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Vedanta completes exercise of KCM call option

Vedanta Resources plc ("Vedanta") is pleased to announce its completion of the acquisition of the KCM call option shares for US\$213.15 million, the amount determined by the independent valuation as at 12 August 2005. This purchase represents 28.4% of KCM and takes Vedanta's holding in KCM to 79.4%, with the balance continuing to be held by the Government of the Republic of Zambia. The transaction is funded out of existing cash resources. Vedanta has received confirmation that the Zambian merger control regulation does not apply to the transaction.

"Consolidation of the group structure is a key pillar of Vedanta's strategy. The successful exercise of this call option is a significant milestone towards achieving this objective." **said Mr. Anil Agarwal, Chairman, Vedanta Resources plc.** *"This transaction is immediately earnings accretive and will also substantially enhance longer term value for all our shareholders."*

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About Vedanta Resources plc

Vedanta Resources plc is a London listed FTSE 100 diversified metals and mining group. Its principal operations are located throughout India, with further operations in Zambia and Australia. The major metals produced are aluminium, copper, zinc, lead and iron ore. For further information, please visit 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. HZL does not undertake to update its forward-looking statements.