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**VEDANTA UPDATE ON KCM
KCM Roadmap to Recovery.
Vedanta re-iterates promise of an investment up to USD 1.5 billion.**

17 February 2021, London: Vedanta Resources Holdings Limited and its parent, Vedanta Resources Limited (“the Parent Company”), regretfully notes that despite ongoing legal proceedings and matter being sub-judice, the Provisional Liquidator (“PL”) is continuing with its previously outlined plans to split and restructure the KCM plc.

Vedanta is firm in its view that a split would be an illegal act and remains committed to returning to KCM and working on an investment roadmap up to US\$1.5 billion for development of KCM as world class integrated mining company.

As such, Vedanta will act within its rights both in Zambia and internationally to contest any move by the PL and ensure that its interests in KCM are fully protected.

The two units, being the mine and the smelter, are clearly designed to work as one integrated structure, and as such it is Vedanta’s belief that a split of the assets will inevitably 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. More than \$900m has been invested on developing the Konkola Copper Mine and increasing the mine life to 2030 and beyond, and over \$450m was invested on a new smelter at Nchanga. This smelter was specifically designed to treat the Konkola and Nchanga concentrate and recover maximum copper from the concentrate. 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 which can recover the cobalt present in the Konkola and Nchanga ore body and thus produce the valuable cobalt alloy.

Vedanta remains strongly committed to KCM, its operations and employees, local communities and the Government of Zambia, just as it has been over the past fifteen years. This future commitment includes providing significant financial and technical support to KCM in order to stabilise current operations as well as further developing the assets to allow for a successful turnaround of the business, as outlined in our Financial Letter of Support submitted to the KCM board of directors and the Zambian High Court on 16 August 2019.

Sunil Duggal, Group CEO, Vedanta said:

“KCM remains an important asset to Vedanta and Zambia and its impending split is both highly concerning and not in line with due legal process. The investment community must remain conscious that any investment in a potentially split asset will be deemed inappropriate. Vedanta as a majority shareholder of KCM remains committed to KCM, its employees, the surrounding communities and Zambia and will unwaveringly continue to pursue its legal rights. As an integrated asset, KCM is world class, however, in two parts we believe the value of the asset will be severely compromised and its value for the people of Zambia will be diminished significantly.”

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