APPENDIX I: LETTER TO ANGLO AMERICAN

Appendix I contains the text of a letter from the Chief Executive of Xstrata to the Chairman and Chief Executive of Anglo American dated 17 June 2009. Certain information from the letter has not been reproduced in Appendix I to avoid such information being interpreted as a profit forecast under the City Code on Takeovers and Mergers ("City Code") and/or the need for such information to be reported on, or supported by, third parties for City Code purposes.

17 June 2009

Strictly Private and Confidential

The Chairman and Chief Executive
Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
United Kingdom

Dear Mark & Cynthia

We have for some time considered that the combination of our companies is a compelling, value-adding proposition for both sets of shareholders and would provide a combined management team with fresh and expanded value-creating opportunities, which are not available while the companies operate independently of each other.

It is well accepted that the pursuit of scale and diversity as prerequisites for success has set our industry on an irreversible trend of consolidation. The recently announced iron ore joint-venture between Rio Tinto and BHP Billiton is yet another milestone on this path. In future, only the largest and most diverse global mining groups will generate superior returns for their shareholders by gaining access to capital, the most attractive resources and the best talent, while better managing the increasing complexity and risk associated with our industry. A combined Anglo American/Xstrata will be well placed to compete with major industry peers such as BHP Billiton, Rio Tinto and Vale for these key ingredients for success.

It is against this backdrop that we write to you to request that your Board consider the combination of our two companies to create a mining and metals giant with the essential characteristics to compete successfully and deliver superior returns, benefiting our shareholders and customers.

In the past we have only made informal approaches to discuss a potential transaction, but given recent market and industry developments, we are firmly of the opinion that the combination warrants detailed consideration. Our two companies are uniquely aligned in size, earnings and assets (Appendix 1). We share ownership of key assets in coal and copper and have very significant realisable synergies which can be delivered to shareholders only when our two companies are combined.

Moreover, we believe the transaction will create positive market momentum from which we will be able to secure additional capital from traditional and new investors to strengthen the balance sheet, support further growth and resume regular dividend payments.

The Board of Xstrata has approved the submission of this letter to your Board [*redacted*].

Rationale for the Combination

The combined Group will significantly close the gap on its larger peers, with aggregate 2008 revenues of US$54.3bn and EBIT of US$17.4bn before the benefit of any synergies. The New Group will be the eighth largest company in the FTSE and will sit alongside the Big Three mining and metals companies globally, benefiting from improved earnings resilience through effective diversification, with 2008 EBIT contributions of 25% from thermal coal, 24% from copper, 13% from PGMs and 10% from iron ore. The balance of 28% is contributed by coking coal, nickel, zinc, diamonds, alloys and industrial minerals.

The New Group will benefit from an enhanced country risk profile with 2008 EBIT by origin of 29% from South America, 30% from Australasia, and 40% from Africa (Appendix 2).

Furthermore, the New Group will enjoy majority ownership of two of the world's premier mining operations, Collahuasi and Cerrejón, as well as significant realisable synergies stemming from our proximate coal businesses in South Africa and Australia and our copper activities in South America, the combination of our zinc and nickel operations and the rationalisation of our respective organisations into a single, highly efficient company. The combined entity will be an industry leader in seaborne steam coal, copper, platinum, ferrochrome, zinc, and diamonds and will enjoy strong sector positions in coking coal, nickel and iron ore (Appendix 3).

Xstrata's operations have undergone a fundamental transformation over the past years. Management has further been pro-active in the aftermath of the financial crisis to improve substantially the competitive position of our asset base, resulting in enhanced relative cost positions across Xstrata's entire portfolio (refer to cost curves in Appendix 4). An objective and comparable evaluation of Xstrata's and Anglo American's portfolio of operations and projects demonstrates that both portfolios contain a similar mix of assets, ranging in quality from world-class, long-life, tier-one assets to more challenging shorter life or higher cost assets.

The combination will provide the opportunity to rationalise and optimise the New Group's portfolio, resulting in an earnings profile weighted to world-class operations and geographically diversified across a suite of base metals, bulk commodities, precious metals and energy products.

Value Proposition

Immediate value enhancement from this combination will accrue from the following areas:

1. <u>Synergies</u>

Based on our detailed internal analysis, we anticipate that the core synergies will be at least US$1bn per annum (net of realisation costs), [*redacted*]. These synergies result only from the combination of our complementary asset portfolios and would therefore supplement any possible savings Anglo American management have announced to the market as part of the Anglo American Asset Optimisation Programme[1].

The bulk of the synergies will come from savings achieved at an operational level.

