



**Vedanta Resources plc**  
16 Berkeley Street  
London W1J 8DZ  
Tel: +44 (0) 20 7499 5900  
Fax: +44 (0) 20 7491 8440  
www.vedantaresources.com

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## **KCM Trading Update**

Vedanta Resources plc ("Vedanta" or the "Group") announces a trading update for its Copper Zambia division ("KCM") for the Third Quarter ("Q3") and Nine Months ended 31 December 2008.

During Q3, KCM produced 25,000 tonnes of copper cathode as compared with 38,000 tonnes in the corresponding prior quarter primarily due to the gradual ramp down of the existing Nkana smelter, where the operating costs are high, in order to facilitate concentrate feed to the new Nchanga smelter. The ramp up of the new Nchanga smelter is progressing well and it is expected to be more efficient in terms of both recovery and unit Cost of Production ("CoP"). KCM produced 20,000 tonnes of mined metal in Q3, in line with the corresponding prior quarter.

Revenues in Q3 were \$121.9 million, lower compared with \$ 232.1 million in the corresponding prior quarter, primarily on account of the sharp and sudden decline in copper LME prices by 46% compared with the comparative prior quarter and lower volumes. KCM had to writedown its inventories to their net realisable values consequent to a sharp and sudden decline in copper LME prices compared with the immediately preceding quarter, resulting in a loss of \$95.3 million. Further, KCM incurred a loss of \$10.2 million on account of finalisation of provisional pricing. As a result, EBITDA in Q3 was \$159.4 million loss. Excluding the inventory writedown and provisional pricing adjustments, EBITDA for Q3 was \$53.9 million loss.

Our cost reduction measures at KCM together with lower input costs resulted in a unit CoP of 246 USc/lb compared with 303 USc/lb in the immediately preceding quarter. Our unit CoP in December 2008 was 202 USc/lb.

Management believes that following the successful ramp up of the Nchanga smelter, production of copper cathodes will improve in the fourth quarter. In addition, with the continued focus on cost reduction, KCM expects to achieve an average unit CoP of 160 USc/lb - 170 USc/lb in the last quarter of FY 2009 with an exit rate CoP between c150 USc/lb - 160 USc/lb.

The Group results for the Third Quarter and Nine Months ended 31 December 2008 will be released on Wednesday, 28 January 2009.

## Production and Financial Summary (Unaudited)

Particulars	Quarter ended 31 December			Nine Months ended 31 December		
	2008	2007	Change	2008	2007	Change
<b>Production ('000 tonnes)</b>						
Mined metal content	20	20	0.0%	62	61	1.6%
Cathodes	25	38	(34.2%)	98	117	(16.2%)
<b>Financial summary (\$ million)</b>						
Revenues	121.9	232.1	(47.5%)	636.2	812.1	(21.7%)
EBITDA	(159.4)	52.8	—	(88.5)	264.7	—

For further information, please contact:

Sumanth Cidambi

Director - Investor Relations

**Vedanta Resources plc**

[sumanth.cidambi@vedanta.co.in](mailto:sumanth.cidambi@vedanta.co.in)

Tel: +44 20 7659 4732 / +91 22 6646 1531

Faeth Birch

Robin Walker

**Finsbury**

Tel: +44 20 7251 3801

### About Vedanta Resources plc

Vedanta Resources plc ("Vedanta") is a London listed FTSE 100 diversified metals and mining major. The group produces aluminium, copper, zinc, lead, iron ore and commercial energy. Vedanta has operations in India, Zambia and Australia and a strong organic growth pipeline of projects. With an empowered talent pool of 29,000 employees globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. For more information visit [www.vedantaresources.com](http://www.vedantaresources.com)

### Disclaimer

This press release contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.