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**Vedanta Resources plc**  
**Results for the 3rd quarter and 9 months ended 31 December 2004**

**Highlights:**

- Group EBITDA of US\$120m\* – including a contribution of US\$26m\* EBITDA from Konkola Copper Mines plc (“KCM”)
- Third quarter EBITDA +28%, 9 months EBITDA +21% over previous year
- Successful US\$600m bond issue – expansion projects fully funded
- Solid progress on US\$2.2bn growth projects –capital expenditure of US\$876m since listing

**Summary**

The total EBITDA for the period is a record US\$120m\*. This includes a maiden contribution from KCM, acquired on 5 November 2004, which is expected to contribute US\$26m\* underlying EBITDA.

Over 9 months, EBITDA on existing operations has risen by 10% to US\$254m. Higher metals prices have been a major positive factor, assisted by some volume gains. This has been offset by the tariff cuts in 2004, which affected each of our metals and have reduced earnings by around US\$45m over 9 months. Energy prices, mentioned in our interim results, continue to be a feature but appear to have stabilised at current levels. The third quarter is broadly in line with the corresponding quarter of last year at US\$94m, but significantly higher than in the second quarter of 2005.

This quarter we passed a significant milestone with the successful issuance of a US\$600m bond. At the end of the period, including KCM, we had net debt for the first time of US\$10m. This followed total capital expenditure of US\$582m for the year to date, an increase from \$370m at the half year.

Good progress has been made on all the growth projects. The expanded project at Hindustan Zinc is moving towards the final stage and remains on track for commissioning in June 2005. In the aluminium expansion at BALCO, mechanical completion is at an advanced stage. The Copper expansion project at Tuticorin is complete and we continue to wait for final environmental clearance.

Anil Agarwal, Chief Executive of Vedanta commented:

“We are delighted to be including KCM in our results for the first time and welcome them to the Vedanta group. We are excited by the many opportunities to develop the business and improve returns. The Group has shown solid profit progression this year, building in line with our expectations and we remain confident of delivering good progress on last year.”

\* All figures for KCM relate to the eight week period post acquisition, on 5/11/04. These numbers are subject to post acquisition audit and may be adjusted.

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## **Aluminium**

The plants at MALCO and BALCO are operating at full capacity with limited room to raise production numbers at this stage. Production in the third quarter of the current financial year is in line with the first two quarters of the year and EBITDA continues to run above the levels of the last financial year. Better prices and improved product mix have been partly offset by rising input costs, including energy and water costs, as mentioned at the interim results.

The expansion at BALCO will take our total annual capacity from 135,000 tpa to nearly 400,000 tpa. We remain on schedule to test some of the new pots, using imported anodes and power, and for commissioning in March 2006.

The alumina project in Orissa is proceeding according to plan, with orders for a majority of the packages placed with suppliers and the civil engineering work progressing satisfactorily.

## **Copper – Existing Operations**

Copper cathode production in the third quarter was 7% higher than the corresponding period for last year and copper rod production has fully recovered from the lower levels of the first half. Production of copper concentrate in the Australian mines was affected by short term operational issues, which have now been resolved.

EBITDA at the Sterlite copper business has increased sharply from the first two quarters of the financial year. This has been driven by improved volumes and lower unit costs. The third quarter saw limited improvement in TC/RC terms, but further benefits from this should be felt in the current quarter.

The expanded facilities at Tuticorin are still awaiting final environmental clearance and are ready to start production as soon as this is received. As previously mentioned, we assume limited production from the expanded facility in the current financial year.

In line with the changes to import tariffs last year, the Government of India this month reduced the assistance on copper exports by around 50%. We estimate that this will reduce earnings by approximately US\$5m in the remaining two months of this financial year.

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## **Copper - Zambia**

A 51% holding in KCM was acquired on 5 November 2004. The numbers for KCM provided in this release are subject to audit and may lead to adjustments arising from the acquisition. We anticipate that for the 8 week period from 5 November to 31 December, underlying EBITDA should be US\$26m.

We believe KCM offers significant opportunities to improve returns and develop the assets. Production costs remain high, at around 85 US cents per pound, and our aim remains to stabilise and improve returns on the existing assets and then to assess the many options that KCM offers for future growth.

## **Zinc**

The production of zinc at our smelters was broadly in line with the third quarter of last year. Sales were augmented by tolled smelting of our zinc concentrate and there were exports of some surplus zinc and lead concentrate.

Higher zinc and lead prices, along with the sale of additional concentrates, have led to the strong rise in EBITDA, which has more than offset the reductions in tariffs. Energy costs remain higher than last year, but are in line with the first half of the financial year.

The expansion project at the Chanderiya smelter is progressing well and is on track for commissioning in June 2005, in line with previous guidance. At the Rampura Agucha mines, most of the new mining equipment has been commissioned and we plan to commission the new roaster in the current quarter.

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**Financials :**

Financial Summary (US\$m)	Q3 (1)			9 months		
	2004-05	2003-04	% change	2004-05	2003-04	%change
<u>Turnover:</u>						
Aluminium	72.5	-	-	195.3	-	-
Copper	225.7	-	-	542.5	-	-
Zinc	126.4	-	-	322.4	-	-
Other	24.0	-	-	65.8	-	-
Total (existing)	448.6	337.7	32.8%	1126.0	920.8	22.3%
Copper - Zambia*	100.0	-	-	100.0	-	-
Total (including Zambia)*	548.6	337.7	62.5%	1226.0	920.8	33.1%
<u>EBITDA:</u>						
Aluminium	16.5	-	-	50.3	-	-
Copper	29.2	-	-	69.7	-	-
Zinc	51.5	-	-	135.3	-	-
Other	(3.2)	-	-	(1.3)	-	-
Total (existing)	94.0	93.8	0.2%	254.0	230.4	10.2%
Copper - Zambia*	26.0	-	-	26.0	-	-
Total (including Zambia)*	120.0	93.8	27.9%	280.0	230.4	21.5%

(1) Segmental information under UK GAAP is not available for the corresponding quarter of last year.

US\$:INR average rates, 45.37 for 9 months ended 12/04, 46.29 for 9 months ended 12/03 and an average of 45.92 over 2003-04.

**Operations :**

Production summary (mt, 000's)	Q3			9 months		
	2004-05	2003-04	% change	2004-05	2003-04	% change
Alumina	79	66	19.7%	209	200	4.5%
Aluminium	34	32	6.3%	100	97	3.1%
Copper – existing ops.						
Mined metal content	8	13	(38.5%)	28	37	(24.3%)
Copper – Cathode	47	44	6.8%	125	137	(8.8%)
Copper – Rods	34	32	6.3%	86	91	(5.5%)
Copper – Zambia *						
Mined metal content	16	-	-	16	-	-
Copper – Cathode	29	-	-	29	-	-
Total Cathode – Inc. Zambia	76	-	-	154	-	-
Zinc Metal content in concentrate	89	80	11.3%	256	232	10.3%
Refined Zinc	55	56	(1.8%)	158	165	(4.2%)

\*All figures for KCM relate to the eight week period post acquisition, on 5/11/04. These numbers are subject to post acquisition audit and may be adjusted.

For further information please contact:

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### **Notes to Editors**

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.

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