The key elements of this estimate are:

- Over US$458m per annum of operational synergies, including optimisation of proximate operations, in particular from our substantial coal businesses with regional scale in Australia and South Africa and our proximate copper interests in Chile; logistical synergies, optimisation of product flow and quality, procurement improvements and rationalisation of overlapping activities in our coal, copper, zinc and PGM businesses. In addition, we have identified a number of potential longer-term project synergies not included in our initial synergy estimate;
- Some US$237m per annum in savings from streamlining our divisional functions and offices in our coal, copper and PGM businesses; and
- US$309m per annum of synergies through the creation of an effective, streamlined set of central functions and services, such as insurance, exploration, technology and other corporate functions, selecting the best practice in each case from our respective organisations.

We are confident that US$1bn of annual synergies is a conservative estimate, especially as it excludes potentially significant tax and financial synergies, as well as [*redacted*] longer-term project synergies[1].

We stand ready to work with your executive management team to verify the total synergy amount to be delivered to shareholders through the transaction. A co-operative review by our respective business development and operational teams will doubtless further refine and enhance the synergistic potential of the merged group, as we have experienced in previous combinations.

Based on our analysis of all major mining deals over the last 10 years, synergies of over US$1bn per annum lead us to conclude that the transaction will garner significant support from our respective shareholders and the investment market as a whole.

Our core synergies have been calculated to the standards required by the City Code. Accordingly, our reporting accountants and financial advisers believe that the estimate has been prepared with "due care and consideration" and they will be in a position to publicly confirm this in accordance with Rule 19 of the City Code if and when required.

The evolution over recent years of the competitive environment in which we operate has highlighted the strategic importance of adopting industry-leading standards of health,

[1] The following statement has been included for clarification purposes but not included in the original letter to Anglo American dated 17 June: [There are several material assumptions underlying the synergies estimate which might therefore be materially greater or less than those estimated. For further details, see Appendix II and the letters from Ernst & Young LLP and Xstrata's financial advisors in Appendix III.]

safety, environmental and social performance. Both our companies take the issue of sustainable development in all of its guises very seriously and have each established robust reputations in this area. Our past experience in combining with other organisations supports our strong conviction that the potential benefits from sharing best practice across the combined Group in key operational areas will be significant. We are certain that the New Group will set global benchmarks in sustainable development and deliver significant improvements in cost containment and efficiency.

2. Project Optimisation

Beyond the operational and other synergies highlighted above, significant enhancement in returns, optimisation of capital and an uplift in value will be achieved through the combination and reprioritisation of our respective brownfield and greenfield projects, resulting in the combined Group having unrivalled growth options in our industry. [*redacted*].

Investor Support

The gap between the global industry leaders and the rest of the sector is expected to widen in terms of financial performance and sustainable value creation. Whilst, like you, we are confident that our two companies are individually capable of prospering, the combination of our two organisations will create a Group with a significantly improved competitive and risk profile, greater diversity and financial depth and the capacity to enhance returns significantly. It should reasonably be expected that the New Group's enhanced competitive position will deliver a re-rating to its shareholders relative to our respective stand alone ratings.

Transaction Proposal

This is a unique opportunity to combine two companies of equal size and potential. We therefore propose a merger of equals, with the shareholders of Anglo American and Xstrata each holding a 50% interest in the New Group (Appendix 1). That share is consistent with:

- The current market capitalisations of Anglo American and Xstrata;
- [*redacted*];
- [*redacted*]; and
- The market capitalisations of Anglo American and Xstrata implied by current broker target prices for each company.

We seek to work with you to develop the optimal structure for a merger, taking into account considerations such as change of control provisions, tax and listing implications and the maintenance of Anglo American's South African shareholders' existing status. We see value in preserving, where possible, the efficient financial structure provided by Xstrata's Swiss tax residence.

Our preliminary analysis does not indicate any significant anti-trust or pre-emption hurdles.

A key foundation of any combination must be a stable capital structure that maintains an investment grade rating, enabling the New Group to realise its most attractive organic growth projects and to take advantage of external opportunities as they arise. Already this year, both Anglo American and Xstrata have successfully accessed the international capital markets to repay or refinance existing borrowing. Each company enjoys an investment grade rating. Nonetheless, despite these recent capital raisings and solid ratings, both companies remain capital constrained in the short-term. As one of the world's leading mining companies, we are confident that the New Group will immediately be able to access equity markets to raise further capital. The disposal of non-core assets or the introduction of partners into one or more of the operations are further potential sources of additional liquidity.

Based on our preliminary work, we do not envisage any financing constraints or issues related to existing facilities in either company.

