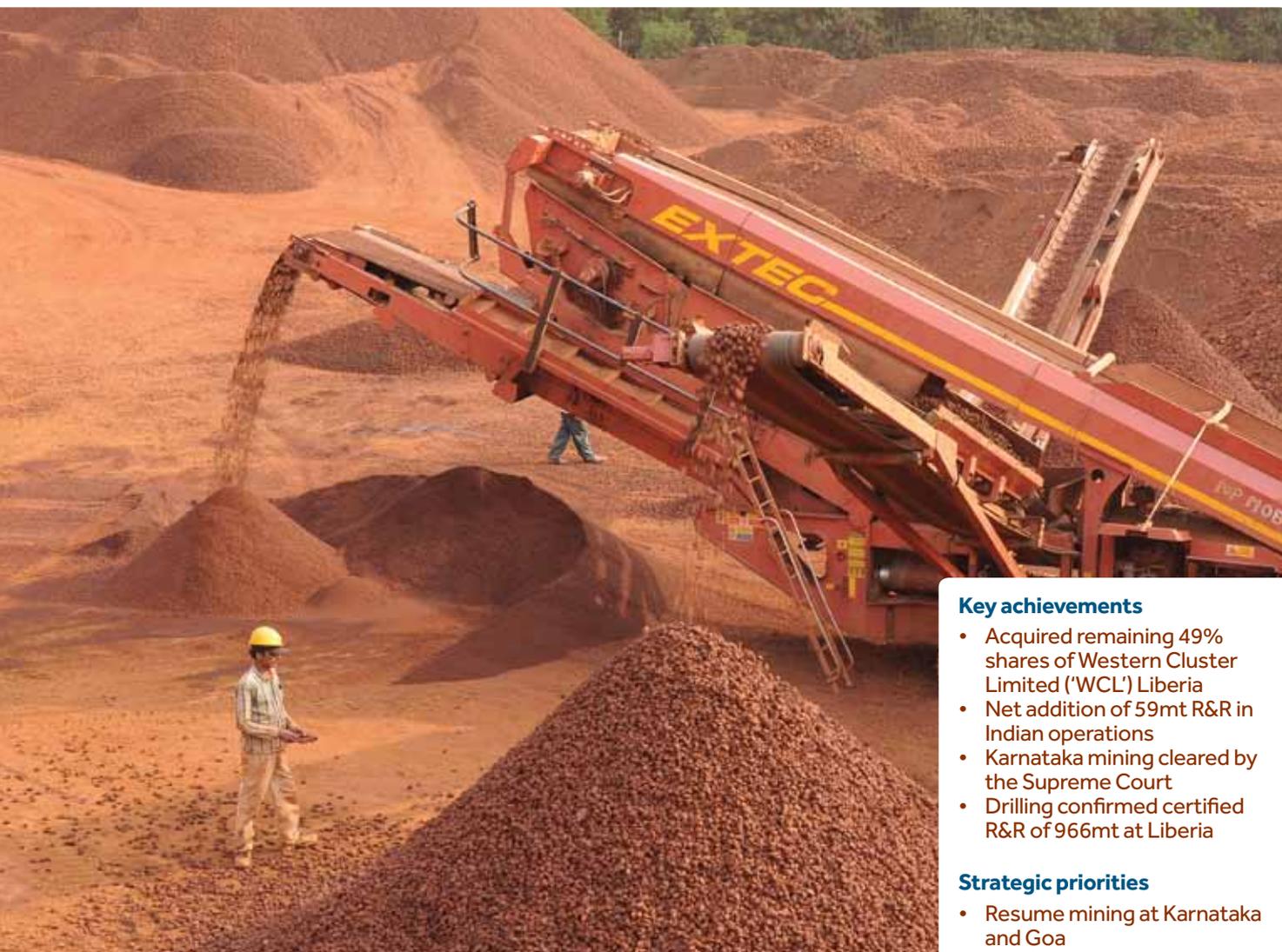


Operational Review

Iron Ore

IRON ORE



Key achievements

- Acquired remaining 49% shares of Western Cluster Limited ('WCL') Liberia
- Net addition of 59mt R&R in Indian operations
- Karnataka mining cleared by the Supreme Court
- Drilling confirmed certified R&R of 966mt at Liberia

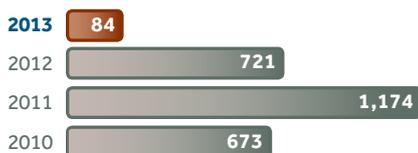
Strategic priorities

- Resume mining at Karnataka and Goa
- Phased development of Liberia mining project
- Continue to add reserve and resources by active exploration in existing areas

Production (mt)



EBITDA (US\$m)



Map index

- 1 Sesa Goa operations – Goa
- 2 Sesa Goa operations – Karnataka

Operations

Iron ore operations were affected by the suspension of mining in Goa and Karnataka. On 18 April 2013, the Honourable Supreme Court of India gave clearance for the resumption of mining operations for A and B category mines in Karnataka, subject to statutory clearances. Sesa Goa's Karnataka mine falls under B category, and is awaiting statutory clearances, including forest clearance which expired in October 2012, to resume mining. We expect to commence mining in Q1 FY 2013–14.

