One of the world's largest private sector coal producers

Anglo American plc's coal interests are held through its wholly owned Anglo Coal division, one of the world's largest private sector coal producers and exporters. Anglo Coal has mining operations in South Africa, Australia, Colombia, Venezuela and Canada. Anglo Coal produces thermal and metallurgical coals for international customers in the Med-Atlantic and Indo-Pacific markets as well as local customers in South Africa and Australia.

OVERVIEW

2006 overview
• New capital expenditure projects in Australia: Dawson project ($835 million) set to come on stream in late 2007 and Lake Lindsay ($516 million) in 2008
• Cerrejón is ramping up to 32 Mtpa, with full production scheduled for 2008
• Market remains strong for thermal coal

EBITDA	
2006	$1,082m
2005	$1,243m

Operating profit	
2006	$864m
2005	$1,019m

Business overview

Anglo Coal is the world's sixth largest private sector coal producer and a major exporter. In 2006, Anglo Coal produced 96 million tonnes (mt) from three geographic regions: South Africa, Australia and South America.

In South Africa, Anglo Coal owns and operates eight mines and has a 50% interest in Mafube mine, a joint venture with Exxaro. Four mines are trade mines in the Witbank coalfield which supply approximately 20 million tonnes per annum (Mtpa) of thermal and metallurgical coals to the export and local markets. Coal is exported through Richards Bay Coal Terminal, in which Anglo Coal has a 27.5% interest. Anglo Coal's New Vaal, New Denmark and Kriel mines supply around 35 Mpta of thermal coal to Eskom, the South African state owned electric power utility. Its coal supply contracts with Eskom cover the delivery of tonnages and qualities, generally for the expected life of the relevant power station. The Eskom power stations are mine mouth facilities, and coal is transported a short distance from the mine by conveyor to the power station's stockpiles. Anglo Coal's Isibonelo mine produces some 5 Mtpa for Sasol Synthetic Fuels under a 21 year supply contract. The Mafube joint venture is currently a mini-pit operation supplying thermal coal to Eskom. The operation will expand into a multi-product mine supplying both Eskom and thermal coal for the export market. Production of export thermal coal is expected to commence in the last quarter of 2007

In Australia, Anglo Coal has one wholly owned mine and has controlling interest in another four. The mines are located in Queensland and New South Wales and produce approximately 25 Mtpa. Anglo Coal also owns an effective 23% interest in the Jellinbah mine in Queensland. The mines produce high quality coking coal used for steel production, and export and domestic thermal coal used for power generation and industrial applications. The company is the fourth largest producer of coal in Australia and also has significant undeveloped coal resources. At Dawson mine, expansion of the mine to increase attributable production by 5.7 Mtpa is under way with completion expected in 2007, while at Capcoal, the Lake Lindsay development is progressing with estimated completion during the second half of 2008. The additional production from both Dawson and Lake Lindsay will increase Anglo Coal's metallurgical coal production to approximately 16 Mtpa. Key future development prospects are Grosvenor and Moranbah South in Queensland and Saddlers Creek and Dartbrook Opencut in New South Wales.

In South America, Anglo Coal has a 33% shareholding in Cerrejón Coal, which produces approximately 28 Mtpa, with approved expansion plans to increase production to 32 Mtpa. Cerrejón primarily produces thermal coal which is exported to Europe and the Americas. In addition, Anglo Coal has a 25% interest in Carbones del Guasare (CDG) which owns and operates the Paso Diablo mine in the state of Zulia, in northern Venezuela. CDG produces around 6.2 Mtpa.

In Canada, Anglo Coal has a 60% interest in the Peace River Coal JV which operates the Trend mine, producing primarily metallurgical coking coal.

Industry overview and demand drivers

Coal is the most abundant source of fossil fuel energy in the world, considerably exceeding known reserves of oil and gas. The bulk of coal produced worldwide is thermal coal used for power generation where it competes with oil, gas, nuclear and hydro generation. Thermal coal is also supplied as a fuel to other industries such as the cement sector. Metallurgical coal is a key raw material for 70% of the world's steel industry.

Approximately 5 billion tonnes of hard coal is produced globally each year and the majority of this is used in the country of production. A small volume is traded across land borders such as those between the US and Canada or between the former Soviet Union countries. The international seaborne coal market comprises some 0.7 billion tonnes. The thermal coal component in this sector comprises some 0.5 billion tonnes and the metallurgical component some 0.2 billion tonnes.

