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Vedanta Resources Plc
Production and Financial Release for the Third Quarter
And Nine months ended 31st December 2016

Production figures were announced on 16th January 2017. This release contains financial and other updates.

Q3 Highlights

Financial

- Revenue and EBITDA up significantly, reflecting benefits of higher commodity prices and production volumes
- Robust EBITDA margin[1] of 38%
- Gross debt lower by $300mn in Q3

Corporate

- Successful bond issuance of US$1 billion in January 2017 to pro-actively refinance and extend part of the 2018 and 2019 bond maturities at Vedanta Resources plc
- S&P upgraded rating to B+ with stable outlook in January
- Vedanta Limited - Cairn India merger approved by all sets of shareholders in September 2016; expected to complete in Q1 CY2017

Operations

- Zinc India:
  - Mined metal production up 44% q-o-q in line with mine plan
  - Integrated metal production increased q-o-q: zinc 38%, lead 26% and silver 10%
  - Environment clearances received for expansion of Zawar and Sindesar Khurd mines
- Aluminium:
  - Continued ramp up of Jharsuguda-II and BALCO-II smelters; third line of the 1.25 mtpa Jharsuguda-II smelter commenced ramp up in December 2016
  - Supply of coal has commenced from the 6mtpa coal linkages secured earlier this year
- Power:
  - 1,980MW TSPL plant fully operational with 77% plant availability

1 *Excluding custom smelting at Zinc India and Copper operations*

- Oil & Gas:
  - Mangala EOR with production level of 55,000 barrels per day 6% higher q-o-q
  - Rajasthan production impacted by planned shutdown at the Mangala processing terminal
- Iron Ore:
  - Achieved full year production cap in January at Goa (5.5mt) and Karnataka (2.3mt)
  - Received further allocation of 3mt in Goa for FY2017
- Copper – Zambia:
  - Lower integrated volumes due to lower equipment availability and lower grades

Tom Albanese, Chief Executive Officer, Vedanta Resources plc, said: *"We have made substantial operational progress during the quarter with ramp up of our Aluminium, Power and Iron Ore capacities. We are very excited about our Gamsberg Zinc project in South Africa where first ore is expected in mid-2018. At KCM, we are committed to the turnaround of this asset and continue to work towards it. Our rising capacity utilizations and the continued focus on costs, alongside stronger commodity prices, enabled us to deliver 79% higher EBITDA and strong free cash flow.*

In line with our stated financial strategy to extend near-term maturities and optimise the balance sheet, we successfully issued a $1bn USD bond in January 2017 to proactively refinance part of our 2018 and 2019 bond maturities. We are pleased with the strong demand these bonds received, with support from all major markets."

Oil & Gas

	Q3			Q2		Nine months ended		
Particulars	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
OIL AND GAS								
Average Daily Total Gross Operated Production (boepd) [1]	191,230	**211,843**	**(10)%**	**206,230**	**(7)%**	201,286	214,663	(6)%
Average Daily Gross Operated Production (boepd)	181,818	**202,668**	**(10)%**	**196,399**	**(7)%**	191,674	205,909	(7)%
Rajasthan	154,272	170,444	(9)%	167,699	(8)%	162,957	170,258	(4)%
Ravva	18,172	21,703	(16)%	18,823	(3)%	18,874	25,430	(26)%
Cambay	9,375	10,521	(11)%	9,877	(5)%	9,843	10,221	(4)%
Average Daily Working Interest Production (boepd)	115,829	**128,402**	**(10)%**	**125,575**	**(8)%**	122,254	128,991	(5)%
Rajasthan	107,990	119,311	(9)%	117,390	(8)%	114,070	119,180	(4)%
Ravva	4,089	4,883	(16)%	4,235	(3)%	4,247	5,722	(26)%
Cambay	3,750	4,208	(11)%	3,951	(5)%	3,937	4,089	(4)%
Total Oil and Gas (million boe)								
Oil & Gas- Gross	16.73	18.65	(10)%	18.07	(7)%	52.71	56.62	(7)%
Oil & Gas-Working Interest	10.66	11.81	(10)%	11.55	(8)%	33.62	35.47	(5)%
Brent (US$/bbl)	49.3	43.8	13%	45.9	8%	46.9	51.9	(10)%
Average Price Realisation (US$/boe)	46.0	35.2	31%	41.7	10%	41. 9	45.0	(7)%
Oil - US$/bbl	46.2	35.0	32%	41.7	11%	41.9	45.1	(7)%
Gas - US$/mscf	5.9	7.2	(18)%	7.5	(21)%	7.0	6.9	1%
Revenue (US$ million)	318.7	307.8	4%	304.4	5%	904.6	1,063.1	(15)%
EBITDA (US$ million)	158.2	95.5	66%	154.8	2%	432.1	469.2	(8)%

Third quarter FY 2017 vs. previous quarters

For Q3 FY2017, average gross production across assets was lower at 181,818 barrels of oil equivalent per day (boepd), primarily due to planned maintenance shutdown in Rajasthan and natural decline in offshore assets.

Gross production from the Rajasthan block averaged 154,272 boepd for the quarter, lower mainly due to the planned maintenance shutdown at the Mangala Processing Terminal which will help maintain asset integrity and improve the plant performance.

We had encouraging results from the Mangala Enhanced Oil Recovery (EOR), driven by enhanced well productivity and production optimization activities. The production from EOR increased to an average of 55 kboepd in Q3 FY2017 from 52 kboepd in Q2 FY2017. Continued reservoir management including production optimization helped maintain steady production from Bhagyam and Aishwariya. Gross production from Development Area-1 (DA-1) and Development Area-2 (DA-2) averaged 141,177 boepd and 13,095 boepd, respectively.

