

VEDANTA ZINC INTERNATIONAL UPDATE ON STATUS OF SKORPION ZINC

Windhoek, 28 May 2021: Vedanta Zinc International (VZI) would like to provide an update on the status of the Skorpion Zinc operation in Southern Namibia.

In 2011, Vedanta Resources plc acquired Skorpion Zinc, an integrated world-class mining and refinery operation located near the southern town of Rosh Pinah in Namibia. Skorpion Zinc produces Special High Grade (SHG) Zinc and only Refined Zinc producer in Africa.

At the time of acquisition, the envisaged life of mine of Skorpion Zinc was the year 2015. Vedanta has since invested significantly to extend the life of the pit to year 2020 with Pit 112 mine-life extension project and continue to explore mines in the nearby areas, with over US\$1.4 billion invested since acquisition.

However, significant and unforeseen geotechnical instabilities in the open pit resulted in intermittent stoppages and/or delays which in turn unfavourably extended the project timeline and significantly eroded project value. For this reason, a decision was taken to have forced us to place Skorpion Zinc under Care and Maintenance with effective 1 May 2020.

The Future

VZI remains focussed on prioritising growth projects across its operations in Africa and Skorpion Zinc is no exception. In order to create a sustainable life for Skorpion Zinc and shorten the care and maintenance period, VZI's accelerated focus is currently on the Namzinc Refinery Conversion Project which will enable co-treatment of both sulphides and oxides to produce refined metal. The successful execution of this project will result in Namibia being the only country in Africa Continent to produce refined SHG (Special High Grade) Zinc. This will make Namibia as net exporter of Zinc metal.

Total investment on the project is estimated to be N\$ 6.5 billion with a job creation of ~ 2000 which will make this the single biggest investment in //Kharas region. Further restart of Skorpion

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Refinery, will also contribute significantly to local community. The production capacity is planned at 150KT per annum with plan to expand to 300KT per annum with the introduction of latest technology and required modifications & additions to existing processing plant.

Significant work has been put into the Refinery Conversion project including the finalisation of the bankable feasibility study. Once construction is completed, the Refinery is to process zinc concentrate from Gamsberg South Africa and add value in Namibia and export the refined product. Not only in South Africa but elsewhere in SADC and beyond. It will potentially beneficiate zinc concentrates from local Zinc mines in Namibia and then export refined the product. In addition to Zinc production, Skorpion Zinc will also produce sulphuric acid, that may be available for local and export markets.

The Project's success depends on few critical factors of which the most significant is availability and affordability of power. VZI is currently in discussions with government and other key stakeholders to ensure the availability of power at affordable rates. VZI is ready to start execution on the ground subject to finalization of power in a timely manner.

On Mining, VZI enlisted the services of geotechnical experts, SRK Consultants, to do a feasibility study of mining the remaining ore safely. We remain optimistic that, we will, in the near future resume mining the remaining ore but this will be feasible only with the Refinery conversion project being executed.

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