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Hindustan Zinc to become World's Largest Integrated Zinc-Lead Producer

- n Expanding capacity to 1,065,000 tpa, making HZL the largest integrated zinc-lead producer in the world and achieving stated capacity goal of 1 million tonnes per annum
- n Silver production expected to increase to 500 tonnes per year
- n Strong reserves and resources position of 232.3 million tonnes containing a total of 27.5 million tonnes of zinc-lead metal

Mumbai: Hindustan Zinc Limited ("HZL") has announced expansion projects that will take its total integrated zinc-lead capacity to 1,065,000 tonnes per annum with fully integrated mining and captive power generation capacities, thereby making HZL the world's largest integrated zinc-lead producer by 2010. HZL will continue to maintain its superior cost leadership position among the zinc producers in the world. Two brownfield smelter projects, which will increase the production capacities of zinc and lead by 210,000 tonnes and 100,000 tonnes respectively, will be undertaken at Rajpura Dariba in Rajasthan, India.

HZL expects to increase its silver production from the current levels of approximately 100-120 tonnes per year to a level of approximately 500 tonnes per year in the form of silver and silver bearing residue. A large part of this increase would be from the Sindesar Khurd mine where silver occurrences are approximately at levels of 200 ppm and from the use of appropriate technology in the new smelters.

The expansion is supported by HZL's strong reserves and resources of 232.3 million tonnes containing 27.5 million tonnes of zinc-lead metal at 31 March 2008. The reserves and resources position have been earlier independently reviewed and certified as per the JORC standard.

To support the increased smelting capacities, HZL will expand its ore production capacity at the Rampura Agucha mine from 5 mtpa to 6 mtpa. Further, ore production at the Sindesar Khurd mine, the new star in HZL's mining portfolio, will be increased from 0.3 mtpa to 1.5 mtpa. HZL will also start mining activity at the Kayar mine which will have a production capacity of 0.3 mtpa.

In line with the group's philosophy of being a fully self reliant producer of power, a captive thermal power plant with a capacity of 160MW will also be set up at Rajpura Dariba.

The zinc and lead smelters as well as the 160MW captive power plant and the Rampura Agucha mine expansion will be complete by mid-2010. The expansions at the Sindesar Khurd and Kayar mines will be completed in phases by early 2012.

The total investment in these projects is estimated at Rs. 3,600 crore. This investment includes the cost of the smelters, captive power facilities, mine development and shaft sinking and other infrastructure. The expansion will utilise the same technology and project management skills that successfully delivered the Chanderiya II expansion project ahead of schedule.

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About Hindustan Zinc

HZL is India's only integrated producer of zinc and lead and among the world's leading integrated producers. Its metal production capacity is nearly 670,000 tpa with its smelter operations situated in Chanderiya, Debari and Visakhapatnam. HZL has zinc-lead mines in Dariba, Rampura Agucha, Sindesar Khurd and Zawar. The company is a subsidiary of the NYSE listed, Sterlite Industries (India) Limited (NYSE: SLT) and London listed FTSE 100 diversified metals and mining major, Vedanta Resources plc.

Disclaimer

This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different that those expressed in our forward-looking statements. HZL does not undertake to update its forward-looking statements.