



KCM – THE PRIDE OF ZAMBIA

FACT SHEET – JANUARY 2019

ABOUT KCM

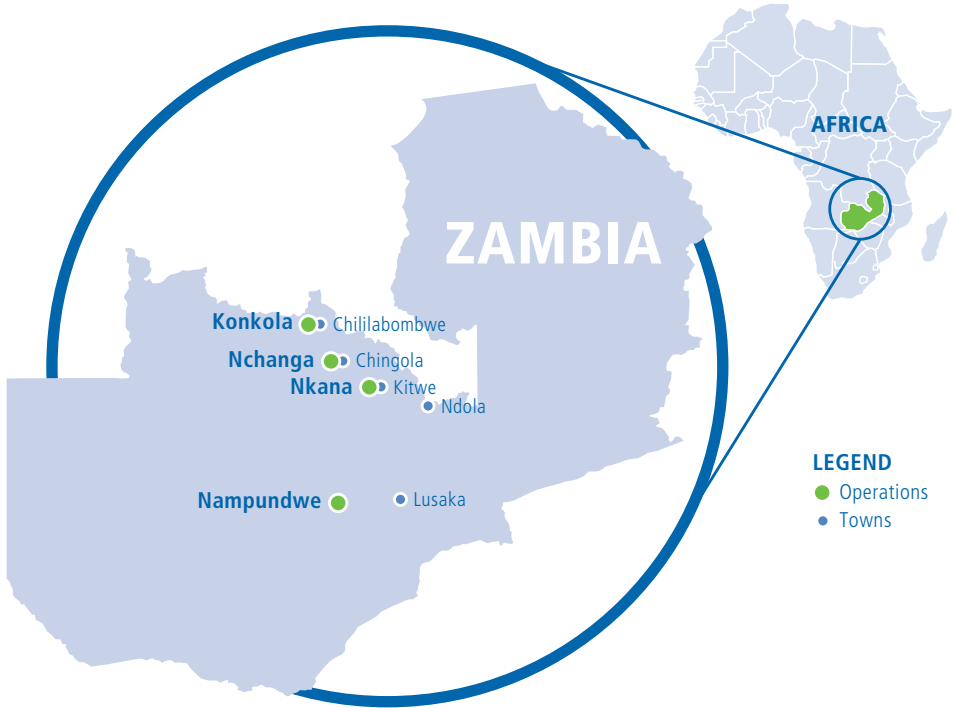
Konkola Copper Mines (KCM) is a leading Zambian integrated copper producer, operating 3 underground mines and 2 open pit mines as well as metallurgical plants, on one of the highest-grade copper seams in the world on the Zambian Copperbelt. The geological setting of the Copperbelt is unusual compared to other worldwide copper deposits in that it occurs in sedimentary host rocks that have high carbonate content. The presence of dolomite in the geological sequence effectively eliminates any risk of acid mine drainage.

Our commitment to Zambia is to return it to the position of top global copper producer

Vedanta's contribution to Zambia in 2017

- 13,000 direct employees
- US\$1.3 billion in revenue
- US\$221 million contributed to public finances*
- largest individual power consumer and one of the highest tariff payers in Zambia

LOCATION OF OPERATIONS



Konkola

- Underground mine
- New concentrator
- Old concentrator
- Backfill plant

Nchanga

- Underground mine with 2 shafts
- Open pit mines (2 operational)
- 2 concentrators (East and West mills)
- Tailings leach plant
- Smelter with acid plant

Nampundwe

- Underground pyrite mine
- Concentrator

Nkana

- Refinery

* See Vedanta's 2017/18 Tax Transparency Report at www.vedantaresources.com/Pages/TaxTransparencyReport.aspx

SAFETY IS OUR FIRST PRIORITY

ZERO HARM



“One of the largest single private-sector employers in Zambia, we have obligations and responsibilities above and beyond our core operational focus.”

OUR ROLE IN ZAMBIA

As Zambia’s largest integrated copper producer, we operate across the entire mining value chain, which starts with mining and ends up with copper refining to 99.99% LME grade. Considered the largest single private-sector employer in Zambia, we have obligations and responsibilities above and beyond our core operational focus.

As a major employer, we not only have a direct influence on the lives of our employees, but on their families and the wider communities in which we operate. This means we have a critical responsibility – to keep our employees safe and healthy at all times, to provide them with a challenging and fulfilling work environment, and to ensure they have access to medical care and

education for their families. In our communities, we have a responsibility to play our role in wider economic and social development. This means not only that our Corporate Social Responsibility (CSR) programmes have a critical role to play, but also that we ensure that local enterprises are given every opportunity to participate in the company’s procurement value chain.

