

12<sup>th</sup> April 2005

## Vedanta Resources plc

### Production report for the twelve months ended 31 March 2005

Set out below is the production data for the financial year ended 31 March 2005. Financial results for this period will be released on 2 June.

#### Summary

Existing operations produced well in the second half with a strong fourth quarter in several areas, notably aluminium. High input costs, mentioned at the interim results, have continued to be a feature. Production from the Zambian operations is included for the first time. There is a lot of opportunity at Konkola but, there is also much work to be done on improving output and costs. The projects remain on track with zinc likely to be commissioned shortly.

#### Unaudited Production summary

	Twelve Months (‘000 t)		Change %	2 <sup>nd</sup> Half (‘000 t)		Change %
	2004-05	2003-04		2004-05	2003-04	
Alumina	278,599	269,778	4%	148,524	136,600	9%
Aluminium	135,949	129,317	5%	70,159	64,317	9%
India						
Copper - Cathode	171,992	178,654	-4%	94,590	85,754	10%
Copper - Rod	125,295	122,703	2%	72,041	63,503	13%
Zambia		-				
Copper - Cathode	67,547	-		67,547		
Zinc – mined metal content	354,629	330,555	7%	187,447	178,596	5%
Zinc – refined	212,279	220,664	-4%	108,721	111,264	-2%

#### Operational overview

##### Aluminium:

Both BALCO and MALCO saw higher output in the fourth quarter, with production in the second half almost 7% above the first half, leading to a 5% increase over the year. This was the result of improved management of the smelter process and more stable power production.

##### Copper:

##### India

Cathode production in the second half was at peak capacity, evenly spread over the third and fourth quarters, with an increase of 22% over the first half. The production benefited from an improvement in operational efficiencies and higher plant availability, which had been affected in the first half of the year by the planned maintenance shut down and flooding at the refinery during the monsoon. Cathode production finished the year just 4% below 2004.

## Zambia

The data for Konkola Copper Mines is based on 5 months of production, from the date of acquisition. Initial assessments indicate issues concerning plant availability, process management and maintenance. These are being addressed by a series of actions, following the appointment of a new CEO for our Zambian operations. The immediate focus is to bring about stability and consistency in operations. We are taking all necessary measures to improve these operations and remain positive about the potential to reduce costs and improve production.

## Zinc:

The mining output has improved considerably and all the mines have performed well. Rampura Agucha in particular did better than the previous year due to de-bottlenecking. This is reflected in an increase in mined metal content of 7% over the year. The smelter production at Chanderiya is 4% lower than the previous year due to inconsistent qualities of metcoke, caused by short supply, which impacted the production process.

Sales of zinc metal at about 290,000 MT will be about 12% higher than 2003-4, and well above the production number shown here, due to the availability of additional tonnage from tolling activities and stock reduction.

## **Pricing & Costs**

Prices for aluminium, zinc and copper have continued to be firm. TC/RC's have also improved and some impact of the increasing TC/RCs have come into the second half results though their influence will be more pronounced in the financial year 2005-6. As reported, tariffs on metal prices were reduced by the Government of India in July 2004 and again in February 2005, and now stand at 10% for aluminium, copper and zinc. These cuts have reduced the prices realised on metal sales. Input prices, particularly for energy products, have remained a pressure throughout the year.

## **Update on expansions**

Vedanta is progressing well on its expansion programme to increase production of all metals. Over \$1bn of the anticipated \$2.2bn has been spent to date.

## Aluminium :

The work on the new 250,000 tpa aluminium smelter and power plant at Korba is progressing well. Trials on a few smelter pots have started, using third party alumina and power to stabilize the process and to accelerate use of the technology. The commissioning of the project will start, in phases, from the second quarter of this financial year and remains on track for full commissioning in March 2006.

## Alumina:

Vedanta is building a new 1mtpa alumina refinery in the State of Orissa. The refinery is due to complete in March 2007 and remains on track and within budget. Public interest submissions regarding environmental clearances are currently being addressed.

## Copper:

The expanded facilities at Tuticorin, to take production from capacity of 180,000 tpa to 300,000 tpa are still awaiting permission.

## Zinc:

The expansion at Rampura Agucha mine is complete and commissioning trials are going on at present. At the captive power plant, both the machines have been synchronised and we are already producing power to meet the current needs. The roaster at Chanderiya smelter has been commissioned and other sections of the plant are under testing.

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