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Acquisition of 51% of Konkola Copper Mines plc

- Vedanta to acquire 51% controlling stake in Konkola Copper Mines plc (“KCM”)
- Total cash consideration US\$48.2 million of which US\$27.3 million is payable on completion
- Expected to be earnings enhancing in the first full year of ownership
- Opportunities to improve operational efficiency and enhance returns
- Increases Vedanta’s exposure to copper production
- KCM is a key strategic asset in the Zambian copper belt with integrated assets consisting of:

Asset	Reserves	Additional Resources
Konkola underground mine	21mt @ 3.4% Cu	250mt @ 3.8% Cu
Nchanga underground mine	18mt @ 2.7% Cu	30mt @ 2.6% Cu
Nchanga open-pit mine	28mt @ 1.7% Cu	154mt @ 1.1% Cu
Tailings dump	84mt @ 0.7% Cu	-
Chingola refractory ore	-	151mt @ 0.9% Cu
Nkana smelter and refinery	180,000 tpa capacity	-

- Acquisition assessed on the basis of existing assets and reserves and without assuming any benefit from additional resources

Anil Agarwal, Chief Executive of Vedanta, commented:

“We have been negotiating with KCM shareholders and the Government of the Republic of Zambia for a considerable time and I am delighted that we have been able to structure a deal that brings benefits to all parties. The outlook for copper demand remains positive over the medium term and Zambia is one of the great copper areas of the world. Our immediate task will be to stabilise the existing assets and enhance production. The KCM management have done well in running these assets through a difficult period and we look forward to working with them.”

For further information, please contact:

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Acquisition of 51% of Konkola Copper Mines plc

Vedanta Resources plc ("Vedanta"), the London-listed metals and mining group, announces that it has agreed to acquire a 51% controlling stake in Konkola Copper Mines plc in Zambia, for a total cash consideration of US\$48.2 million. The agreement is conditional on the approval of the shareholders of Zambia Copper Investments Limited ("ZCI") and is expected to be completed by end October 2004.

KCM is currently 58% owned by ZCI, a company with its primary listing on the JSE Securities Exchange South Africa, and 42% owned by ZCCM Investments Holdings plc ("ZCCM"), a company listed on the Lusaka Stock Exchange in Zambia. ZCCM is 87.6% owned by the Government of the Republic of Zambia and 12.4% by public shareholders.

On completion of the transaction, Vedanta will subscribe for US\$25 million of new ordinary shares, representing 51% of the enlarged issued share capital of KCM. Following this issue, ZCI's shareholding in KCM will be diluted to 28.4% and ZCCM's shareholding will be diluted to 20.6%. Vedanta has also agreed to pay US\$23.2 million to ZCI, made up of an initial payment of US\$2.3 million with the remaining US\$20.9 million payable in equal instalments over four years from 31 December 2005. Vedanta will obtain operating, management and board control of KCM and will appoint the CEO and Chairman.

KCM's assets consist of three mines, a leaching plant and a smelter, which together form the major undertaking in the Zambian copper belt in North West Zambia. The Konkola mine is an underground operation with reserves of 21 million tonnes ("mt") at 3.4% copper. Nchanga has both an open pit and underground mine with reserves of 28 mt at 1.7% copper and 18 mt at 2.7% copper respectively. The leaching plant at Nchanga has a capacity of 100,000 tonnes per annum ("tpa"). The Nkana smelter and refinery have a capacity of 180,000 tpa.

In the year ended 31 December 2003 KCM produced 188,000 tonnes of copper cathode at a unit cost of 79 USc per lb. With the average copper price at 78 USc per lb this led to negative EBITDA of US\$4.9m and an operating loss of US\$32.6m. With average copper prices in the six months to 30 June 2004 at 121 USc per lb and production and costs continuing at a similar level, the assets are currently profitable.

KCM's net assets at 31 December 2003 were US\$325 million, which will be subject to fair value adjustment following completion of the acquisition. After the issue of new equity to Vedanta, KCM will have net debt of approximately US\$5 million. Vedanta anticipates that its investment in KCM will be earnings enhancing in the first full year of ownership.

Vedanta has also agreed to underwrite and fund any cash flow shortfalls at KCM, after sustaining and project capital expenditure, should they arise, to an aggregate limit of US\$220 million over a nine year period from completion of the transaction. This will help ensure the completion of a programme to improve operations and enhance returns.

Vedanta has the right to exit KCM at any time after 31 December 2007, subject to a 12 month notice period. Vedanta is required to meet its obligations to cover any cash flow shortfalls during the notice period and to make a payment equivalent to the budgeted capital expenditure for that period.

Associated with the Konkola mine are substantial deeper level resources containing estimated resources of around 250 million tonnes at 3.8% copper. Vedanta has agreed to evaluate these deeper resources by 31 December 2006 and will contribute US\$1 million towards the cost of a feasibility study. Neither Vedanta, nor KCM is required to undertake an expansion project. Should the KCM board determine to proceed with further development of the deeper level resources at Konkola, Vedanta will be responsible for securing the necessary funding, whether it be in the form of equity, debt or a combination thereof. If such a project has not been implemented, and the life of the existing mines has not been extended by 5 years or more, by 31 December 2009, ZCI and ZCCM have the option of buying

Vedanta's stake at fair market value. The Vedanta board has assessed the investment in KCM, without assuming any development of, or benefit from, the potentially substantial resources in the deeper levels of Konkola.

In the event that KCM meets certain production targets, or that the development of the deeper resources at Konkola does proceed, then Vedanta has a call option over the shares held in KCM by ZCI. Exercise of this call option, at fair market value, would bring Vedanta's interest in KCM to approximately 79%.

- Ends -

Notes to Editors:

About Vedanta

Vedanta is a London listed diversified metals and mining group with zinc, copper and aluminium operations in India and two copper mines in Australia.

Vedanta holds its interests in these operations through two subsidiaries, Sterlite Industries (India) Limited ("Sterlite") and the Madras Aluminium Company Ltd. Sterlite is Vedanta's principal subsidiary company and is currently listed on the Bombay Stock Exchange. Vedanta's copper operations are owned and operated by Sterlite, which also holds majority stakes in the group's zinc business, Hindustan Zinc Ltd, and the group's principal aluminium business, the Bharat Aluminium Company Ltd.