Regarding the suspension of mining in Goa from September 2012, the date for the initial hearing is yet to be fixed by the Honourable Supreme Court of India. In the meantime, the State Government and major miners, including Sesa Goa, have filed their responses to the Central Empowered Committee report. Separately, we have filed an application to the Supreme Court seeking a stay on the suspension of mining and restrictions on ore transportation.

The production of pig iron and metallurgical coke was significantly higher by 24% and 10% to 308,000 tonnes and 275,000 tonnes, respectively. The increase is primarily due to the commissioning of new pig iron capacity and the associated metallurgical coke capacity in Q2 FY 2012–13.

Financial performance

EBITDA in FY 2011–13 was lower at US\$84.2 million compared with US\$721.4 million in the previous year. Lower EBITDA was mainly due to the continued Karnataka mining restriction as well as the Sesa Goa mining restriction imposed in September 2012. Operating profit was lower at US\$(4.0) million in FY 2012–13 compared with US\$481.3 million in FY 2011–12, reflecting the fall in EBITDA.

Production performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Production			
Saleable ore (mt)	3.7	13.8	(73.0)%
Goa	3.7	12.8	(70.7)%
Karnataka	0.0	1.0	–
Pig Iron (kt)	308	249	23.7%
Sales			
Iron ore (mt)	3.1	16.0	(80.3)%
Goa	3.0	13.3	(77.2)%
Karnataka	0.1	2.7	(96.0)%
Pig iron (kt)	275	251	9.8%

Financial performance

(In US\$ millions, except as stated)	FY 2012–13	FY 2011–12	% change
Revenue	442.5	1,690.9	(73.8)%
EBITDA	84.2	721.4	(88.3)%
EBITDA margin (%)	19.0%	42.7%	–
Depreciation	44.1	49.7	(11.3)%
Acquisition related amortisation	40.2	176.6	(77.2)%
Operating profit	(4.0)	481.3	(100.8)%
Share in group operating profit (%)	(0.2)%	20.2%	–
Capital expenditure	128.1	166.0	(22.8)%
Sustaining	49.3	32.3	52.6%
Projects	78.8	133.7	(41.1)%



Above: Operator inspecting ore stockpiles at Goa mines, Sesa Goa.