Previous page:
Close up of coal pieces. Anglo Coal is a leading global coal producer, with operations in South Africa, Australia and South America.

International seaborne metallurgical coal market

Metallurgical coal is primarily used in the steel-making industry and includes hard coking coal, semi-soft coking coal and PCI coal.

Supply

Metallurgical coal is produced in a relatively limited number of countries. The chemical composition of the coal is fundamental to the steel producer's raw material mix and product quality. The market for this coal is generally characterised by large volume, longer term, annually priced contracts. Anglo Coal supplies 5 Mtpa to Sasol Synthetic Fuels for conversion to synthetic fuels.

Demand

Demand in this sector is fundamentally driven by economic, industrial and steel demand growth, but the Med-Atlantic and Indo-Pacific markets have their own particular supply and demand profiles. Price negotiations between Australian suppliers and Japanese steel producers generally, but not always, set the trend that influences settlements throughout the market. Anglo Coal is a significant supplier to virtually all the major steel producing groups in the world.

International seaborne thermal coal market

Thermal coal is primarily used for power generation, although the cement industry is an important secondary source of demand.

Supply

The thermal coal market is supplied by a larger number of countries and producers than the metallurgical coal market, spread across the world. Producer companies vary in size and operate in an intensely competitive market.

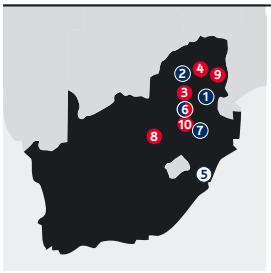
Demand

Demand for thermal coal is driven by demand for electricity, which is a product of economic and industrial growth. Weather, which can influence the availability of hydropower, can also be an important influence. Demand for thermal coal is also affected by the availability and price of competing fuels such as oil and gas, as well as nuclear power. Utility customers have greater flexibility on coal quality than their steel industry counterparts. Driven by the deregulation of the electricity markets, customers focus increasingly on securing the lowest cost fuel supply at any particular point in time. This has resulted in a move away from longer term contracts towards short term contracts, spot pricing, the development of various price indices, hedging and derivative instruments. The proximity of producing countries to markets has a direct bearing on freight costs which are critical in the customer's calculation of the full costs of delivery. Hence, producers in a particular region will tend to be biased toward customers in the same region. However, coal price and freight cost differentials do vary with time and will under certain circumstances permit Med-Atlantic region producers to sell into the Indo-Pacific market (and vice versa). This contributes to maintaining a close link between regional markets.

Anglo Coal exports thermal coal from South Africa, South America and Australia to customers throughout the Med-Atlantic and Indo-Pacific markets.

AROUND THE WORLD

Key
- Underground
- Open Cut
- Other



South Africa

Export/Industrial
- 1 100% Goedehoop
- 2 100% Greenside
- 3 100% Kleinkopje
- 4 100% Landau
- 5 27.5% Richards Bay Coal Terminal

Eskom/Sasol
- 6 73% Kriel
- 7 100% New Denmark
- 8 100% New Vaal
- 9 50% Mafube
- 10 100% Isibonelo

Anglo Coal operates four mines in the Witbank Coalfield which supply metallurgical and thermal coals to export and local industrial markets. Five additional mines supply thermal coal domestically of which four mines supply coal to Eskom, the local power utility on a long term cost-plus basis with the exception of Mafube, which is currently on a fixed price contract. Isibonelo mine supplies coal to Sasol Synfuels, a local synthetic fuels producer on a fixed price contract basis. Anglo Coal has a 27.5% share in the Richards Bay Coal Terminal and an 11% interest in Eyesizwe Coal, a significant Black Economic Empowerment venture undertaken jointly with Exxaro.

Export customers are predominantly in the Med-Atlantic markets.

Canada

Metallurgical
- 1 60% Trend

Peace River Coal's Trend mine in north east British Columbia exports metallurgical coal via Prince Rupert's Ridley coal terminal to customers in the Pacific and Atlantic regions.