A commitment to investment is critical to the position in which KCM stands today. When Vedanta Resources acquired KCM in 2004, we embarked on an ambitious investment programme.

KCM is aiming to be a role model for safety, environment and socio-economic development, while playing a key role in making Zambia one of the world’s leading copper producers.

INVESTMENT

Since Vedanta Resources plc acquired KCM in 2004, more than US\$3 billion has been invested to upgrade equipment, build new facilities and expand capacity. These investments have increased reserves, resources and extended the life of the mines by over 50 years. Notable investments include:

- Sinking of a 1,500 metres deep shaft at the flagship Konkola Deep Mine
- State-of-the-art smelter at Nchanga which was commissioned in 2008
- New concentrators at Nchanga and Konkola with a combined 15.5mtpa capacity
- Expansion of the Nkana Refinery and the Nchanga Tailings Leach Plant

This investment resulted in:

- 13,000 employees, making KCM one of the largest private sector employers in Zambia
- US\$1.2 billion taxes paid

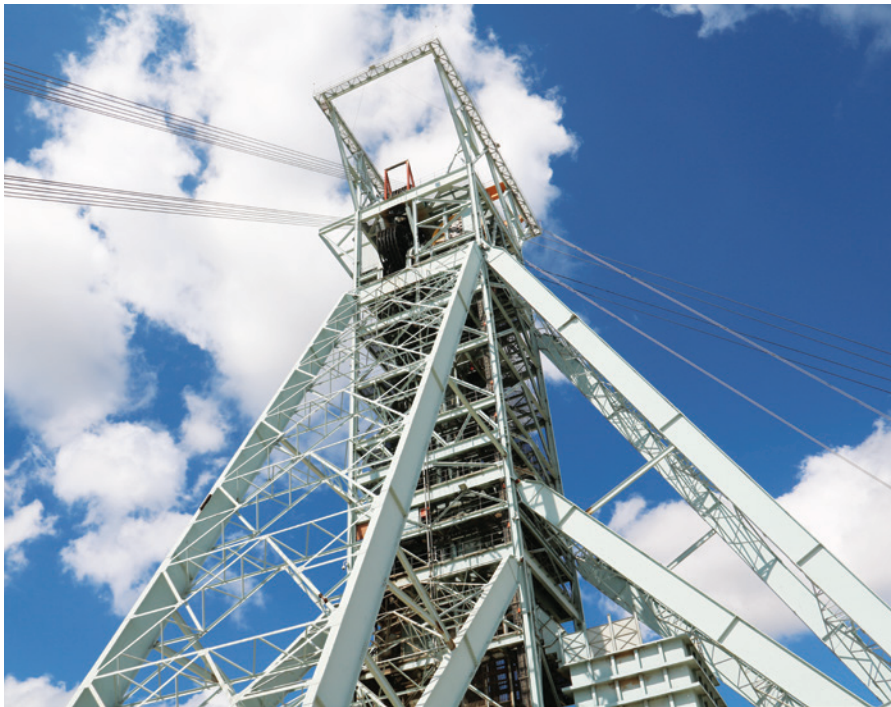
The planned new investment of over US\$1 billion in development and production facilities should see:

- A planned increase in production from 200ktpa to 400ktpa
- More than 10,000 additional direct jobs created due to increased production capacity
- Zambia becoming Africa’s top copper producer

The future – further US\$1 billion investment planned

Project	Investment (US\$m)
Primary development	100
Accelerated development	300
Refinery	110
Cobalt	120
Power plant	300
Elevated temperature leach	25
Heap leach	25
Mine training academy	20
Total value	US\$1bn





THE FUTURE

Our Vision is To build KCM into being the most respected copper producing complex on the African continent delivering more than 400KTPA, allowing us to make Zambia Africa's top copper producer.



“We have now created a strong position for KCM after investing over US\$3 billion. Last year I pledged to invest an extra US\$1 billion. We are targeting strong growth for KCM in the years ahead... Our desire is to have a win-win situation. The government must be happy, the Zambian public must be happy, and our communities must flourish. We will maintain a continued focus on safety and the environment to realise this.”

Anil Agarwal

OUR ENVIRONMENTAL COMMITMENT

We understand that mining operations have a range of implications for the environment and the communities where we operate.

We have carried out a series of actions to address legacy environmental issues inherited from mining operations that first commenced in 1957. We acknowledge there is still much to be done to ensure KCM leaves a legacy of being the cleanest mine in Zambia. To ramp up our environmental activities, we launched the “Going Green” campaign, on which over US\$27 million is currently being spent – to raise our environmental performance beyond compliance.

