

VEDANTA UPDATE ON KCM – CONTINUE TO WORK TO RETURN TO ZAMBIA

27 January 2020, London: Vedanta Resources Holdings Limited advises that both it and its parent, Vedanta Resources Limited are continuing to pursue their rights in respect of Konkola Copper Mines Limited (KCM). The Vedanta group holds an interest of 79.4% in KCM and is the major creditor

Legal pursuit

In Zambia, the court order granted by the Zambian High Court in November 2019, that restricts the sale of the Mimbula mining right by the KCM Provisional Liquidator, remains in place. It has come to Vedanta's attention that the Provisional Liquidator appears to be in discussions seeking to dispose of further KCM assets. In each instance, Vedanta will seek the required court action and cautions any parties interested in acquiring these assets that they may be doing so unlawfully.

ZCCM-IH's winding-up petition continues to be stayed pending the hearing of appeals by both Vedanta and ZCCM-IH.

Arbitration

The arbitration process around KCM is also ongoing. The KCM Shareholders' Agreement between Vedanta Resources and ZCCM-IH (and the government of Zambia) provides that disputes between the parties shall be dealt with by way of arbitration under the UNCITRAL rules. Vedanta contends that ZCCM-IH is in breach of that agreement since the point when, on 21 May 2019, ZCCM-IH sought and was granted an ex parte order from the Lusaka High Court to appoint a provisional liquidator of KCM, and to begin the winding up of KCM.

The South African High Court granted Vedanta Resources' application for an injunction in support of the arbitration agreement in the KCM Shareholders' Agreement in July 2019 and ordered that the winding up of KCM be withdrawn. Neither ZCCM-IH nor the Provisional Liquidator have thus far complied with that injunction.



Vedanta has since proceeded with the arbitration process, as envisaged under the Shareholders' Agreement. Arbitration is a confidential process and Vedanta has been advised that it is not permitted to say anything further about that process.

Resolution through dialogue

Notwithstanding the current legal and arbitration processes currently underway in Zambia, South Africa and under UNCITRAL, Vedanta remains committed to seeking resolution through dialogue and constructive engagement with the Government of Zambia and ZCCM-IH.

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