Beyond our observations of the various merits of Xstrata's organisation strategy, we have no strong preconceptions with regard to matters of governance, management or corporate branding. Suffice it to say that we must apply the basic tenet that the best individuals are selected from each organisation and placed in key management positions in the most effective organisation structure.

Furthermore, we suggest the establishment of an integration team early in our process of discussion, to be headed by a senior representative from each of our companies, to ensure that the new organisation retains the 'best in class' attributes, practices and talent of the existing organisations. The integration team will also develop and oversee a programme to deliver quickly the synergies and other benefits presented by the merger.

We believe South Africa will be a net beneficiary of the combination and we propose a joint approach to the Presidency, Department of Mineral Resources, National Treasury and other relevant stakeholders and regulators, including the South African Reserve Bank. We also suggest the establishment of a joint working group to articulate and safeguard the benefits of the proposed combination for South Africa. We would seek to apply a similar principle to other regulatory authorities across the geographies in which we operate, such as Australia's Foreign Investment Review Board.

Next Steps

We trust that this letter and attachment makes clear our conviction and enthusiasm for pursuing a merger of our companies and for delivering to shareholders the significant value derived from this combination. We would like to arrange a meeting with the Anglo American Board and Management team as soon as possible to present and discuss this proposal and to put in place the steps necessary to pursue a merger of equals.

Opportunities to create a leading company of the nature envisaged here come but once in a lifetime. We believe this is the optimal moment to pursue the combination of our companies and we look forward to working with you and your team in taking an active part in reshaping our industry for the benefit of all our stakeholders.

For the avoidance of doubt, this letter should not be construed in any regard as constituting an offer or representing an intention to make an offer or inviting an offer for or from Anglo American for any of its or Xstrata's securities or otherwise giving rise to legal obligations (save for the provisions relating to confidentiality below) or impose any obligation to make any such offer and, in particular, does not constitute a firm intention or evidence an intention to make any offer for the purposes of the City Code.

The Proposal is made on a strictly private and confidential basis. As is customary, we would expect that, without our prior written consent and in the

absence of a requirement to do so by law or regulation, Anglo American will not disclose or announce the contents or existence of this letter, our interest in a possible combination, or our name in connection with a possible combination to anyone, other than those persons within Anglo American, and at Anglo American's professional advisers, who need to know of this approach. You should ensure that each person to whom our interest in a possible combination is disclosed is made aware of this condition and takes all steps to ensure that this condition is not breached. In particular, Xstrata reserves the right to terminate discussions immediately and without any obligation in the event that such confidentiality is breached or any public disclosure made.

In the event that an announcement is required by law or regulation, to the extent it does not prevent you from complying with your announcement obligations under the City Code, the announcement should only be made by Anglo American after consultation with us and after taking into account our desire not to be named and our requirements as to the timing, content and manner of making such an announcement.

Sincerely

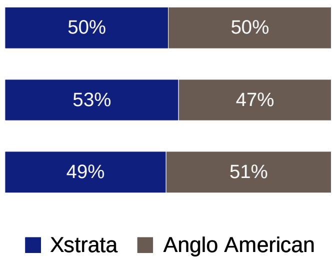
M L DAVIS

Note 1: Based on Xstrata's analysis of public announcements made by Anglo American management relating to the Anglo American Asset Optimisation Programme and other efficiency initiatives.

Appendix 1. Contributions of Anglo American and Xstrata to a Combination

REDACTED

(US$m)	Combined
Equity value - Market	66,895
Equity value - Target price (1)(3)	69,104
Equity value - 3 Month average (4)	57,190

