

Term sheet for Long Term Contract for Thermal Coal

Introduction

Vedanta Resources plc (“Vedanta”) is a London stock exchange listed FTSE 100 diversified metals and mining major with revenues in excess of USD 6.5 billion. The group produces aluminium, copper, zinc, lead and iron ore and also commercial energy. Vedanta has operations in India, Zambia and Australia and a strong organic growth pipeline of projects. With an empowered talent pool of 30,000 employees globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. For more information visit www.vedantaresources.com.

Hindustan Zinc Limited (HZL) & Madras Aluminium Company Limited (MALCO) are the operating companies of Vedanta in Lead, Zinc, Aluminium & Power businesses in India.

HZL & MALCO put together operate 440 MW capacity power plants and coming up with another 2X80 MW power plants in Rajasthan, India. Both the companies invite offers for 2.25 Million MT of Steam coal (Bituminous / sub-bituminous) for arrivals between January 2010 and December 2012 on long term basis (750 thousand MTs per annum). HZL & MALCO believe that this coal requirement on long term gives significant business opportunities for the perspective coal producers to sell their product directly to realize maximum value.

Summary of Coal requirement

Total coal requirement:	2.25 Million MT (750 thousand MT per annum)
Hindustan Zinc limited:	500 thousand MT +/- 10% per annum
Madras Aluminium Company:	250 thousand MT +/- 10% per annum
Contract duration:	Three years starting from January' 2010 (To be mutually agreed)
Shipping schedule:	Uniformly distributed over each contract year and shall be mutually discussed and agreed
Delivery terms:	FOB or CIF (To be mutually agreed)

Terms sheet for Hindustan Zinc Limited

Tender conditions

1	Total quantity (MT)	500,000 +/- 10% per annum
2	Shipment size (MT)	50,000 to 70,000
3	Specifications	
	GCV-ADB (kcal/kg)	5800-6500
	GCV-ARB (kcal/kg)	> 5200
	Total Moisture (%)	< 25
	Ash content (%)	< 15
	Sulphur (%)	< 1.5%
	HGI	42-55
	AFT-IDT (at reducing atmosphere) – Deg C	> 1150
	Na ₂ O in ash (%)	< 1.0
	K ₂ O in ash (%)	< 2.0
4	Origin	Indonesia/South Africa
5	Delivery term	FOB & CIF
6	Discharge port	Navlakhi (West Coast of India)
7	Type of vessels	Geared/Gearless
8	Discharge rate	
	Geared vessel	15,000 MT per day SHINC provided 12 CBM grab is given for discharging.
	Gearless vessel	13,000 MT per WWD SHINC
9	Other discharge terms	12 hrs TT EIU and shifting time from outer anchorage to inner anchorage not to count
10	All other terms & conditions	Shall be as per our standard contract which shall be mutually discussed and

Bidding sheet

Sl no	Quantity per annum (MT)	
-------	-------------------------	--

1	Shipment size	
2	Shipment period	
3	Guaranteed GCV ARB (kcal/kg)	
4	Complete specifications to be provided separately	
5	FOB price (\$/MT) – Shall be linked to below mentioned Index prices	
6	Reference Coal Index price (either one of the below Index or both at 50:50 at bidder's option)	
	NewC as per GlobalCoal (\$/MT)	
	API4 as per Argus McCloskey (\$/MT)	
7	Sea freight & Insurance (\$/MT) in case of CIF	
8	Total CIF price (\$/MT)	
9	Name of the load port	
10	Load rate and other loading conditions	
11	Other terms & conditions if any	
12	Last date of submission of the offer	21 st December' 2009
13	Validity of offer	10 th January' 2010

Terms sheet for The Madras Aluminum Company Limited

Tender conditions

1	Total quantity (MT)	250,000 +/- 10% per annum
2	Shipment size (MT)	50,000 (can be 70K as well)
3	Specifications	
	GCV-ADB (kcal/kg)	6000-6500
	GCV-ARB (kcal/kg)	> 5500
	Total Moisture (%)	< 18
	Inherent Moisture (%)	<10
	Ash content (%)	< 10
	Sulphur (%)	< 1.0%
	HGI	45-47
	VM	38-42

	AFT-IDT (at reducing atmosphere) – Deg C	> 1150
	AFT-HT (at reducing atmosphere) – Deg C	> 1200
	Size	-2mm to be less than 10%
4	Origin	Indonesia
5	Delivery term	FOB & CIF
6	Discharge port	Karaikal Port / Chennai / Tuticorin
7	Type of vessels	Gearless /Geared (Gearless only incase of Karaikal as discharge port) Incase of Chennai/Tuticorin, only 50K vessel with gear is to be considered
8	Discharge rate	
	Geared vessel	12,000 MT per day SHINC provided 12 CBM grab is given for discharging.
	Gearless vessel	20,000 MT per WWD SHINC
9	Other discharge terms	12 hrs TT EIU and shifting time from outer anchorage to inner anchorage not to count
10	All other terms & conditions	Shall be as per our standard contract which shall be mutually discussed and agreed.

Bidding sheet

Sl No	Quantity per annum (MT)	
1	Shipment size	
2	Shipment period	
3	Guaranteed GCV ARB (kcal/kg)	
4	Complete specifications to be provided separately	
5	FOB price (\$/MT) – Shall be linked to below mentioned Index prices	
6	Reference Coal Index price (either one of the below Index or both at 50:50 at bidder's option)	
	NewC as per GlobalCoal (\$/MT)	

	API4 as per Argus McCloskey (\$/MT)	
7	Sea freight & Insurance (\$/MT) in case of CIF	
8	Total CIF price (\$/MT)	
9	Name of the load port	
10	Load rate and other loading conditions	
11	Other terms & conditions if any	
12	Last date of submission of the offer	21 st December' 2009
13	Validity of offer	10 th January' 2010

Important note:

1. Offers are to be submitted directly by coal producers in their letter head along with their credentials, mine name, location, capacity, reserves and last three year financial statements etc.
2. Offers to include the option to convert floating price to fixed price
3. No middleman like agents/traders shall be encouraged for submitting the offers as well as for liasioning with the Purchaser.
4. All offers are necessary to have all other documents as mentioned in point-1 failing which the bidders shall be disqualified.
5. All offers are to be sent by the bidders directly to **cppcommercial@vedanta.co.in** by email with PDF formats attachments or by courier to following address.

Associate General Manager (Commercial)

Hindustan Zinc Limited

Yashad Bhawan,

Udaipur-313004, Rajasthan, India.

6. Selection of bidders for subsequent discussions shall be at Purchaser's (Hindustan Zinc) option.