Australia

Thermal
- 1 100% Callide
- 2 88% Drayton
- 3 51% Dawson Complex

Metallurgical
- 4 70% German Creek
- 5 23% Jellinbah East
- 6 88% Moranbah North

Anglo Coal Australia operates four mines in Queensland and one in New South Wales. In Queensland, the German Creek, Moranbah North, Dawson and Jellinbah East operations supply hard and semi-soft coking coals and thermal coal (Moura) to export markets. The Callide mine, also in Queensland, supplies coal primarily to local utility customers. In New South Wales, the Drayton mine supplies both export and local markets. Anglo Coal Australia's export customers are predominantly located in the Indo-Pacific region.

South America
- 1 33% Cerrejón (Colombia)
- 2 25% Carbones del Guasare (Venezuela)

Anglo Coal has a 33% shareholding in the Cerrejón operation in northern Colombia. These form one of the world's largest integrated export thermal coal mining operations and include mine facilities, a railway, port facilities and supporting infrastructure.

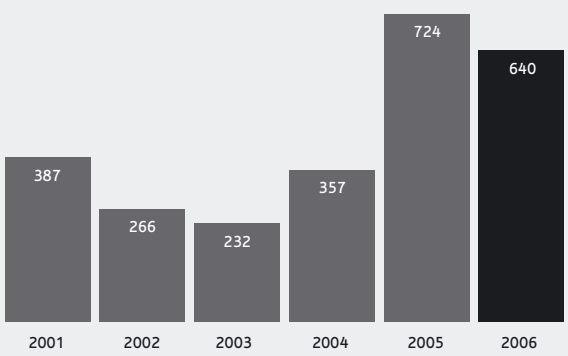
In Venezuela, Anglo Coal has a 25% stake in Carbones del Guasare which owns and operates the Paso Diablo mine, across the border from the Cerrejón operation.

Production from Anglo Coal's South American operations is sold predominantly to Med-Atlantic region customers.