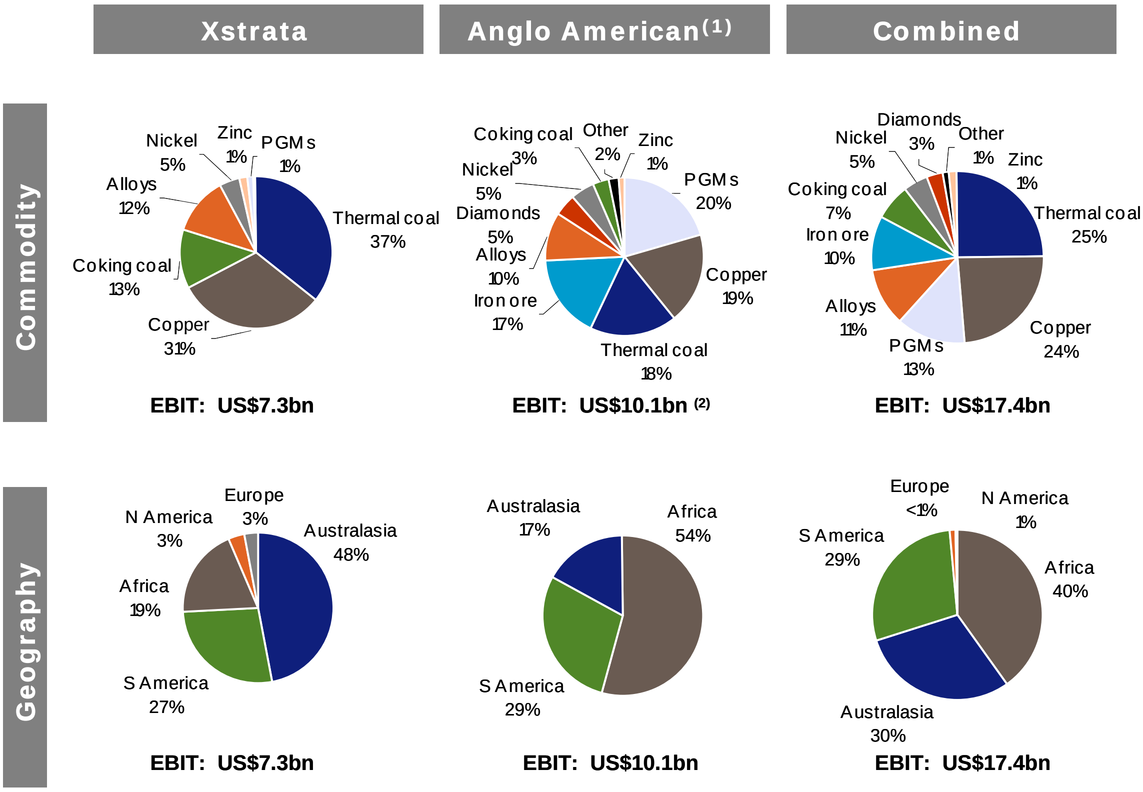


Note: Market data as of 15 June 2009. All analysis assumes 2,896m Xstrata shares (includes in-the-money options, excludes shares held by Batiss and the Xstrata Employee Share Ownership Plan) and 1,203m Anglo American shares (includes in-the-money options, excludes shares held by the Group in other structures and the Anglo American Employee Benefit Trust and treasury shares)

1. Bloomberg consensus as of 15 June 2009
2. REDACTED
3. Bloomberg consensus target price multiplied by 2,896m and 1,203m shares for Xstrata and Anglo American respectively at a USD:GBP rate of 0.61
4. Three month average closing share price multiplied by 2,896m and 1,203m shares for Xstrata and Anglo American respectively at a USD:GBP rate of 0.61

Re Note 3 – Bloomberg consensus target prices as at 15 June 2009

Appendix 2. Commodity and Geographic Diversification (2008)