The water-flood operating cost in Rajasthan was at US$ 4.3/boe in Q3 FY2017 compared to US$ 3.9/boe in Q2 FY2017. The increase was primarily due to lower volume owing to the planned shut-down in November 2016, which was partially offset through optimization of costs for crude processing and work-over activities. Q3 FY2017 blended operating cost including polymer-flood was US$ 6.3/boe compared to US$ 5.8/boe in Q2 FY2017. We continue to focus on optimisation of polymer cost and higher captive power generation while maintaining the injection of polymer at the target level of 400 kblpd.

Production from Ravva and Cambay was steady q-o-q at 18,172 and 9,375 boepd, respectively. Production optimization activities helped offset some of the natural decline in the blocks. The Ravva and Cambay facilities recorded an excellent uptime of 99.9% and 99.8%, respectively.

Gas production from RDG was lower at an average of 21 mmscfd in Q3 FY2017 compared to 33 mmscfd in Q2 FY2017. Gas sales also declined quarter-on-quarter to 4 mmscfd from 17 mmscfd. The sales have been temporarily suspended due to a technical issue between the gas transporter and the buyers. Cairn is closely engaged with various stakeholders to address the issue and enable the resumption of the sales at the earliest.

In Q3 FY2017, revenue increased by 4% y-o-y mainly due to higher oil realization which was partly offset by lower volumes due to a planned shutdown. Overall oil realization increased by 32% y-o-y to US$ 46.2/bbl, primarily due to higher brent prices by 13% y-o-y and also strengthened by lower discount to Brent realised for our oil. Discount to Brent on Rajasthan crude in Q3 was at 6.9%.

EBITDA was 66% higher y-o-y due to higher oil prices, lower discount, and lower opex despite shutdown (Q3 water flood opex of $4.3/boe and blended opex of $6.3/boe vs. Q3 FY2016 water flood opex of $5.1/boe and blended opex of $6.9/boe).

Nine months FY 2017 vs. nine months FY 2016

Gross production declined 7% y-o-y primarily due to lower volumes from offshore assets and planned maintenance shutdown in Rajasthan during the current year, partially offset by volume ramp up from Mangala EOR and continued effective reservoir management across assets.

Revenue and EBITDA were 15% and 8% lower respectively, compared to the nine month period last year, mainly due to lower brent prices and volumes.

Zinc India

Particulars	Q3			Q2		Nine months ended		
	FY2017	FY2016	% change YoY	FY2017	% change QoQ	FY2017	FY2016	% change YoY
Zinc India(kt)								
Mined metal content	276	228	21%	192	44%	595	700	(15)%
Refined Zinc – Total	205	206	0%	150	37%	457	605	(24)%
Refined Zinc – Integrated	205	206	0%	149	38%	456	605	(25)%
Refined Zinc – Custom	-	-	-	1	-	1	-	0%
Refined Lead - Total [2]	39	35	10%	31	26%	94	107	(12)%
Refined Lead – Integrated	39	35	10%	31	26%	94	102	(8)%
Refined Lead – Custom	-	-	-	-	-	-	5	-
Silver - Total (in mn ounces) [3]	3.79	3.73	2%	3.45	10%	10.08	9.73	4%
Silver- Integrated (in mn ounces)	3.79	3.73	2%	3.45	10%	10.08	9.64	5%
Silver- Custom (in mn ounces)	-	-	-	-	-	-	0.09	-
Average LME – Zinc (US$/t)	2,517	1,613	56%	2,255	12%	2,230	1,878	19%
Average LME – Lead (US$/t)	2,149	1,681	28%	1,873	15%	1,913	1,776	8%
Average Silver Prices (US$/oz)	17.2	14.8	16%	19.6	(12)%	17.9	15.3	17%
Zinc COP (US$/t) [8]	861	796	8%	809	6%	852	789	8%
Revenue (US$ million)	731.4	508.7	44%	507.8	44%	1,604.1	1,659.2	(3)%
EBITDA (US$ million)	406.4	217.8	87%	295.9	37%	862.5	799.7	8%

Third quarter FY 2017 vs. previous quarters

Mined metal production was 276,000 tonnes, 21% higher compared to Q3 FY2016 and 44% higher sequentially. The sequential increase was on account of higher volumes from Rampura Agucha open cast mine in accordance with mine plan and the y-o-y increase was driven by higher volumes from Rampura Agucha underground as well as open cast mines. We are on track to achieve stated guidance of higher mined metal production in FY2017 compared to FY2016.

Integrated zinc metal production during the quarter was at 205,000 tonnes, up 38% from the previous quarter, and flat y-o-y on account of accretion of mined metal inventory. Integrated saleable lead production during the quarter was 39,000 tonnes, up 26% sequentially and 10% y-o-y. The y-o-y increase was in line with mined metal production, while the sequential increase was on account of enhanced smelter efficiencies. Integrated silver production during the quarter increased by 10% to 3.79 million ounces from previous quarter and 2% y-o-y.

In line with the on-going expansion to reach 1.2 mtpa mined metal production capacity, environmental clearances were received for Sindesar Khurd expansion of ore production capacity from 3.75 mtpa to 4.5 mtpa and for Zawar mine to 4 mtpa.

The cost of production excluding royalty was higher at US$ 861 per tonne compared to US$ 796 per tonne in Q3 FY2016 and US$ 809 per tonne in Q2 FY2017. The increase was primarily on account of additional excavation at Rampura Agucha underground, change in global waste to ore ratio, higher mine development, input commodity inflation (primarily coal and met coke), and lower by-product credits driven by lower sulphuric acid prices, which were partially offset by higher volumes, better average grades and cost optimization initiatives in procurement and commercial functions.

