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## **Vedanta Resources plc Production Report for the Second Quarter and Six Months Ended 30 September 2006**

### **Highlights**

- Higher aluminium, zinc and Indian copper production volumes
- Full commissioning of BALCO new smelter back on track
- Ongoing exploration at Hindustan Zinc increases reserves
- Acquisition of Sterlite Gold Ltd completed

### **Performance Summary**

Production volumes for aluminium, zinc and Copper – India during the six months ended 30 September 2006 (“H1”) were higher than in the corresponding six months of the previous year due to the progressive commissioning of the new Korba II smelter and the ramp up of the new Tuticorin and Chanderiya smelters in the second half of the last financial year.

The de-bottlenecking project at our Tuticorin copper smelter to enhance capacity to 400,000 tpa is progressing well and will be completed by December 2006. Our Phase II expansion projects are progressing on schedule with orders for critical equipment and packages placed. The alumina refinery at Lanjigarh is in the final run up for commissioning.

Mined metal production at KCM improved as compared to the preceding two quarters. Refined copper production was lower primarily due to a planned shutdown of our Nkana smelter.

The inventory build up at the end of the last quarter has been largely sold down during the current quarter.

On 30 September 2006, we completed the acquisition of 80.8% of Sterlite Gold Ltd’s shares.

### **Aluminium**

The existing plants at BALCO and MALCO continue to operate as per plan and at their rated capacity. The new Korba smelter produced 44,000 tonnes during this quarter, taking its total production in H1 to 86,000 tonnes. The impact of the tripping of the power plant in Korba in May 2006 has been overcome in a very short span of time due to the sustained and focused work done by our team. A total of 130 pots that were affected have now been readied and are being commissioned progressively. As of 30 September 2006, a total of 265 pots were commissioned and the remaining 23 pots are expected to be commissioned during October 2006. The performance of the pot room has been improving steadily and we expect to reach our rated capacity towards the end of this financial year.

The inventory build-up of 13,000 tonnes of metal at the end of the last quarter has been largely sold down with higher sales during this quarter.

The 1-1.4 mtpa alumina refinery at Lanjigarh is progressing well. We are now in the final run up for commissioning and expect to charge the bauxite by January 2007. As previously stated, in respect of the bauxite mine permits, the matter is still pending with the Central Ministry of Environment and Forests, which is yet to file their response in the Indian Supreme Court.

Preparatory work for the new 500,000 tpa aluminium smelter at Jharsuguda, Orissa is progressing well and over two-third of the orders have been awarded. The first phase of 250,000 tpa is likely to be commissioned by the second half of 2009, as scheduled.

The World Environment Foundation, in association with the Institute of Directors, India awarded the prestigious Golden Peacock Special Commendation Award 2006 for Environment Management to BALCO in recognition of its world-class environment practices. BALCO also won the Greentech Environment Excellence Gold Award 2006 for the second consecutive year. This award is instituted by the Greentech Foundation towards outstanding environmental performance, efforts and commitment to environmental management.

### **Copper - India and Australia**

The copper smelter at Tuticorin performed well with cathode production at 80,000 tonnes during the quarter and 137,000 tonnes in H1. De-bottlenecking of this smelter to improve rated capacity to 400,000 tpa is on track and we expect this to be completed on schedule by December 2006. Mined metal production at our Australian mine was 7,000 tonnes, marginally lower than the corresponding quarter in FY 2006, due to the planned closure of Thalanga Copper Mines in the second quarter of last year.

During the quarter, Sterlite's copper operations won the prestigious "Excellent Energy Efficient Unit" award instituted by Confederation of Indian Industry for the sixth time in a row. The copper operations also won the "Greentech Environment Excellence Award" instituted by the Greentech Foundation.

### **Copper - Zambia**

Mined metal production during this quarter of 25,000 tonnes was a substantial improvement over the preceding two quarters and we expect to sustain this trend in the future. Refined copper production during the quarter was 31,000 tonnes, lower than the corresponding quarter in the previous year primarily due to the planned shutdown of Nkana smelter, which reduced output to 20,000 tonnes during this quarter as compared to 27,000 tonnes in the corresponding previous quarter. We also had a brief setback in the tailings leach plant as a result of a fire which affected the plant availability and recovery of metal, which have since been restored.

Progress on the KDMP expansion project and the Nchanga smelter remains on track, with orders for major packages having been placed. The smelter construction activity and the shaft sinking work have both commenced on site and are progressing as per schedule.

## Zinc

Mined metal production at HZL in H1 at 256,000 tonnes was substantially better than 220,000 tonnes during the previous period. Production of refined zinc at 161,000 tonnes in H1 was 31% higher compared with the corresponding prior period output of 123,000 tonnes.

Zinc inventory of 15,000 tonnes at the end of first quarter, has largely been sold down. During the quarter we also sold surplus zinc concentrate of 90,000 dry metric tonnes.

HZL continues to expand the exploration programme focused around its mining operations in Rajasthan. As a result of this ongoing expansion programme, the reserves as of 31 March 2006 have now been reassessed at 53.4 million tonnes and certified by an independent assessor, up from 48.6 million tonnes reported earlier.

The new 170,000 tpa Chanderiya hydro smelter is progressing as per plan and all major orders have been placed. The project activity is progressing in full swing and the smelter is on course for expected completion early in 2008.

During the quarter, the Institute of Directors, India awarded the Golden Peacock Award to HZL, in recognition of HZL setting new standards in training excellence.

## Production Summary (Unaudited)

*(In 000 tonnes, except as stated)*

	Six Months Ended 30 September			Second Quarter Ended 30 September		
	2006	2005*	Change	2006	2005*	Change
Alumina	150	142	5.6%	77	71	8.5%
Aluminium	155	82	89.0%	79	46	71.7%
<b>Copper - India/Australia</b>						
Mined metal content	15	18	(16.7%)	7	8	(12.5%)
Copper - Cathode	137	124	10.5%	80	68	17.6%
Copper - Rod	87	80	8.8%	47	41	14.6%
<b>Copper - Zambia</b>						
Mined metal content	43	54	(20.4%)	25	29	(13.8%)
Copper - Cathode	70	81	(13.6%)	31	37	(16.2%)
Zinc - mined metal content	256	220	16.4%	125	106	17.9%
Refined Zinc	161	123	30.9%	79	66	19.7%
Equivalent Gold (oz)	2,828	-	-	2,828	-	-

\*Production quantities of Equivalent Gold disclosed represent the post acquisition period of one month to 30 September 2006 and are not comparable with the corresponding prior periods.

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### **About Vedanta Resources plc**

Vedanta Resources plc is a London listed diversified metals and mining group. Its principal operations are located throughout India, with further operations in Zambia, Australia and Armenia. The major metals produced are aluminium, copper, zinc, lead and gold. For further information, please 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 than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.