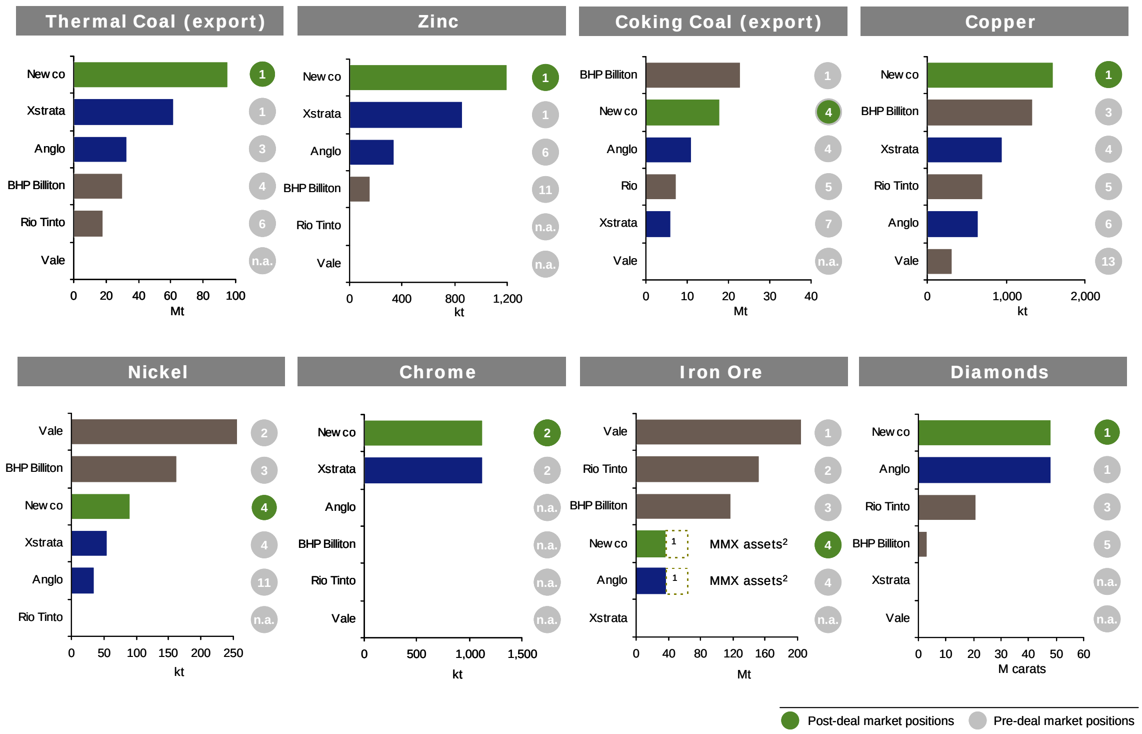


Note: Based on year to 31 December 2008 data.

1. US$712m of Corporate Activities, Unallocated Costs and Exploration Costs and Other have been excluded from commodity split pie chart. EBIT negative operations in North America and Europe have been excluded from geography split pie chart.
2. Anglo American's Iron ore segment includes Kumba, Scaw metals and Anglo Ferrous Brazil

Source: Xstrata Annual Report 2008, Anglo American Annual Report 2008

Appendix 3. Commodity Rankings of Major Diversifieds by Mined Production

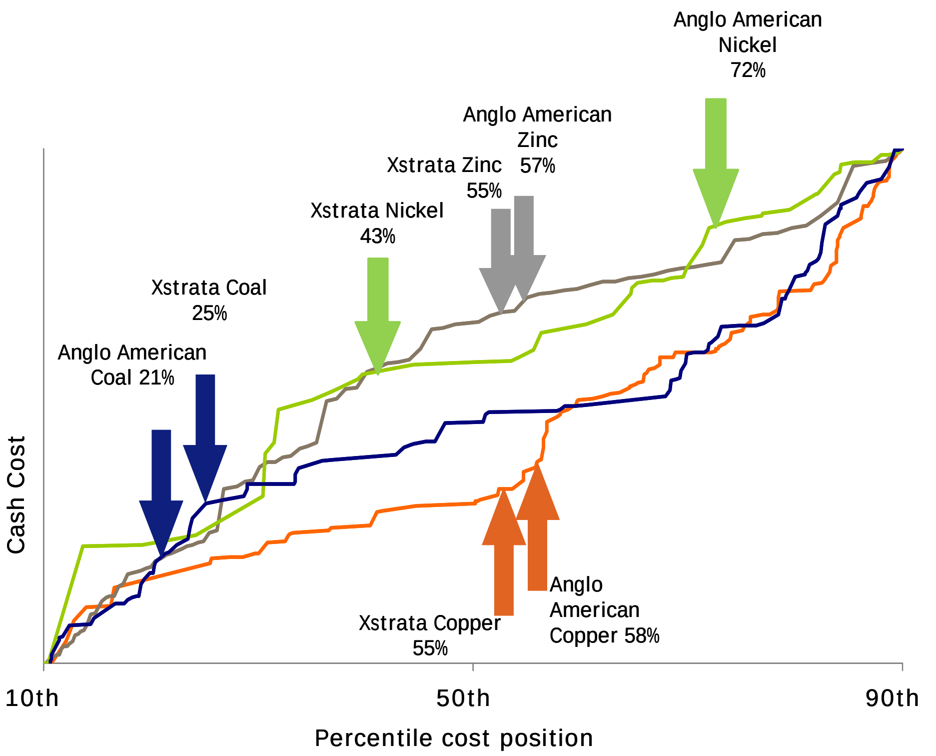


1. Represents 100% Kumba + MMX assets
2. Phase 1 full production

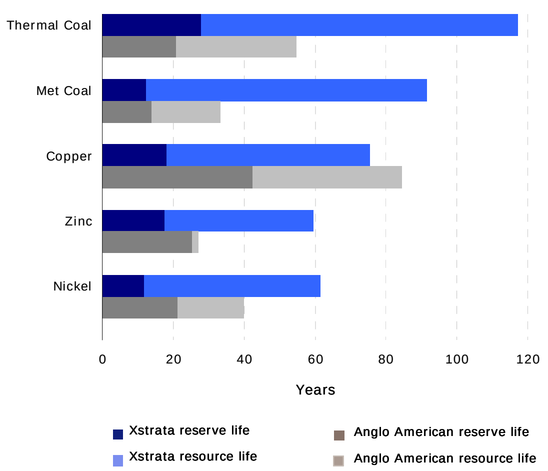
Source: Production data as disclosed in annual reports with the exception of coal export volumes which are sourced from AME. Rankings as stated by Brookhunt and AME for base metals and bulks, diamonds and chrome as guided by companies