Q3 FY2017 revenue was US$ 731 million, 44% higher y-o-y mainly on account of higher LME prices and higher volumes. EBITDA in Q3 FY2017 was US$ 406 million, an increase of 87% compared to Q3 FY2016 mainly due to higher realized LME. Further the costs were helped with rupee depreciation and cost optimization initiatives across the procurement and commercial functions.

Nine months FY 2017 vs. nine months FY 2016

Mined metal production during the nine month period was 15% lower y-o-y. This was in line with the earlier guidance of substantially higher mined metal production in H2, and Q4 production will be higher than Q3. Integrated silver production was higher by 5% y-o-y primarily due to higher volume from our silver-rich Sindesar Khurd mine. During the nine month period, underground mines ramped up significantly to achieve a substantial 60% y-o-y increase in ore production and 55% y-o-y increase in mined metal production. Revenue for the nine month period was US$ 1,604 million, 3% lower mainly due to lower volume which was partially offset by higher LME prices. EBITDA was US$ 863 million, higher by 8% mainly due to higher realized prices and one off renewable power obligation charges provided in FY2016 for the previous years which was partially offset by lower volumes.

FY2017 mined metal production is expected to be higher than FY2016, in line with earlier guidance. However, integrated zinc metal production is expected to be lower than FY2016 in accordance with the low availability of mined metal in H1. CoP is expected to be marginally higher than FY2016.

Zinc – International

	Q3			Q2		Nine months ended		
Particulars *(in'000 tonnes, or as stated)*	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
Zinc International	33	51	(35)%	39	(17)%	115	184	(38)%
Zinc -refined –Skorpion	17	13	34%	23	(25)%	64	55	16%
Mined metal content - BMM	15	17	(11)%	16	(5)%	51	48	5%
Mined metal content – Lisheen	-	21	-	-	-	-	81	-
Average LME - Zinc (US$/tonne)	2,517	1,613	56%	2,255	12%	2,230	1,878	19%
CoP including Royalty (US$/tonne)	1,615	1,579	2%	1,446	12%	1,412	1,475	(4)%
Revenue(US$ million)	87.1	64.3	35%	102.3	(15)%	257.1	308.8	(17)%
EBITDA(US$ million)	29.7	(0.2)	-	51.0	(42)%	118.1	56.4	-

Third quarter FY 2017 vs. previous quarters

Total production for Q3 FY2017 was 33,000 tonnes, 35% lower y-o-y primarily due to the closure of the Lisheen mine in November 2015, following 17 years of successful operations. Q3 FY2017 production excluding Lisheen was 9% higher y-o-y. Production was 17% lower q-o-q mainly due to technical issues at Skorpion and BMM which necessitated some production rescheduling.

Skorpion production during the quarter was 17,000 tonnes, 34% higher y-o-y but 25% lower q-o-q, due to increased upstream material handling challenges to treat wetter than anticipated ore through the refinery. In Q3 FY2016, Skorpion production had been impacted by the extended planned 30-day maintenance shutdown. BMM production for the quarter was 15,000 tonnes, 11% lower y-o-y and 5% lower q-o-q, primarily due to lower equipment availability.

At the Gamsberg Project, pre-start activities and waste-stripping is progressing well. To date, we have excavated over 13 million tonnes of waste rock, of which 2mt was in Q3. 75% of project costs have been committed to date with major orders for the mining contract, the concentrator plant and power and water connections placed. The balance of orders for equipment are planned to be placed in Q4 FY2017. First production is on track for mid CY2018, with 9-12 months for ramp up to full production of 250 ktpa. The expected COP at Gamsberg is $1,000-$1,150 per tonne.

During Q3 FY2017, the average cost of production including royalty was US$ 1,615 per tonne, 7% lower compared to US$1,737 per tonne in Q3 FY2016 (excluding Lisheen). Reduction in cost was primarily on account of higher volumes from Skorpion and local currency depreciation.

EBITDA at US$30 million was significantly higher y-o-y, mainly driven by higher LME and improved volumes at Skorpion.

Nine months FY 2017 vs. nine months FY 2016

Total production was 115,000 tonnes, 38% lower compared to corresponding prior period mainly due to closure of the Lisheen mine. Production volume from Skorpion and BMM was up by 16% and 5%, respectively. During the period, revenue was US$ 257 million, 17% lower, primarily on account of lower production which was partially offset by higher LME prices. EBITDA for the period was US$ 118 million, significantly higher primarily on account of higher LME and a one-off insurance claim refund, which was partly offset by lower volumes driven by the Lisheen mine closure.

FY2017 volume is expected to be at 160kt and Q4 CoP estimated at $1200-$1250/t.

Iron Ore

	Q3			Q2		Nine months ended		
Particulars *(in million dry metric tonnes, or as stated)*	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
IRON ORE								
Sales	3.7	1.5	-	0.8	-	7.1	2.7	-
Goa	2.7	0.6	-	0.3	-	5.1	0.6	-
Karnataka	1.0	0.9	4%	0.5	-	2.0	2.1	(6)%
Production of Saleable Ore	2.6	1.4	-	1.5	-	7.3	2.4	-
Goa	2.3	0.3	-	0.5	-	5.2	0.3	-
Karnataka	0.4	1.1	(66)%	0.9	(60)%	2.1	2.1	3%
Production ('000 tonnes)								
Pig Iron	154	146	5%	192	(20)%	526	466	13%
Revenue(US$ million)	208.8	81.7	-	73.1	-	426.9	219.5	94%
EBITDA(US$ million)	63.0	11.1	-	17.7	-	134.6	18.3	-

Third quarter FY 2017 vs. previous quarters

At Goa, production was 2.3 million tonnes and sales were 2.7 million tonnes during the quarter. Mining activities resumed post the monsoon season, and hence production was significantly higher sequentially. At Karnataka, production was 0.4 million tonnes and sales were 1.0 million tonnes. Sales were higher than production at both Goa and Karnataka due to sales from opening inventory.

