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Vedanta Acquires the Zinc Assets of Anglo American ("Anglo American Zinc")

Highlights

- Total consideration of $1,338 million
- Consolidates Vedanta's position as the world's largest integrated zinc and lead producer
- Provides greater presence in Africa and Europe
- Funded from existing cash resources
- Significant growth potential with opportunities for the expansion and development of large projects in Africa
- Expected to be immediately earnings accretive

Vedanta Resources plc (LSE:VED) ("Vedanta") and Anglo American plc (LSE:AAL) ("Anglo American") announced today that they have signed a definitive Share Purchase Agreement under which Vedanta, through one of its controlled Group companies, will acquire Anglo American Zinc for a total consideration of $1,338 million on an attributable, debt and cash free basis, with economic ownership transferred from 1 January 2010. It is currently Vedanta's intention, subject to approvals, that the acquisition be undertaken by Hindustan Zinc Limited. The transaction will be funded from existing cash resources. As at 31 March 2010, Vedanta had cash, cash equivalents and liquid investments of $7.2 billion.

Anglo American Zinc is one of the top five global zinc producers. Its assets include the 100 per cent owned Skorpion mine in Namibia, 100 per cent owned Lisheen mine in Ireland and the 74 per cent owned Black Mountain Mining, which includes the Black Mountain mine and Gamsberg project in South Africa. Of the total consideration, $698 million relates to the Skorpion mine, $308 million relates to the Lisheen mine and $332 million relates to Anglo American's 74% interest in Black Mountain Mining.

Anglo American Zinc's operations are highly profitable with long term development potential. For the year ended 31 December 2009, Anglo American Zinc generated, on an attributable basis, gross revenue of $670 million, EBITDA of $213 million, operating profits of $154 million and had gross assets of $845 million. These assets produced, on an attributable basis, 343kt of zinc metal and 55kt of lead metal.

Anglo Zinc is an excellent operational and strategic fit with Vedanta's existing zinc business and will create significant long term value for Vedanta's shareholders:

- substantially increases Vedanta's zinc and lead production capacity, increasing annualised production capacity from 1,064ktpa to 1,462ktpa (an increase of 37 per cent.), representing 11 per cent. of the global zinc market;
- increases attributable reserves and resources by 206 million tonnes, increasing Vedanta's total reserves and resources by 76 per cent;
- significant organic growth potential through Gamsberg, one of the largest undeveloped zinc deposits in the world, with JORC mineral resource of 186mt ore. Planned production capacity is 400ktpa of zinc metal, with an operating life in excess of 20 years and further exploration potential;

- significant life of mine extension potential at Black Mountain, underpinned by best in class infrastructure;
- development potential through the newly discovered Gergarub zinc / lead sulphide deposit adjacent to Skorpion; and,
- transaction expected to be immediately earnings accretive.

Vedanta and Anglo American share best practices in health, safety and the environment and Vedanta looks forward to developing strong relationships with the local communities, stakeholders and governments, all of whom have been successful partners in the formation and growth of the Anglo American Zinc assets.

Anil Agarwal, Chairman of Vedanta, said: *"We are delighted to have reached this agreement with Anglo American to acquire their portfolio of zinc assets. These high quality assets complement Vedanta's existing portfolio, creating the largest zinc and lead producer in the world. We intend to rapidly develop Gamsberg, one of the largest high quality zinc projects in the world, leveraging our world-class large project development expertise. Vedanta has consistently demonstrated a track record of successfully integrating and investing in its acquisitions, and we look forward to working with the high quality management team and employees of Anglo American Zinc, Exxaro and the local communities towards growing the business. We are committed, as we are throughout all of our operations world wide, to maintaining the highest health and safety standards, and to the sustainable development of these operations."*

Cynthia Carroll, Chief Executive of Anglo American, said*: "The successful sale of Anglo American Zinc for $1,338 million following our announcement in October last year is testament to the high quality of the business and its management team. This agreement represents an important milestone in our strategy to focus on our core commodity businesses and on the delivery of our exciting near term growth from our $17 billion of approved projects. I am grateful for the support received from Anglo American Zinc's management and employees and I believe they will benefit under the ownership, and with the development plans, of Vedanta."*

The transaction is subject to customary regulatory approvals as well as competition clearance in the relevant jurisdictions. In addition, Exxaro Resources Limited ("Exxaro"), Anglo American's black economic empowerment partner in Black Mountain Mining, holds a 26% interest in the company and has a pre-emptive right to match Vedanta's offer in respect of this asset. Completion of the transaction is expected to be in stages, with separate completion dates for Skorpion, Lisheen and Black Mountain Mining. Vedanta expects to have completed the acquisition of all three companies within the next 12 months.

The consideration agreed with Anglo American is based on effective economic ownership, including profits and cash flows, passing to Vedanta as of 1 January 2010.

Lazard & Co., Limited acted as sole financial adviser, and Dewey & LeBoeuf LLP and Corpus Legal Practitioners acted as legal advisers, to Vedanta in this transaction.

Vedanta will host a presentation and conference call for analysts at 0930 GMT on the same day. To join the conference call, please dial the relevant number below. The presentation slides can be accessed at www.vedantaresources.com in the Investor Relations section :

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About Vedanta Resources plc

Vedanta Resources plc is a London listed FTSE 100 diversified metals and mining major. The group produces aluminium, copper, zinc, lead, iron ore and 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.

About Anglo American plc

Anglo American plc is one of the world's largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Its portfolio of mining businesses spans precious metals and minerals – in which it is a global leader in both platinum and diamonds; base metals – copper and nickel; and bulk commodities – iron ore, metallurgical coal and thermal coal. Anglo American is committed to the highest standards of safety and responsibility across all its businesses and geographies and to making a sustainable difference in the development of the communities around its operations. The company's mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia. www.angloamerican.co.uk

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. We do not undertake to update our forward-looking statements.

Lazard & Co., Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Vedanta and for no one else in connection with the transaction described above and will not be responsible to any person other than Vedanta for providing the protections afforded to clients of Lazard & Co., Limited or for providing advice in relation to the transaction described in this announcement.

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