Appendix 4. Relative Cost Positions, Mine Lives, Reserves and Resources

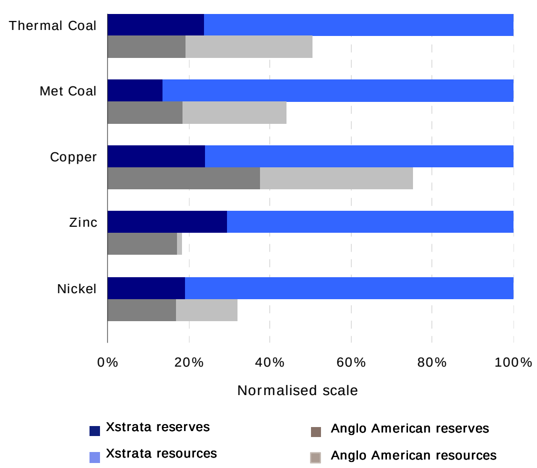
Company Ranking (1)



Comparison of Reserve & Resource Lives (2)



Reserves & Resources (attributable tonnes) (3)



1. Cost curves sourced from Brookhunt for LME Metals and AME for seaborne thermal coal. Xstrata Nickel and Zinc cost curve positioning inclusive of current restructuring. All other positioning for 2008.
2. Reported reserves & resources converted to attributable marketable coal or attributable contained metal (Copper, Nickel, Zinc) divided by 2008 reported production. Production adjusted for acquisitions (Prodeco), end of life or dormant mines (Lennard Shelf, Falcondo). Nickel production relating to substantially developed projects (Barro Alto, Koniambo) included in 2008 production. Brown coal resources excluded
3. Normalised scale (reserves & resources normalised to Xstrata's attributable reserves & resources)

Re Note 1 - All cost curve information based on 2008 data

Appendix II

BASES AND SOURCES OF INFORMATION

(a) Unless otherwise stated, financial and other information concerning Anglo American and Xstrata have been extracted or derived from the interim statements, preliminary results and the annual report and accounts of each company for the relevant periods or from published sources or from Xstrata management sources.

(b) Unless otherwise stated, average share prices and market capitalisations throughout this announcement reflect volume-weighted averages.

(c) The market value of Xstrata Ordinary Shares is based on the closing middle-market price of 681GBp, provided by the London Stock Exchange on 19 June 2009, being the last business day prior to the commencement of the offer periods for Anglo American and Xstrata, assuming 2,904,582,834 Xstrata Ordinary Shares (2,933,011,620 Xstrata Ordinary Shares in issue, less 28,428,786 Xstrata Ordinary Shares held by Batiss Investments Limited ("Batiss")).

(d) The volume weighted average share price over the calendar month ended 19 June 2009, being the last business day prior to the commencement of the offer periods for Anglo American and Xstrata, is 703GBp for Xstrata.

(e) The market value of Anglo American Ordinary Shares is based on the closing middle-market price of 1,623GBp, provided by the London Stock Exchange on 19 June 2009, being the last business day prior to the commencement of the offer periods for Anglo American and Xstrata, assuming 1,204,190,697 Anglo American Ordinary Shares (1,342,924,336 Anglo American Ordinary Shares in issue, less 112,300,129 held by Anglo American investment companies and 26,433,510 Anglo American Ordinary Shares held in Treasury).

(f) The volume weighted average share price over the calendar month ended 19 June 2009, being the last business day prior to the commencement of the offer periods for Anglo American and Xstrata, is 1,717GBp for Anglo American.

(g) The exchange rate of 0.61 US$/£ on 19 June 2009 (being the last business day prior to the commencement of the offer periods for Anglo American and Xstrata).

(h) In arriving at the estimate of cost savings and revenue benefits, the Board of Xstrata has assumed the following:

- that there will be no significant impact on the combined group arising from any decisions made by competition authorities;
- that there will be no material change to the market dynamics in the combined core markets following completion. In particular, Xstrata has based these estimates on its understanding of current and future market supply, demand and pricing levels; and
- there will be no material change to the relative exchange rates in the combined core markets and geographies following completion.