During Q3 FY2017, production of pig iron was 5% higher y-o-y at 154,000 tonnes due to higher plant availability post debottlenecking. Production was 20% lower q-o-q primarily due to the maintenance shutdown for relining one of the furnaces for about 35 days in Q3 FY2017.

Our annual mining allocation of 5.5mt and 2.3mt for Goa and Karnataka, respectively, was achieved in January 2017. We have been engaged with the respective state governments for an increase in the mining caps. The Goa government has granted additional mining allocation to us for the current fiscal year, and we expect to produce an additional 3mt this year.

Revenue for the quarter was at US$ 209 million, significantly higher compared to Q2, primarily due to the ramp up at Goa in Q3 post monsoon and higher iron ore prices. Price realization at Goa in Q3 FY2017 was US$ 40.7 per tonne compared to US$ 32.5 per tonne in Q2 FY2017. Price realization at Karnataka was at US$ 17.3 per tonne in Q3 compared with US$ 12.1 per tonne in Q3 last year.

EBITDA was US$ 63 million in Q3 FY2017, in line with higher revenue driven by volume ramp-up.

Nine months FY 2017 vs. nine months FY 2016

Production at Goa was 5.2 million tonnes and sales were 5.1 million tonnes. At Karnataka, production was 2.1 million tonnes and sales were 2.0 million tonnes. Production of pig iron ramped up to a record of 526,000 tonnes due to higher plant availability post debottlenecking. During the period, iron ore sales volume was 7.1 million tonnes primarily due to recommencement of Goa mining operations resulting in higher revenue and EBITDA.

Copper - India

	Q3			Q2		Nine months ended		
Particulars *(in'000 tonnes, or as stated)*	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
COPPER- INDIA								
Copper – Cathodes	102	89	15%	97	5%	300	282	6%
Tuticorin Power Sales (MU)	46	40	15%	30	55%	136	334	(59)%
Realized TC/RC (USc/lb)	22.2	23.5	(6)%	20.5	8%	21.9	23.9	(8)%
Conversion cost (USc/lb)	3.9	4.4	(11)%	5.3	(26)%	5.0	3.1	61%
Revenue(US$ million)	769.0	686.9	12%	699.7	10%	2,164.2	2,383.4	(9)%
EBITDA(US$ million)	66.8	91.3	(27)%	60.5	10%	193.1	261.5	(26)%

Third quarter FY 2017 vs. previous quarters

The Tuticorin smelter produced 102,000 tonnes of cathodes during Q3 FY2017, up 15% y-o-y. During Q3 FY2016, volumes had been lower on account of flooding in the state and unplanned shutdowns.

The 160 MW power plant at Tuticorin operated at a plant load factor (PLF) of 56% during Q3 FY2017 (PLF of 52% in Q3 FY2016, 48% during Q2 FY2017). PLF was low due to lower off-take by the Telangana State Electricity Board (TSEB). However, as per our offtake agreement with TSEB, we are entitled to compensation at the rate 20% of the contracted rate, for off-take below 85% of the contracted quantity.

In Q3 FY2017, Tc/Rc's were at USc 22.2 per lb, 6% lower compared to Q3 FY2016 and 8% higher compared to Q2 FY2017. This was in line with movement in global benchmark Tc/Rc rates. Tc/Rc realization for CY 2017 is expected to be c.5% lower at c. USc 21/lb.

The net cost of conversion in Q3 FY2017 was USc 3.9 per lb, compared to USc 4.4 per lb in Q3 FY2016 and USc 5.3 per lb in Q2 FY2017. The net cost of conversion was lower primarily due to better acid prices during the current quarter.

Revenue for the quarter was at US$ 769 million lower mainly due to lower LME. Q3 EBITDA was US$ 67 million, lower mainly due to lower Tc/Rc and lower by-product credits.

Nine months FY 2017 vs. nine months FY 2016

Production volume from the Tuticorin smelter was 300,000 tonnes of cathodes, higher by 6% compared to the corresponding prior period. The 160MW power plant at Tuticorin operated at a PLF of 55% in the first nine months of FY2017 compared to 95% in corresponding prior period, primarily due to lower offtake from Tamil Nadu Electricity Board (TNEB) and TSEB. The power purchase agreement with TNEB ended on 31st May 2016 post which we entered into an agreement with TSEB.

Revenue for the nine month period FY2017 was US$ 2,164 million, 9% lower compared to nine month period FY2016, primarily on account of lower LME. During the period EBITDA was US$ 193 million, 26% lower primarily due to lower Tc/Rc and lower sulphuric acid credits which was partially offset by higher volumes. This was also adversely impacted by one off export incentive scheme benefit recognized last year and lower EBITDA from the 160MW power plant due to lower power offtake.

