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VEDANTA ON KCM

KCM's integrated structure is designed to maximise value; If split there will be a significant destruction of value to stakeholders

Vedanta Resources Holdings Limited and its parent, Vedanta Resources Limited ("the Parent Company"), is committed to KCM, the local communities that live in the Copperbelt region and to the Zambian people. Vedanta notes that any plan by the Provisional Liquidator ("PL") to split the KCM business into two units before ultimately selling those units independently would result in a substantial loss in revenue for the Zambian state and its people, as well as the long-term erosion of the individual assets' value.

Since Vedanta Resources became a shareholder in KCM in 2004, it has invested over \$1.7bn in KCM's mining operations to establish it as a world class copper mining and metals company underpinned by strong sustainable development practices. Spending over \$900m on developing the Konkola Copper mine and increasing the mine life to 2030.

Vedanta has invested over \$450m on a new smelter at Nchanga. This smelter was uniquely designed to maximise the value of the Konkola concentrate at the mine, and there will be a significant decrease in the value of copper extracted if the high-grade concentrate from Konkola is sold to other smelters in Zambia. Similarly, there is no other smelter in the country that is equipped to refine the cobalt present in the Konkola ore body and thus produce the valuable cobalt alloy.

The two units, the mine, and the smelter, are clearly designed to work as one integrated structure and any deviation away from this model by the PL will result in a significant loss of value for all stakeholders involved in KCM.

Vedanta's investment at KCM has also led to the business being one of the most advanced and technologically clean assets in the world, with the Nchanga smelter achieving 99.6% sulphur capture and having been ranked 2nd in the world for environmental performance. The introduction of HDPE-lined tailings pipelines at Nchanga has also reduced the level of discharges significantly. Vedanta has ensured that three new zero-discharge concentrators have replaced the much older concentrators, whilst the level of total suspended solids in discharged water decreased substantially from 200mg/L in 2009 to 70mg/L in 2012.

The future of KCM is of utmost importance to Vedanta Resources and the Company is committed to making a positive contribution to KCM's employees and their families; business partners, suppliers and their employees; the communities where we operate; the people of the Copperbelt and the people of Zambia.

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