(i) In arriving at the estimate of cost savings and revenue benefits, the Board of Xstrata has assumed that there are comparable operations, processes and procedures within Anglo American, except where publicly available information clearly indicates otherwise. Xstrata's management, through a detailed understanding of Xstrata's cost structure, has determined the source and scale of realisable cost savings. The one-off implementation cash costs of achieving the cost savings and revenue benefits represent those costs which are incremental to Xstrata's and, to the best of the Board of Xstrata's knowledge, Anglo American's existing plans. In addition to Xstrata management's information, the sources of information that Xstrata has used to arrive at the estimate of cost savings and revenue benefits include:

- Anglo American's interim and annual reports and accounts;

- Anglo American's presentations to analysts;

- Anglo American's website;

- documents and statements issued by Anglo American;

- analysts' research;

- other publicly available information; and

- Xstrata's knowledge of the industry and of Anglo American.

(j) The Board of Xstrata has not had discussions with Anglo American's management regarding the reasonableness of their assumptions supporting the estimate of cost savings and revenue benefits. Therefore, there remains an inherent risk in these forward-looking estimates.

(k) Due to the scale of a combined Xstrata and Anglo American organisation, there may be additional changes to the combined group's operations. In addition, there are several material assumptions underlying the estimates, including the allocation of costs within Anglo American, the relative proportion of volume sensitive costs for both Xstrata and Anglo American and the level of costs necessary to operate effectively each combined function or activity. Because of these factors and the fact that the changes relate to the future, the resulting cost savings and revenue benefits may be materially greater or less than those estimated.

(l) The Xstrata group has in place an equity capital management programme ("ECMP"). Under the ECMP, up to 10% of the issued share capital of Xstrata can be purchased in the market by Batiss, a Guernsey registered entity owned by a charitable trust, which is independent of the Xstrata group. Batiss waives its right to receive any dividends on, and does not exercise voting rights attaching to, Xstrata Ordinary Shares held by it from time to time.

(m) The year-on-year average real cost savings of 1% per annum from 2003 to 2008, compared to an average real cost increase at its FTSE100 mining sector peers of 2% per annum over the same time period, are sourced from the "Real Cost Savings" section on page 32 of Xstrata's 2008 Annual Report.

(n) The reported FY2008 actual cash operating costs for Xstrata and Anglo American were US$18,307 million and US$16,821 million, respectively. These numbers reflect the cash operating costs associated with the underlying operations of both companies, before deducting depreciation and amortisation and excluding contributions from associates.

(o) Anglo American's coal EBIT attributed to thermal and coking coal is based on FY2008 coal production split, where ESKOM production is attributed to thermal coal and metallurgical coal to coking coal.

(p) This announcement contains references to "cost curves". For an explanation of, and information relating to, cost curves, see the section of this announcement headed "Cost curves" on page 6. Cost curves in this announcement have been sourced from Brook Hunt and AME and all such cost curves are based on 2008 data.

(q) Xstrata's reserve and resource data is based on the reserves and resources estimates as at 30 June 2008 reported in Xstrata's Mineral Resources and Ore Reserves Report dated January 2009, and production data for the 12 months ended 31 December 2008, contained in Xstrata's Production Report dated 29 January 2009. Anglo American's reserve and resource data is based on the Ore Reserves and Mineral Resources estimates as at 31 December 2008, and 2008 production statistics, both contained in Anglo American's 2008 Annual Report.

Definitions

"Anglo American Ordinary Shares" means the ordinary shares of US$0.54 86/91 each in the capital of Anglo American.

"Xstrata Ordinary Shares" means the ordinary shares of US$0.50 each in the capital of Xstrata.

Appendix III

REPORTS ON ESTIMATED MERGER BENEFITS

The following are texts from letters from Ernst & Young LLP, Deutsche Bank and J.P. Morgan Cazenove relating to the Xstrata statement of estimated synergies set out in this announcement:

(a) from Ernst & Young LLP

The Directors Xstrata plc ("Xstrata" or the "Company") Bahnhofstrasse 2 PO Box 102 6301 Zug Switzerland Deutsche Bank AG, London Branch ("Deutsche Bank") Winchester House 1 Great Winchester Street London EC2N 2DB J.P. Morgan Cazenove Limited 20 Moorgate London EC2R 6DA ("J.P. Morgan Cazenove" and, together with Deutsche Bank, the "Joint Financial Advisers") **XSTRATA'S PROPOSAL TO ANGLO AMERICAN PLC ("ANGLO AMERICAN")**	24 June 2009

Dear Sirs

We refer to the statement ("the Statement") Xstrata set out on page 2 of the announcement dated 24 June 2009 (the "Announcement"), to the effect that:

> "Significant, pre-tax synergies have been quantified of over US$1 billion per annum by the third full year following completion of the proposed merger. Gross one-off realisation costs of not more than US$500 million in total will be incurred in full in the first two years following completion. The key elements of the synergy estimate are:
>
> - Over US$458m per annum of operational synergies, including optimisation of proximate operations;
> - Some US$237m per annum in savings from streamlining our divisional functions and offices; and
> - US$309m per annum of synergies through the creation of an effective, streamlined set of central functions and services."