Copper – Zambia

	Q3			Q2		Nine months period		
Particulars *(in'000 tonnes, or as stated)*	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
COPPER –ZAMBIA								
Mined metal	21	32	(33)%	29	(27)%	79	94	(16)%
Copper – Total	37	45	(18)%	47	(20)%	130	136	(5)%
Integrated	21	28	(25)%	28	(23)%	77	89	(14)%
Custom	16	17	(7)%	19	(16)%	53	47	11%
Average LME - Copper (US$/t)	5,277	4,892	8%	4,772	11%	4,924	5,387	(9)%
C1 cash cost (USc/lb)	194	175	11%	169	15%	187	199	(6)%
Revenue (US$ million)	205.8	195.5	5%	209.8	(2)%	610.4	720.6	(15)%
EBITDA (US$ million)	0.7	10.8	(94)%	13.4	(94)%	17.9	(13.5)	-

Third quarter FY 2017 vs. previous quarters

During Q3, mined metal production was 21,000 tonnes, 33% lower y-o-y, due to lower production from Nchanga underground which was placed on managed care and maintenance in Q3 FY2016, lower trackless equipment availability at Konkola mine, throughput constraints at the mills and lower feed from reclaimed tails at Tailings Leach Plant.

During Q3, we commenced trial mining at the Nchanga underground mine and initial results for recovery and mining productivity are promising. The plan is to ramp-up the annual ore production to a rate in excess of 2 million tonnes.

Custom volumes at 16,000 tonnes were 7% lower on a y-o-y basis and 16% lower compared to the prior quarter. Production was primarily impacted by a biennial shutdown of the smelter for 40 days, which commenced on 26 September 2016. Operations have recommenced post the shutdown and the smelter availability has improved to 98% with the ability to handle feed rates of greater than 90 tonnes per hour compared to 70 tonnes per hour prior to the shutdown.

We are working on the engineering design for accelerated dewatering and development to increase production from Konkola Mine.

The elevated temperature leach project, which would improve recoveries at the Tailings Leach Plant, has been commissioned in Q3 and is currently under stabilisation. The initial recovery results are encouraging.

In Q3 FY 2017, cost of production excluding royalty and exceptional items of increased power tariff in January 2016 and unrealized gains/losses on Kwacha denominated VAT receivables, was USc 176/lb which is lower by 4% on y-o-y basis. Factors contributing to this include sustained operational cost-saving initiatives, renegotiation of commercial contracts and alternate sourcing for major bulk supplies. Cost of production excluding royalty was USc 194/lb compared to USc 175/lb for Q3 FY2016 mainly on account of increase in power cost in FY2017 and appreciation of Zambian Kwacha during Q3 FY2016.

The power tariff increase in January 2016 resulted in an adverse impact of US$ 3 million per month on the cost of production. In Q3 FY2017, power cost increase was USc 18/lb y-o-y. The company is working on a range of possible solutions to reduce the cost of power including new technical intervention to put oil-fired boilers as an alternate to power for electrolyte heating at refinery.

Revenue for the period was US$206 million, 5% higher due to increase in realized LME prices partly offset by lower volumes. EBITDA for Q3 FY2017 was US$0.7 million, significantly lower y-o-y mainly due to lower volumes.

In January 2017, KCM has successfully signed off a consent order with ZCCM-IH to settle its price participation liability which outlines the amended schedule of repayment in three parts, being US$20 million by 31 January 2017, US$22 million by 28 February 2017 and the balance in 24 equal monthly instalments which is a progressive step towards amicable settlement of the case.

Water levels at Kariba Dam are improving and are currently at 26% compared with 22% at the end of H1 FY2017. Copper belt Energy Corporation Plc has recently announced revised power tariffs effective from 1 Jan 2017 which are 15% lower than the last tariffs that were announced in January 2016. The process of formalization of tariff change is now underway across the mining industry.

Production in Q4FY2017 is expected to be in line with Q3.

Nine months FY2017 vs nine months FY2016

Mined metal production was at 79,000 tonnes, 16% lower y-o-y and integrated volume was at 77,000 tonnes, lower compared to mined metal production due to an increase in the concentrate inventory. Custom volumes were at 53,000 tonnes, 11% higher compared to nine months ended 31 December 2015 despite the 40 days planned maintenance shutdown.

During the period, revenue was US$ 610 million, 15% lower mainly due to lower realized LME and lower volumes. EBITDA was US$ 18 million, higher mainly on account of unrealized loss on Kwacha denominated VAT receivables in the previous year partially offset by lower volume and lower realized LME during the current period.

Amendments to The Mines & Mineral Development Act 2015 were formalized on 6 June 2016. This provides for a 'sliding scale' royalty rate with effect from 1 June 2016. Accordingly, there is a 4% royalty at a copper LME of < US$4,500 per tonne, 5% royalty at a copper LME between US$4,500 and US$6,000 per tonne and 6% royalty at a copper LME >US$6,000 per tonne.

Aluminium

	Q3			Q2		Nine months period		
Particulars*(in'000 tonnes, or as stated)*	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
Aluminium								
Alumina-Lanjigarh	328	218	50%	292	12%	895	760	18%
Total Aluminium Production	319	234	37%	296	8%	860	697	23%
Jharsuguda-I	132	131	1%	132	0%	393	392	0%
Jharsuguda-II [4]	84	19	-	48	75%	161	57	-
Korba-I	65	65	0%	63	3%	192	192	0%
Korba-II [5]	38	19	-	52	(27)%	115	56	-
Balco 270 MW [6]	-	-	-	-		-	-	-
Jharsuguda 1800 MW (Surplus Power Sales in Million Units) [6]	-	-	-	156	-	511	-	-
Average LME - Aluminium (US$/tonne)	1,710	1,495	14%	1,620	6%	1,634	1,615	1%
Average CoP – Aluminium (US$/tonne)	1,429	1,528	(7)%	1,462	(2)%	1,452	1,620	(10)%
Revenue(US$ million)	531.9	418.9	27%	452.1	18%	1,396.0	1,270.4	10%
EBITDA(US$ million)	95.0	20.9	-	62.8	51%	197.1	42.6	-

Third quarter FY 2017 vs. previous quarters

The first line of the 1.25 mtpa Jharsuguda-II smelter was impacted by a transformer failure incident in mid- January. Rectification work is in process and 80 pots of the 336 pots are currently operational. The first line is expected to be ramped up by Q1 FY2018 post rectification. The second line is fully ramped up and is expected to be capitalised in Q4 FY2017. The ramp up of the third line of the smelter has commenced in end December 2016, with 42 pots operational and is expected to be fully ramped up by Q2 FY2018.