FINANCIAL HIGHLIGHTS

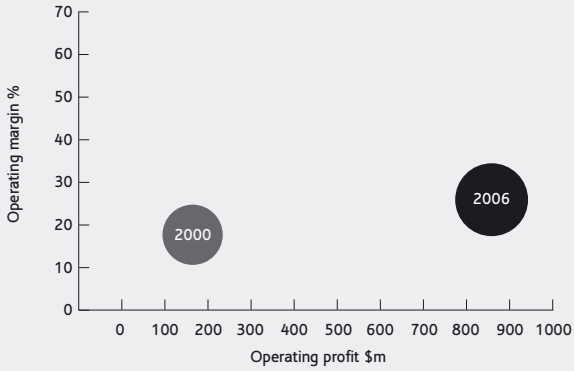
Six-year underlying earnings

$m



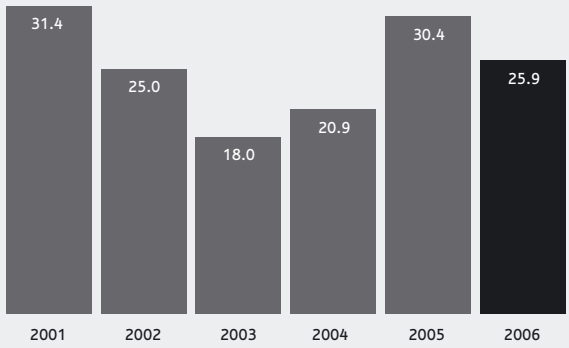
Scale and profitability growth

bubble size represents production tonnes



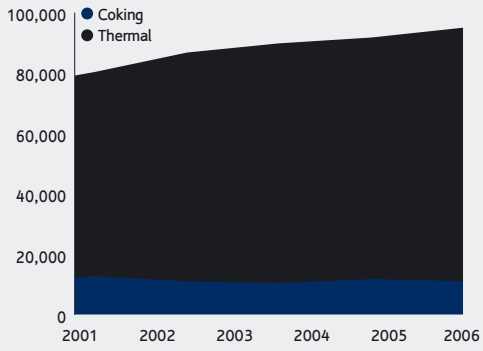
Operating margin

%



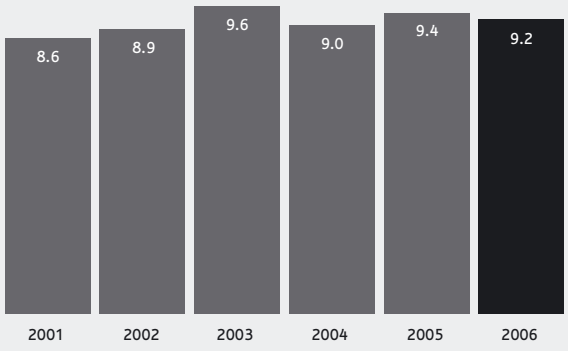
Production growth

tonnes



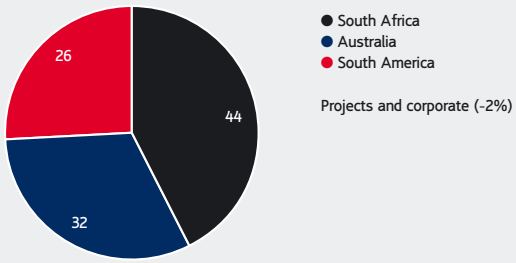
Production per employee

000 tonnes



2006 operating profit split by by region

%



FINANCIAL DATA

Turnover (US$ million)	2006	2005	2004	2003	2002	2001
Subsidiaries	**2,726**	2,766	1,911	1,556	1,463	1,394
Joint Ventures	**–**	–	3	–	–	–
Associates	**607**	583	468	295	247	178
Total turnover	**3,333**	**3,349**	**2,382**	**1,851**	**1,710**	**1,572**
Of which:						
South Africa	**1,394**	1,441	1,109	843	–	–
Australia	**1,398**	1,383	840	739	–	–
South America	**541**	525	433	269	–	–
EBITDA	**1,082**	**1,243**	**687**	**505**	**571**	**627**
Of which:						
South Africa	**437**	525	297	175	–	–
Australia	**397**	459	184	219	–	–
South America	**271**	273	205	111	–	–
Projects and corporate	**(23)**	(14)	–	–	–	–
Depreciation and amortisation	**172**	**188**	**190**	**129**	**104**	**108**
Operating profit before special items and remeasurements	**864**	**1,019**	**497**	**333**	**427**	**493**
Operating special items and remeasurements	**(125)**	**1**	**–**	**–**	**–**	**–**
Operating profit after special items and remeasurements	**739**	**1,020**	**497**	**333**	**427**	**493**
Net interest, tax and minority interests	**(224)**	**(295)**	**(140)**	**(109)**	**(168)**	**(114)**
Underlying earnings	**640**	**724**	**357**	**232**	**266**	**387**
Of which:						
South Africa	**279**	333	163	79	133	228
Australia	**216**	224	78	94	98	123
South America	**163**	174	116	59	35	36
Projects and corporate	**(18)**	(7)	–	–	–	–
Net segment assets	**2,862**	**2,244**	**2,303**	**2,152**	**1,658**	**1,373**
Capital expenditure	**780**	**331**	**218**	**207**	**142**	**93**

PRODUCTION DATA

Production (tonnes)	2006	2005	2004	2003	2002	2001
South Africa						
Eskom	**34,821,200**	34,327,900	33,668,300	31,301,000	28,649,000	28,250,000
Trade Thermal	**22,754,000**	20,281,100	18,648,600	18,600,200	15,681,000	15,410,000
Trade Metallurgical	**1,768,200**	2,268,800	2,143,700	1,835,500	3,889,000	3,772,000
South Africa Total	**59,343,400**	**56,877,800**	**54,460,600**	**51,736,700**	**48,219,000**	**47,432,000**
Australia [1]						
Trade Thermal	**15,258,400**	15,214,800	17,378,800	17,025,400	16,341,000	15,982,000
Trade Metallurgical	**9,195,600**	9,390,300	8,203,800	9,100,000	8,679,000	8,300,000
Australia Total	**24,454,000**	**24,605,100**	**25,582,600**	**26,125,400**	**25,020,000**	**24,282,000**
South America						
Trade Thermal	**11,008,900**	10,066,000	9,589,600	8,728,400	6,937,000	5,829,000
Total Anglo Coal Production	**94,806,300**	**91,548,900**	**89,632,800**	**86,590,500**	**80,176,000**	**77,543,000**