The Statement has been made in the context of disclosures on pages 17 to 18 of the Announcement setting out the basis of the belief of the Directors supporting the Statement and their analysis and explanation of the underlying constituent elements.

This letter is required by Note 8(b) of Rule 19.1 of the City Code on Takeovers and Mergers (the "Takeover Code") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibility

The Directors of Xstrata (the "Directors") are responsible for making the Statement in accordance with Rule 19.1 of the Takeover Code. It is our responsibility and that of the Joint Financial Advisers to form our respective opinions, as required by Note 8(b) to Rule 19.1 of the Takeover Code, as to whether the Statement has been made by the Directors with due care and consideration.

Our work in connection with the Statement has been undertaken solely for the purposes of reporting under Note 8(b) to Rule 19.1 of the Takeover Code to the Directors and to the Joint Financial Advisers. We accept no responsibility to any other parties other than to those persons to whom this report is expressly addressed in respect of, arising out of or in connection with that work.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standard 1000 (Investment Reporting Standards applicable to all engagements in connection with an investment circular) issued by the Auditing Practices Board in the United Kingdom. We have discussed the Statement together with the relevant bases of belief (including sources of information) with the Directors and with the Joint Financial Advisers. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We do not express any opinion as to the achievability of the cost savings and benefits identified in the Statement. The Statement is subject to uncertainty as described in Appendix II to the Announcement. Because of the significant changes in the enlarged group's operations expected to flow from the proposed merger and because the Statement relates to the future, the actual benefits achieved are likely to be different from those anticipated in the Statement and the differences may be material.

Opinion

On the basis of the foregoing, we report that in our opinion the Directors have made the Statement, in the form and context in which it is made, with due care and consideration.

Yours faithfully

Ernst & Young LLP

(b) from Deutsche Bank AG, London Branch and J.P. Morgan Cazenove Limited

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London
EC2N 2DB

J.P. Morgan Cazenove Limited
20 Moorgate
London
EC2R 6DA

24 June 2009

The Directors Xstrata plc Bahnhofstrasse 2 PO Box 102 6301 Zug Switzerland	

XSTRATA'S PROPOSAL TO ANGLO AMERICAN PLC ("ANGLO AMERICAN")

We refer to the statement regarding the estimated merger benefits (the "Statement") and the bases of preparation thereof made by Xstrata plc ("Xstrata") set out in the announcement dated 24 June 2009 (the "Announcement"), for which the Directors of Xstrata are responsible in accordance with Rule 19.2 of the City Code on Takeovers and Mergers.

We have discussed the Statement (including the assumptions and sources of information referred to in Appendix II to the Announcement), with the Directors of Xstrata and those officers and employees of Xstrata who have been involved in the development of the underlying plans. The Statement is subject to uncertainty as described in Appendix II to the Announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have relied upon the accuracy and completeness of all the financial and other information reviewed by us and have assumed such accuracy and completeness for the purposes of rendering this report. We have also reviewed the work carried out by Ernst & Young LLP and have discussed with them the conclusions stated in their report of 24 June 2009 addressed to yourselves and ourselves on this matter.

We do not express any opinion as to the achievability of the merger benefits identified by the Directors of Xstrata in the Statement.

This report is provided pursuant to our engagement letter with Xstrata solely to the Directors of Xstrata in connection with Note 8 (b) of Rule 19.1 of the City Code on Takeovers and Mergers and for no other purpose. We accept no responsibility to Anglo American or its shareholders or any other person other than the Directors of Xstrata in respect of the contents of, or any matter arising out of or in connection with, this report.

On the basis of the foregoing, we consider that the Statement, for which the Directors of Xstrata are responsible in accordance with Rule 19.2 of the City Code on Takeovers and Mergers, has been made with due care and consideration in the context in which it was made.

Yours faithfully

Nigel Robinson
Managing Director
For and on behalf of Deutsche Bank AG, London Branch

Barry Weir
Managing Director
For and on behalf of J.P. Morgan Cazenove Limited