The 325kt BALCO-II smelter had been impacted by a pot failure incident in Q2 FY2017. 257 pots of the 336 pots are currently operational and full ramp-up of the smelter is expected by Q1 FY2018. The rolled product facility at BALCO, which was temporarily shut-down last year, successfully re-commenced its operations in Q2 FY2017 following optimisation of its cost structure, and produced 6,100 tonnes during the quarter.

The two streams of the Lanjigarh refinery operated during the quarter and produced 328,000 tonnes in Q3 FY2017, 12% higher than Q2 FY2017. The refinery currently has a debottlenecked capacity of 1.7 - 2.0 million tonnes per annum and we expect to produce 1.3mt in FY2017 to offset high alumina import prices.

There were no external sales from the 1,800 MW Jharsuguda power plant due to a weak power market. However, the PLF's will continue to increase as we ramp up the Jharsuguda-II smelter.

Coal linkages of 6mtpa had been secured through auctions in Q2 FY2017 for captive power plants. Supply has commenced from these linkages in November 2016.

The cost of production of hot metal was US$1,429 per tonne with Jharsuguda and Korba at US$1,388 per tonne and US$1,499 per tonne respectively, lower y-o-y and q-o-q. The cost was lower q-o-q due to lower power and other costs which were partially offset by higher alumina import prices (Alumina CoP was $265/t with bauxite from BALCO and purchased bauxite, vs. $304/t for imported alumina).

EBITDA for the quarter was US$95 million, significantly higher q-o-q due to higher realized LME prices, volume ramp-up and rupee depreciation.

We expect to produce between 1.0 to 1.1 mtpa of Aluminium (excluding trial run production) in FY2017. Q4FY2017 CoP is expected to be at $1450-1475/t. The bauxite mines at BALCO are ramping up production and expect to exit FY2017 with a run rate of 2mtpa.

Nine months FY2017 vs nine months FY2016

Aluminium production was a record at 860,000 tonnes, 23% higher y-o-y mainly on account of ramp up of additional pots at the BALCO-II and Jharsuguda-II smelters. Alumina production was 18% higher at 895,000 tonnes, due to the commencement of the second stream of the refinery from 1st April 2016. During this period, revenue was US$ 1,396 million, higher by 10% compared to corresponding prior period. EBITDA was at US$ 197 million significantly higher due to volume ramp-up, higher realized LME, lower input commodity prices and various cost saving initiatives.

Power

	Q3			Q2		Nine months ended		
Particulars *(in million units)*	**FY2017**	**FY2016**	*% change YoY*	**FY2017**	*% change QoQ*	**FY2017**	**FY2016**	*% change YoY*
Power								
Total Power Sales	3,413	2,934	16%	3,030	13%	9,453	8,728	8%
Jharsuguda 600 MW [6]	879	1,593	(45)%	605	45%	2,376	5,413	(56)%
Balco 600 MW	660	368	79%	549	20%	1,817	526	-
Balco 270 MW[6]	-	41	-	-	-	-	169	-
MALCO	29	26	12%	25	16%	144	345	(58)%
HZL Wind Power	53	67	(22)%	172	(69)%	373	353	6%
TSPL	1,792	839	-	1,679	7%	4,743	1,922	-
TSPL – Availability	77%	85%	-	77%	-	76%	77%	-
Revenue (US$ million)	227.4	175.0	30%	206.7	10%	610.8	517.5	18%
EBITDA (US$ million)	67.4	45.4	48%	56.7	19%	175.3	138.1	27%

Third quarter FY 2017 vs. previous quarters

Total power sales were higher y-o-y due to the commissioning of additional power units at TSPL and BALCO over the last one year.

Power sales from TSPL increased with all three units being operational. In Q3 FY2017, the three units operated at an availability of 77%. The Power Purchase Agreement with the Punjab State Power Corporation Limited (PSPCL) compensates us based on the availability of the plant.

The Jharsuguda 600MW power plant operated at a plant load factor (PLF) of 72% in Q3 FY2017 (PLF 66% in Q3 FY2016, 50% in Q2 FY2017).

The 600 MW units (2x300MW) of BALCO IPP operated at a PLF of 55% in Q3 FY2017 due to a weaker power market (PLF 54% in Q2 FY2017)

PLF at the MALCO power plant was at 15%, lower due to lower off-take by the Telangana State Electricity Board (TSEB). However, as per the contract entered into with TSEB, we are entitled to compensation at 20% of the contracted rate for off-take below 85% of the contractual quantity.

Average power realisation for Q3 FY2017, excluding TSPL, was INR 2.77 per unit (USc 4.11 per unit) compared with INR 2.88 per unit (USc 4.37 per unit) in Q3 FY2016. The NSR was lower compared to corresponding prior quarter on account of weaker demand, resulting in a lower power price environment in India. Average power CoP, excluding TSPL, for Q3 FY2017 was INR 2.10 per unit (USc 3.11 per unit) compared to INR 2.21 per unit (USc 3.35 per unit) in Q3 FY2016.

Realisation and CoP of TSPL was at INR 3.32 per unit and INR 2.34 per unit respectively based on declared plant availability of 77%.

