



31 January 2008

The Manager
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney, NSW 2000

Dear Sir

DEVELOPMENT OF ESPERANZA SOUTH MINE AT MOUNT GORDON.

Aditya Birla Minerals Ltd (ABML) is pleased to advise of its intention for the Phase 1 mining of Esperanza South. Surface works are anticipated to begin subsequent to the wet season and portal/decline development will commence in July 2008.

The development of the Esperanza South Project is considered strategically important as:

1. it increases the production rate at the Mount Gordon operations by supplementing the Mammoth mine & utilises excess process plant capacity;
2. it extends the mine life of the Mount Gordon Operations to FY 2011; and
3. provides the foundation for further extension of mine life at the Mount Gordon operations through :
 - a. Evaluation of depth extension of the Mammoth mine
 - b. Evaluation of Phase 2 Esperanza South mining.
 - c. Deeper drilling at Esperanza South.

Overview

The Esperanza South deposit is situated within the Mt Gordon operations, 1.5km south of the Mammoth mine. A pre-feasibility study of the Esperanza South Project was completed in 2007 and ABML has selected the option of phased mining rather than spend additional time completing a bankable feasibility study.

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The resource estimate comprises a total of 3.31 million tonnes grading 2.64% Cu at a cut-off grade of 1.5% Cu (see table 1). A staged approach to underground mining of the upper part of the resource is proposed to:

- a) establish the optimal mining methodology
- b) determine the geotechnical conditions for management of mining and ore dilution
- c) provide ore for metallurgical characterization at plant scale and
- d) confirm financial viability for the deeper sulphide resource

Stope production is expected to start in the last quarter of calendar year 2009 and the mining of Phase 1 is likely to be completed by end 2010. The total ore extracted during this phase is planned to be ~0.7mT @ 2.77% copper.

Mining after the completion of Phase 1 will occur at an incremental cost as the majority of the capital expenditure will have been borne by Phase 1.

The ABML board of directors has authorised management to put in place copper price hedging for the projects estimated production.

Resource Estimate

The JORC compliant Resource March 2007 estimate for Esperanza South is shown in Table 1 at 1.5% Cu cut-off grade (COG). The data used in the estimate consists of eight reverse circulation (RC) holes and 97 diamond drill holes for a total of 22,488 m drilled.

Table 1: Esperanza South Resource

	<i>Tonnes (Mt)</i>	<i>Cu Grade (%)</i>	<i>Contained Metal (T)</i>
<i>Measured</i>			
<i>Indicated</i>	2.878	2.76	79,446
<i>Inferred</i>	0.432	1.85	7,999
<i>Total</i>	3.310	2.64	87,407

NB Totals may differ due to rounding

Mining

The initial mining method will be transverse open stopes with cemented waste backfill of primary stopes.

Capital and Operating Costs

Capital cost of A\$31.2m includes both project costs and development costs. The estimate includes surface infrastructure/services, comminution circuit upgrade, decline/level development, underground infrastructure and exploration drilling.



Cash operating cost ~A\$1.95/lb includes freight and TC/RC on copper contained basis. It does not include any royalty.

Exploration Drilling/Potential

The Esperanza South ore body is open both up and down dip (see diagram 1). The oxide/sulphide boundary is poorly defined by drilling as a result of the extreme topography limiting drill access. Detailed delineation of this boundary has the potential to increase the sulphide resource. It is anticipated further underground drilling will extend the resource down dip.

Yours faithfully

Peter Torre
Company Secretary

Note: "The information in this report that relates to mineral resources is based on reports prepared by Mr Geoff Bullen, who is a Member of the Australian Institute of Geoscientists. Mr Bullen is a full time employee of Aditya Birla Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Bullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

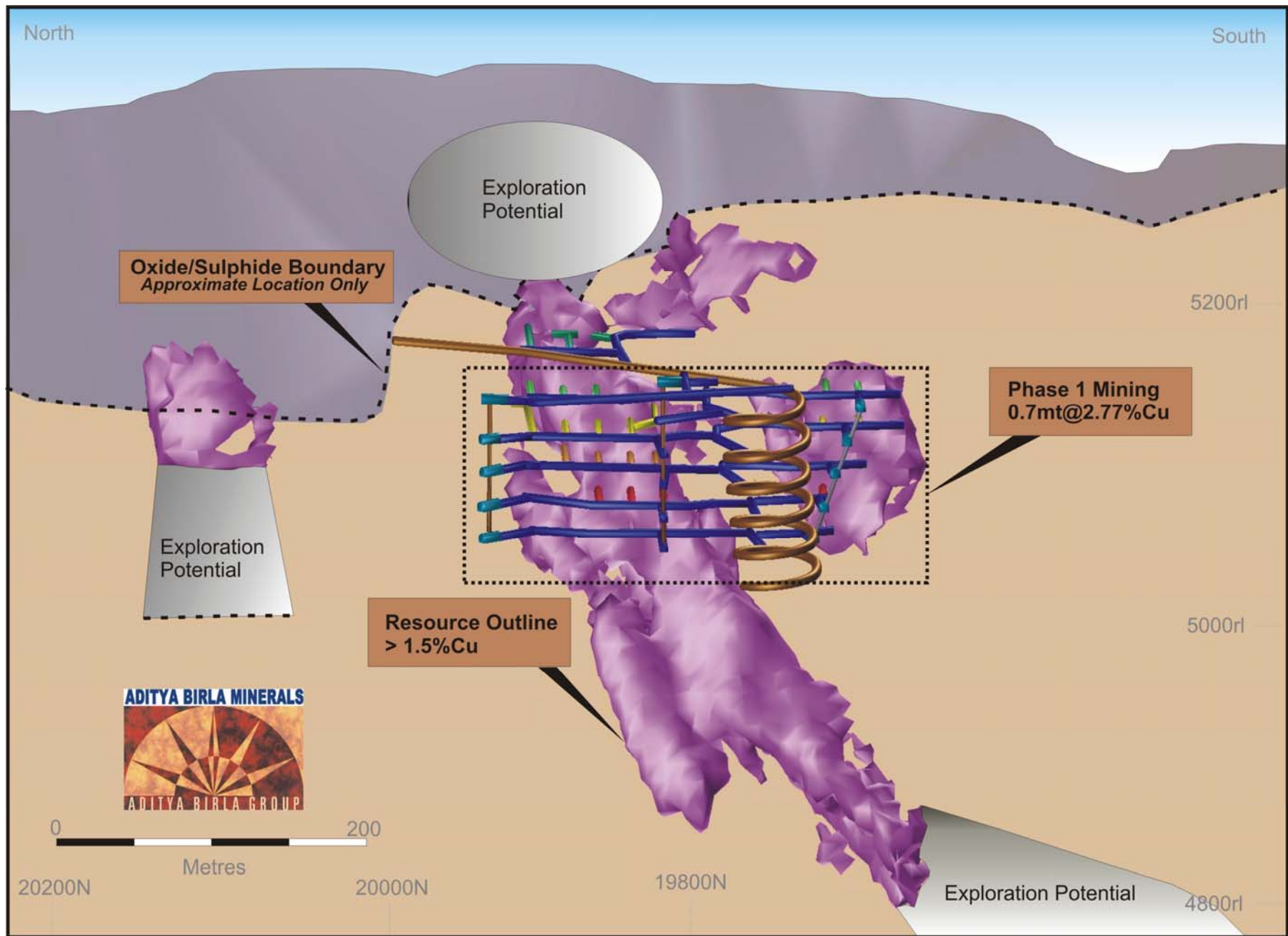


Diagram 1: Esperanza Long Section (looking East)