



Konkola Copper Mines plc

Summary Results for Year Ended 31 March 2014

We are delighted to present a brief summary of the company's full year results. This is to complement yesterday's release of the full year results of Vedanta Resources plc, KCM's parent company. KCM is Zambia's largest private sector employer and is the largest private investment in Zambia. KCM is committed to operating in a way that benefits each one of its stakeholders, including employees, government, shareholders and local communities.

	FY2013 - 14	FY2012 - 13
Production ('000t)		
Finished Copper Production:	177	216
Integrated ¹	124	160
Custom ²	53	56
Avg. Copper Price - LME (\$/tonne)	7,103	7,853
Unit Costs (US\$ per tonne)		
C1 cash costs (integrated) ³	5,256	5,624
Total cash costs (integrated) ⁴	7,363	7,804
Financial Performance (in US\$ million)		
Revenue	1,271.4	1,742.8
EBITDA ⁵	156.2	257.3
Depreciation and amortisation	171.5	193.7
Profit after Tax	(89)	(6)
Capital Expenditure	150.9	259.8
Sustaining	114.2	171.4
Growth	36.7	88.4

¹ Integrated finished production is saleable copper derived from KCM's own sources.

² Custom finished production is saleable copper derived from concentrates sourced from other mines.

³ C1 cash cost, excludes royalty, logistics, depreciation, interest and sustaining capex.

⁴ Total cash cost is inclusive of sustaining capex.

⁵ EBITDA is Earnings before interest, tax, depreciation and amortization.

Commentary

In FY 2013-14 KCM incurred a net loss of US\$ 89 million compared to US\$ 6 million in the previous financial year. The main reason for the higher loss was due to the closure of an open pit (COP F & D) resulting in lower production coupled with a 10% reduction in copper prices. To assure safe operations at the Konkola mine, shafts 1 and 4 were temporarily closed while work was carried out to improve the integrity of the shaft system. This closure of the shafts also contributed to the decline in production. However, the Tailings Leach Plant saw an improvement in the year and achieved one of the record productions in the last ten years, producing 56,000 tonnes of cathode copper.

The closure of the high cost, open pit (COP F & D) production contributed to lowering the overall cost of production from \$7,804 per tonne to \$7,363 per tonne.

The recovery of VAT credits is adversely affecting KCM's ability to manage its cashflows and this is being compounded by power tariff increases. On the latter point, dialogue is underway with key stakeholders.

Outlook

To mitigate declining copper prices, KCM is focused on increasing production volumes and addressing productivity across all of its operations. At the Konkola mine, the focus is to improve equipment availability and the recruitment of key underground specialists is on track to underpin this.

KCM adheres to the principles of full disclosure and transparency and has consistently filed its financial results publicly in accordance with regulatory requirements.

The newly appointed CEO for KCM, Steven Din said, "I am impressed at the steps being taken to realize the potential of the Konkola Deep mining project and the investment that has been made to-date to extend the life of mining at KCM." Mr Din continued, "Having just taken over the leadership at the company, I am fully committed to building on the significant work done to-date to ensure a bright future for all stakeholders."