Revenue for the quarter was US$ 227 million, 30% higher y-o-y and EBITDA was US$ 67 million, 48% higher y-o-y mainly driven by commissioning of additional units at TSPL and Balco.

Nine months FY2017 vs nine months FY2016

Power sales were higher by 8% compared with corresponding prior period due to commissioning of additional units at TSPL and BALCO power plants.

Revenue for the period was US$ 611 million, 18% higher y-o-y and EBITDA was US$ 175 million, 27% higher driven by volume ramp up.

Financial Update and Balance Sheet Management

Our financial position remains robust, with total cash and liquid investments of US$ 7.9 billion and undrawn committed facilities of US$ 0.5 billion as at 31 December 2016. Gross debt and net debt were at US$ 16.0 billion and US$ 8.2 billion, respectively, at 31 December 2016 compared to US$ 16.3 billion and US$ 8.2 billion, respectively, as at 30 September 2016.

During the quarter, Vedanta Limited repaid $0.3 billion of the $0.4 billion of outstanding inter-company loan to Vedanta Plc. The remaining US$0.1 billion was paid off by Vedanta Limited in January.

In January 2017, Vedanta Resources plc issued $1 billion of 6.375% bonds due 2022 to primarily refinance part of its 2018 and 2019 bond maturities and extend its average debt maturity. $796 million of face value of the 2018 and 2019 bonds was tendered. The bond issue received strong subscription from investors globally.

The Group continues to actively manage its maturities and evaluate various options to optimise and strengthen its balance sheet, extend its maturity profile and reduce financing costs.

Production Summary (Unaudited)

(In '000 tonnes, except as stated)

Particulars	Q3			Q2		Nine months ended		
	FY 2017	FY 2016	% Change YoY	FY 2016	% Change QoQ	FY 2017	FY 2016	% Change YoY
OIL AND GAS								
Average Daily Total Gross Operated Production (boepd) [1]	191,230	211,843	(10%)	206,230	(7)%	201,286	214,663	(6)%
Average Daily Gross Operated Production (boepd)	181,818	202,668	(10%)	196,399	(7)%	191,674	205,909	(7)%
Rajasthan	154,272	170,444	(9%)	167,699	(8)%	162,957	170,258	(4)%
Ravva	18,172	21,703	(16%)	18,823	(3)%	18,874	25,430	(26)%
Cambay	9,375	10,521	(11%)	9,877	(5)%	9,843	10,221	(4)%
Average Daily Working Interest Production (boepd)	115,829	128,402	(10%)	125,575	(8)%	122,254	128,991	(5)%
Rajasthan	107,990	119,311	(9%)	117,390	(8)%	114,070	119,180	(4)%
Ravva	4,089	4,883	(16%)	4,235	(3)%	4,247	5,722	(26)%
Cambay	3,750	4,208	(11%)	3,951	(5)%	3,937	4,089	(4)%
Total Oil and Gas (million boe)					-			
Oil & Gas- Gross	16.73	18.65	(10%)	18.07	(7)%	52.71	56.62	(7)%
Oil & Gas-Working Interest	10.66	11.81	(10%)	11.55	(8)%	33.62	35.47	(5)%
Zinc India								
Mined metal content	276	228	21%	192	44%	595	700	(15)%
Refined Zinc – Total	205	206	0%	150	37%	457	605	(24)%
Refined Zinc – Integrated	205	206	0%	149	38%	456	605	(25)%
Refined Zinc – Custom	-	-	-	1	-	1	-	0%
Refined Lead - Total [2]	39	35	10%	31	26%	94	107	(12)%
Refined Lead – Integrated	39	35	10%	31	26%	94	102	(8)%
Refined Lead – Custom	-	-	-	-	-	-	5	-
Silver - Total (in mn ounces) [3]	3.79	3.73	2%	3.45	10%	10.08	9.73	4%
Silver- Integrated (in mn ounces)	3.79	3.73	2%	3.45	10%	10.08	9.64	5%
Silver- Custom (in mn ounces)	-	-	-	-	-	-	0.09	-
Zinc International	33	51	(35)%	39	(17)%	115	184	(38)%
Zinc -Refined –Skorpion	17	13	34%	23	(25)%	64	55	16%
Mined metal content - BMM	15	17	(11)%	16	(5)%	51	48	5%
Mined metal content – Lisheen	-	21	-	-	-	-	81	-
IRON ORE (in million dry metric tonnes, or as stated)								
Sales	3.7	1.5	-	0.8	-	7.1	2.7	-
Goa	2.7	0.6	-	0.3	-	5.1	0.6	-
Karnataka	1.0	0.9	4%	0.5	-	2.0	2.1	(6)%
Production of Saleable Ore	2.6	1.4	-	1.5	-	7.3	2.4	-
Goa	2.3	0.3	-	0.5	-	5.2	0.3	-
Karnataka	0.4	1.1	(66)%	0.9	(60)%	2.1	2.1	3%
Pig Iron	154	146	5%	192	(20)%	526	466	13%

