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Vedanta Resources To Produce Fully Integrated 2.6 mtpa of Aluminium To Become a Top 5 Global Producer

Vedanta Resources plc ("Vedanta") is pleased to announce a \$9.8 billion investment programme to increase its fully integrated aluminium smelting capacity to nearly 2.6 mtpa by 2012. Upon completion, Vedanta is expected to be Asia's largest and among the top 5 integrated producers of aluminium worldwide.

India is positioned to become one of the world's largest producers of aluminium, with the 6th largest reserves of bauxite globally of c2.3 billion tonnes and the 4th largest reserves of coal worldwide of over 250 billion tonnes. Of these reserves, over 1.4 billion tonnes of bauxite and 62 billion tonnes of coal reserves are co-located in the State of Orissa alone. Vedanta's existing presence in the region, together with its excellent track record of executing projects ahead of time and at low capital costs, make it ideally placed to lead the development of these abundant bauxite and coal reserves.

India also has the benefit of a fast growing domestic market with close proximity to the high growth markets of Asia and the Middle East. Demand for aluminium globally is projected to grow strongly at a compound rate of 5.7% between 2007 and 2020, with India and China projected to grow at 8.2% and 9.7%, respectively in the same period.

The next phase of brownfield growth projects comprises a 1,250 kt aluminium smelter project together with an associated 1,980 MW captive thermal power plant in Jharsuguda, Orissa (the "Jharsuguda II Project"), as well as a 325 kt aluminium smelter project together with an associated 1,200 MW captive thermal power plant in Korba, Chattisgarh (the "Korba III Project"). Correspondingly, Vedanta will also increase its alumina production capacity at Lanjigarh from 1.4 mtpa to 5 mtpa.

The Jharsuguda II Project will comprise four pot lines, each containing 336 cells. The first three pot lines with a total capacity of 937.5kt are scheduled to produce first metal by March 2010 and will be fully commissioned by September 2011. The fourth pot line with a capacity of 312.5kt will be fully commissioned by September 2012. The associated captive thermal power plant will comprise three units of 660 MW each. The commissioning of the power plant units is being scheduled to meet the power requirement of the new Jharsuguda smelter.

The Korba III Project will comprise one single pot line containing 336 cells and is expected to produce first metal by October 2010. It will be fully commissioned by September 2011. The associated captive thermal power plant will comprise four units of 300 MW each. The commissioning of the power plant units is being scheduled to meet the power requirement of the new Korba smelter.

The increase in alumina production capacity will be achieved by debottlenecking the capacity of the existing 1.4mtpa alumina refinery by an additional 0.6 mtpa by March 2010 and building three new production streams of 1 mtpa each. The first stream of 1 mtpa is scheduled for commissioning by mid 2010 and all three streams are expected to be completed by mid 2011.

The experienced in-house project management teams that implemented our earlier 245 kt brownfield aluminium smelter project at Korba, the 1.4 mtpa Lanjigarh alumina refinery, and the 500 kt greenfield aluminium smelter project at Jharsuguda (one year ahead of schedule), will manage these projects.

The estimated investment in the aluminium smelter projects is \$5.65 billion for the Jharsuguda II Project and \$2.0 billion for the Korba III Project, to be phased over four years. The total additional investment in Lanjigarh is estimated at \$2.15 billion and is expected to be phased over three years. This investment includes the cost of building the aluminium smelters and the alumina refinery, the associated power facilities and all necessary infrastructure including railway networks and water pipelines. The investment will be funded through a combination of existing cash, internal cash accruals and external financing.

“Vedanta is on course to becoming one of the world’s leading aluminium companies. We are applying our proven skills at developing projects at industry leading low capital costs and timelines to deliver a step change in the scale of our business. This further enhances our ability to produce aluminium at costs that are in the lowest decile of the industry cost curve.” said **Anil Agarwal, Executive Chairman, Vedanta Resources plc**. *“These projects harness India’s high quality wealth of mineral resources to meet the burgeoning demand for aluminium.”*

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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

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.