Our goal is to achieve a new level of environmental responsiveness and to reclaim Chingola's place as the greenest and cleanest town in Zambia. Our investments to date in remediation have corrected almost all of the legacy environmental issues at KCM inherited from previous mine owners.

We have established Community Liaison Teams to improve our engagement and collaboration with local stakeholders. They consult regularly with local stakeholders and are engaged in long-term mutually beneficial interventions.

Significant achievements such as improved legal compliance averaging 99.6%, Zero incidents of Category III and above intensity

as well as stronger stakeholder collaboration have been recorded and are leading to much greater levels of mutual trust and accountability. These achievements include

- US\$500 million spent on the Nchanga Smelter with a sulphur capture of >99.6% replaced the Nkana Smelter that captured only 30% at decommissioning. The Nchanga smelter is best in class globally, with one of the best sulphur-capture rates in the world
- Water consumption has reduced by about 50% in the last 3 years across all our operations (60 million m³/year to 30 million m³/year), including via recycling. This has assisted in our move towards making KCM a zero discharge operation
- US\$230 million spent on modern concentrators at Konkola and Nchanga
- Konkola Total Suspended Solids have reduced to below 100 ppm consistently in the last 5 years
- Storage tanks and pipe infrastructure replaced at the Tailings Leach Plant (TLP), costing US\$30 million
- Pollution Control Dam (PCD) zero discharge hours have improved with an annual desilting plan in place, at a cost of US\$2 million

KCM complies with the Vedanta Sustainability Framework, which is underpinned by the ICMM/IFC/OECD principles, as well as statutory requirements of the Zambia Environmental Management Authority (ZEMA). We are also accredited by the British Safety Council (BSCEN) ISO 14001 environmental standards.



THE MINING SECTOR IN ZAMBIA

Zambia is ranked as the world's seventh largest producer of copper, generating nearly 4% of the world's production, and is the ninth largest global producer of cobalt (2.6%). The industry employs just under 60,000 people in Zambia. Mining accounts for more than 70% of Zambia's foreign exchange.

ABOUT VEDANTA

Vedanta Resources Limited is a globally diversified natural resources company, which acquired 79.4% of KCM in 2004. The group produces aluminium, copper, zinc, lead, silver, iron ore, commercial energy, oil and gas. Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. Vedanta has operations in India, Zambia, Namibia, South Africa, Australia and Liberia and a strong organic growth pipeline of projects.

ABOUT ZCCM-IH

ZCCM Investments Holdings Plc (ZCCM-IH) maintains a 20.6% shareholding in KCM. ZCCM-IH is one of Zambia's prime investment holding companies with the majority of its investments in the copper mining sector of Zambia. It is quoted on the Lusaka, London and Euronext Stock Exchanges. The company's shareholders are the Government of the Republic of Zambia (GRZ) with 87.6% shareholding and private equity holders with 12.4%. Minority shareholders are spread throughout the world in various locations.

CSR

KCM takes its commitment to the region very seriously, with over US\$200 million invested in CSR programs over 14 years. These investments include:

Health

- 2 modern hospitals
- 14 satellite clinics
- Over 63,000 people receiving free healthcare services
- Over 3,000 people receiving free ARVs
- Around 40,000 households covered by KCM's malaria indoor residue spraying programme – with a resultant 90% reduction in malaria incidence

Education

- 2,200 pupils in KCM Trust Schools covering pre-grade to A-levels

- Over 600 university students with KCM scholarships
- Over 150 artisans trained every year at KCM-run Kitwe schools
- Around 9,000 children attend KCM-funded early childhood schools
- Around 42,000 students have access to clean drinking water facilities provided by KCM

Environment

- Over 80,000 trees planted in communities and government run schools
- Around 4,000 cattle and goats given to small scale farmers
- 3,000 families supported through KCM support to entrepreneurs

Culture and sport

- Pioneers of private sector sponsorship in Zambia Super League
- Over 13,000 young people impacted by KCM support in community sport
- 36 cultural groups supported by KCM

POSITIVE OUTCOMES

In 2017 we launched projects to provide clean drinking water to communities. Solar-powered boreholes were mounted by KCM in communities, including health facilities and schools on the outskirts of Chingola.

- The incidence of diarrhoea have decreased while pupil attendance at schools has increased. At two clinics, where we installed boreholes, medical staff have recorded an increase in child births, as more expectant mothers come to the clinic knowing safe water is available. At Kalilo clinic, the increase is most pronounced; from an average of seven per month, child births have increased to almost 30 per month.
- And children are no longer skipping classes to walk long distances to fetch water for their families. In 2014, Simulala Primary School had one girl attending an entire year-group with about 14 boys. Now at least 45 girls are attending school in that same year group, and the number of children in the school has increased from 150 to 453 students.

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