Particulars	Q3			Q2		Nine months ended		
	FY 2017	FY 2016	% Change YoY	FY 2017	% Change QoQ	FY 2017	FY 2016	% Change YoY
COPPER – INDIA								
Copper - Cathodes	102	89	15%	97	5%	300	282	6%
Tuticorin Power Plant Sales (MU)	46	40	15%	30	55%	136	334	(59)%
COPPER – ZAMBIA								
Mined metal	21	32	(33)%	29	(27)%	79	94	(16)%
Copper – Total	37	45	(18)%	47	(20)%	130	136	(5)%
Integrated	21	28	(25)%	28	(23)%	77	89	(14)%
Custom	16	17	(7)%	19	(16)%	53	47	11%
ALUMINUM								
Alumina-Lanjigarh	328	218	50%	292	12%	895	760	18%
Total Aluminum Production	319	234	37%	296	8%	860	697	23%
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Jharsuguda 1800 MW (Surplus Power Sales in Million Units) [6]	-	-	-	156	-	511	-	-
POWER (in million units)								
Total Power Sales	3,413	2,934	16%	3,030	13%	9,453	8,728	8%
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MALCO	29	26	12%	25	16%	144	345	(58)%
HZL Wind Power	53	67	(22)%	172	(69)%	373	353	6%
TSPL	1,792	839	-	1,679	7%	4,743	1,922	-
TSPL – Availability	77%	85%	-	77%	-	76%	77%	-
VGCB Port (in million tonnes) [7]								
Cargo Discharge	0.6	1.8	(65)%	1.3	(49)%	3.5	5.5	(36)%
Cargo Dispatches	0.7	1.9	(65)%	1.5	(56)%	3.6	5.7	(36)%

1. *Including Internal Gas consumption*
2. *Excluding Captive consumption of 1,731 tonnes in Q3 FY2017 vs 2,051 tonnes in Q3 FY2016, 837 tonnes in Q2 FY2017 and 3,652 tonnes in Nine months ended FY2017 vs. 5,749 tonnes in Nine months ended FY2016*
3. *Excluding captive consumption of 463,000 ounces in Q3 FY2017 vs. 344,000 ounces in Q3 FY2016, 139,000 ounces in Q2 FY2017 and 602,000 ounces in Nine months ended FY 2017 vs. 956,000 ounces in Nine months ended FY 2016*
4. *Including trial run production of 36 kt in Q3 FY2017, 12 kt in Q3 FY2016, 19 kt in Q2 FY2017, 67 kt in Nine months ended FY2017 vs 51 kt in Nine months ended FY 2016*
5. *Including trial run production of 270 tonnes in Q3 FY2017, Nil in Q3 FY2016, 28 kt in Nine months ended FY2017 vs Nil kt in Nine months ended FY2016*
6. *Jharsuguda 1,800MW and Balco 270 MW have been moved from the power to the Aluminum segment from 1st April 2016*
7. *Vizag General Cargo Berth*
8. *Before adjusting revenue from silver*

Financial Summary (Unaudited)

(in US$ million, except as stated)

Group Revenue	Q3			Q2		Nine months ended		
	FY 2017	FY 2016	% Change YoY	FY 2017	% Change QoQ	FY 2017	FY 2016	% Change YoY
Zinc	818.6	573.0	43%	610.1	34%	1,861.2	1,968.0	(5)%
India	731.4	508.7	44%	507.8	44%	1,604.1	1,659.2	(3)%
International	87.1	64.3	35%	102.3	(15)%	257.1	308.8	(17)%
Oil and Gas	318.7	307.8	4%	304.4	5%	904.6	1,063.1	(15)%
Iron Ore	208.8	81.7	-	73.1	-	426.9	219.5	94%
Copper	974.8	882.4	10%	909.5	7%	2,774.6	3,104.0	(11)%
India/ Australia	769.0	686.9	12%	699.7	10%	2,164.2	2,383.4	(9)%
Zambia	205.8	195.5	5%	209.8	(2)%	610.4	720.6	(15)%
Aluminium	531.9	418.9	27%	452.1	18%	1,396.0	1,270.4	10%
Power	227.4	175.0	30%	206.8	10%	610.8	517.5	18%
Others	(12.7)	(3.5)	-	(28.8)	(56)%	(38.8)	(7.7)	-
Total	**3,067.4**	**2,435.3**	**26%**	**2,527.2**	**21%**	**7,935.2**	**8,134.8**	**(2)%**

(in US$ million, except as stated)

Group EBITDA	Q3			Q2		Nine months ended		
	FY 2017	FY 2016	% Change YoY	FY 2017	% Change QoQ	FY 2017	FY 2016	% Change YoY
Zinc	**436.1**	**217.6**	**-**	346.9	26%	**980.7**	**856.1**	**15%**
India	406.4	217.8	87%	295.9	37%	862.5	799.7	8%
International	29.7	(0.2)	-	51.0	(42)%	118.1	56.4	-
Oil and Gas	**158.2**	**95.5**	**66%**	154.8	2%	**432.1**	**469.2**	**(8)%**
Iron Ore	**63.0**	**11.1**	**-**	17.7	-	**134.6**	**18.3**	**-**
Copper	**67.5**	**102.1**	**(34)%**	73.9	(9)%	**211.0**	**248.0**	**(15)%**
India/ Australia	66.8	91.3	(27)%	60.5	10%	193.1	261.5	(26)%
Zambia	0.7	10.8	(94)%	13.4	(94)%	17.9	(13.5)	-
Aluminium	**95.0**	**20.9**	**-**	62.8	51%	**197.1**	**42.6**	**-**
Power	**67.4**	**45.4**	**48%**	56.7	19%	**175.3**	**138.1**	**27%**
Others	**(4.9)**	**1.0**	**-**	**(6.8)**	**(29)%**	**(15.4)**	**6.9**	**-**
Total	**882.3**	**493.6**	**79%**	**706.1**	**25%**	**2,115.4**	**1,779.2**	**19%**

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About Vedanta Resources plc

Vedanta Resources plc ("Vedanta") is a London listed diversified global natural resources company. The group produces Aluminium, copper, zinc, lead, silver, iron ore, oil & gas and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland, Liberia and Australia. With an empowered talent pool globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of trust, sustainability, growth, entrepreneurship, integrity, respect and care. For more information, please visit www.vedantaresources.com.