever be necessary.
- Infrastructure associated with the upgrade of the crushing mill.