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### **Vedanta Resources announces \$700 million of new growth projects**

Initiating the next phase of expansion – Zinc in India and Copper in Zambia

The board of Vedanta Resources plc ("Vedanta") has approved two new capital projects, maintaining Vedanta's unique growth profile.

- \$300m 170,000 tpa zinc expansion at Chanderiya due in early 2008
- \$400m deep mining project at Konkola due in 2009
- Attractive returns at conservative price assumptions

In response to rising Indian and global demand, a second 170,000 tpa smelter will be built at Chanderiya, identical to the smelter recently commissioned at Chanderiya on schedule and under budget. Construction will commence in early 2006. The expansion, at a budget of \$300m, will include investment in a further 77 MW of capacity at the existing thermal power plant. The internal resources of Hindustan Zinc Limited ("HZL") are sufficient to finance the project. The expansion will further improve Vedanta's already globally competitive cost position and increase total capacity to around 570,000 tpa.

Separately, the board has approved the Konkola Deep Mining Project ("KDMP"), which will substantially increase output from the Konkola Copper Mines ("KCM") and extend the existing mine life. This project realizes the potential of one of the world's most important copper deposits, with 215 million tonnes of resources at 3.8% copper, and will sustain the viability of the Zambian copper industry. Copper output at the mine will be brought up from 2 million tpa to 6 million tpa. All government approvals for KDMP have been received. The project is due for completion in late 2009, with some production ramping up over the preceding years, and will include the sinking of a new shaft and construction of an additional 3 million tpa concentrator, at a budget of \$400m. The KDMP project will be financed substantially from the internal cash generation of KCM, supplemented with debt as required. With other initiatives this will take total finished copper capacity at KCM to 350,000 tpa and the combined capacity of the group to over 650,000 tpa.

Anil Agarwal, Chairman of Vedanta said

"These major capital projects begin the second stage of our expansion programme and reinforce our unique growth profile. We have already demonstrated that we can deliver major value creating projects. With this further expansion of our zinc production and major new initiative in Zambia, we are delivering unparalleled growth, further driving down costs and generating superior returns for our shareholders. We are pursuing further high quality, low cost, value added projects and I look forward to updating the market on this exciting new phase in our development."

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## Notes to Editors

### Vedanta

Vedanta is a London listed diversified metals and mining group. Our principal operations are located throughout India, with further operations in Zambia and Australia. The major metals produced are aluminium, copper, zinc and lead.

### Zinc

The zinc facilities are principally based in Rajasthan, in North West India, and are operated by Hindustan Zinc Limited, which is 65% owned by the Vedanta group. The first expansion project involved construction of a 170,000 tpa hydro-metallurgical smelter with a 154 MW coal based thermal captive power plant and expanding the capacity of the Rampura Agucha operation from 2.3 Mtpa to 3.75 Mtpa. It was delivered on time and within budget in June 2005. Current capacity for finished metal is around 400,000 tpa.

### Zambian Copper

KCM is the largest mining company in Zambia, contributing significantly to the nation's economy and the country's export earnings. KCM's assets consist of three mines, a leaching plant and a smelter. Vedanta acquired a controlling stake of 51% in KCM in August 2004. Current output of finished copper at KCM is around 180,000 tpa.

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