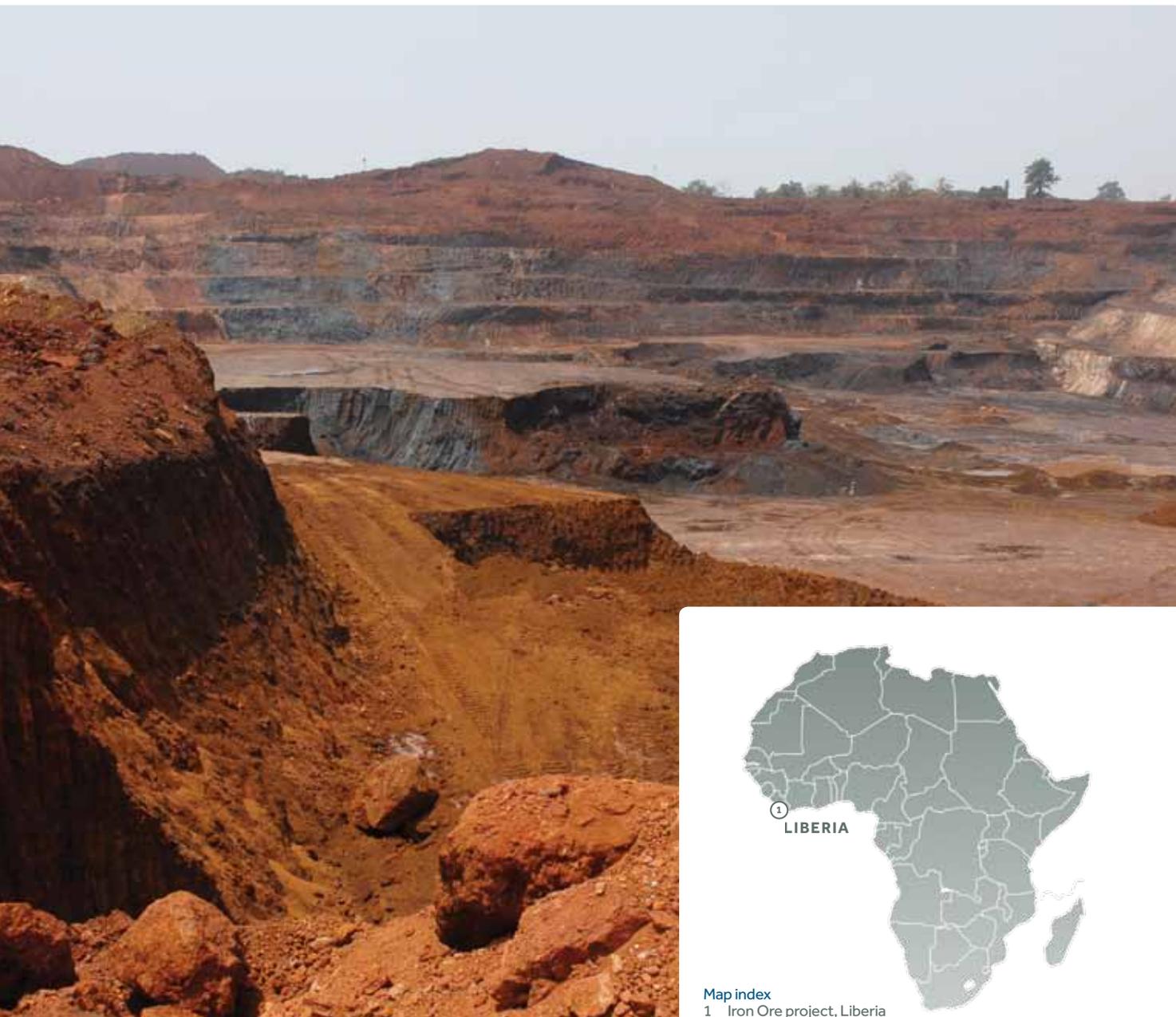


Above: Dumper at Goa mines, Sesa Goa.

Opposite: Dry screening plant for ore processing at Goa, Sesa Goa.

Operational Review

Iron Ore



Above: Iron ore mines at Goa, Sesa Goa.

Map index
1 Iron Ore project, Liberia

CASE STUDY

Centralised control improves availability and utilisation

The roll-out of the Command and Control Centre ('C&C') in Sesa Goa, completes the final piece of the jigsaw to modernise mine operations and integrate the entire business process from mine to port. Following the introduction of Radio Frequency Identification ('RFID') tracking for trucks carrying ore and online real-time barge monitoring, the C&C centre monitors and controls mining, processing and logistics making immediate decisions on day-to-day operations.

The system includes real-time monitoring of heavy earth moving and mining equipment which has increased availability and utilisation by 8–10% and reduced downtime through better maintenance planning. A dynamic truck dispatch system uses GPS to allocate dumpers to excavators resulting in higher production and enhanced safety management through a speed alert that helps control the speed of the trucks.

The ability to track every single ton of ore produced is delivering significant operational efficiencies and places Sesa Goa at the forefront of the industry.

Exploration

The Company's focus on exploration activities has yielded significant R&R accretion in Goa and Karnataka, with a net addition of 59mt of reserves and resources during the year taking the total R&R to 433mt in India as compared with 374mt as at 31 March 2012, implying 20+ years' mine life.

100% acquisition of WCL Liberia

During the year, Sesa Goa acquired the remaining 49% of the outstanding common shares of WCL for a cash consideration of US\$33.5 million, taking the equity interest in the project to 100%.

At our Liberia iron ore project, exploration activities are progressing well with ~69,000m of drilling completed up to 31 March 2013 including 54,000m in Bomi. The maiden R&R confirmation as per the Joint Ore Reserves Committee ('JORC') at Liberia stand at 966mt as on 31 March 2013 with a significant upside going forward.

We plan to develop the project in phases with a target capacity of 30mtpa. We remain committed to our first shipment target by end of FY2013–14, while continuing to work on the initial phase of 2mtpa which envisaged to be completed by end of CY 2014. In the first phase, the saleable ore will be transported to the Monrovia port by road.

The R&R position in India and Liberia has been independently reviewed and certified as per the JORC standard.

Outlook

We expect to resume operations at Karnataka in the next few months and we are hopeful that the Goa mining restriction will be resolved by the intervention of the Honourable Supreme Court.



Top: Engineers inspecting benches at Goa mines, Sesa Goa.

Middle: Stock pile of pig iron at Goa, Sesa Goa.

Bottom: Aerial view of newly commissioned pig iron and met-coke plants in Goa, Sesa Goa.