South Africa						
Bank	**477,600**	3,202,200	2,733,100	3,225,000		
Greenside	**2,778,100**	2,730,000	2,754,800	2,712,400		
Goedehoop	**8,534,500**	6,298,600	6,462,100	5,961,500		
Isibonelo	**4,020,100**	1,358,300	–	–		
Kriel	**12,318,400**	12,030,900	11,059,500	10,984,300		
Kleinkopje	**3,898,400**	4,483,500	4,691,600	4,381,100		
Landau	**4,102,400**	3,682,900	3,474,100	3,508,000		
New Denmark	**5,508,500**	4,139,400	4,975,800	4,316,800		
New Vaal	**16,275,000**	17,100,000	17,312,000	16,000,000		
Nooitgedacht	**711,000**	794,400	676,600	647,600		
Mafube	**719,400**	1,057,600	321,000			
Total	**59,343,400**	**56,877,800**	**54,460,600**	**51,736,700**		
Australia						
Callide	**9,816,100**	9,500,000	9,355,300	8,520,600		
Drayton	**4,136,300**	4,099,000	4,278,800	4,286,100		
Dartbrook	–	–	2,268,100	2,432,500		
German Creek	**3,165,400**	3,560,000	4,047,600	3,802,000		
Jellinbah East	**887,400**	851,100	925,200	883,600		
Moranbah	**2,928,500**	3,432,800	1,125,900	3,158,900		
Dawson Complex	**3,520,300**	3,162,200	3,581,700	3,041,700		
Total	**24,454,000**	**24,605,100**	**25,582,600**	**26,125,400**		
South America						
Carbones Del Guasare	**1,531,700**	1,409,700	1,677,600	1,380,900		
Carbones Del Cerrejon	**9,477,200**	8,656,300	7,912,000	7,347,500		
Total	**11,008,900**	**10,066,000**	**9,589,600**	**8,728,400**		

[1] 2006 and 2005 exclude production at Dartbrook which was closed in the year. Production for Dartbrook was 792,000 tonnes in 2006 and 1,495,500 tonnes in 2005.

Anglo Coal attributable saleable production.

RESERVES AND RESOURCES DATA

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The South African Code for Reporting of Mineral Resources and Mineral Reserves, The SAMREC Code, 2000). Rounding of figures may cause computational discrepancies. The Coal Resources are additional to those resources which have been modified to produce the Coal Reserves.

Anglo Coal – Coal Reserves

	Reported[2] %	Attributable[1] %	Classification	Tonnes million[3] 2006	Tonnes million[3] 2005	Saleable yield[4] % 2006	Saleable heat content[5] kcal/kg 2005	Tonnes million 2006	Tonnes million 2005
Export Metallurgical				ROM[1]	ROM[1]		GAR[5]	SALEABLE[1]	SALEABLE[1]
Australia			Proved	**387**	381	**77**	7,410	**311**	305
			Probable	**224**	252	**69**	7,130	**163**	185
	100	**68.1**	**Total**	**611**	**633**	**74**	**7,310**	**474**	**490**
South Africa			Proved	**5**	5	**61**	6,530	**3**	3
			Probable	**2**	3	**61**	6,470	**1**	2
	100	**100**	**Total**	**7**	**8**	**61**	**6,510**	**4**	**5**
Export Thermal									
Australia			Proved	**129**	152	**87**	6,440	**115**	134
			Probable	**29**	70	**89**	6,430	**26**	59
	100	**63.6**	**Total**	**158**	**222**	**88**	**6,440**	**141**	**193**
Colombia			Proved	**208**	239	**100**	6,130	**211**	241
			Probable	**65**	75	**100**	6,220	**66**	76
	33.3	**33.3**	**Total**	**272**	**314**	**100**	**6,150**	**277**	**317**
South Africa			Proved	**187**	204	**61**	6,210	**114**	122
			Probable	**283**	246	**60**	6,190	**172**	141
	97.6	**97.6**	**Total**	**470**	**450**	**60**	**6,200**	**287**	**263**
Venezuela			Proved	**37**	39	**100**	7,120	**38**	40
			Probable	–	–	–	–	–	–
	24.9	**24.9**	**Total**	**37**	**39**	**100**	**7,120**	**38**	**40**
Total Export			Proved	**951**	1,020	**81**	6,740	**793**	845
			Probable	**603**	646	**69**	6,570	**428**	463
			Total	**1,555**	**1,666**	**76**	**6,680**	**1,221**	**1,308**
Domestic Power Generation									
Australia			Proved	**211**	221	**98**	4,610	**206**	216
			Probable	**32**	32	**98**	4,530	**32**	31
	100	**100**	**Total**	**243**	**253**	**98**	**4,600**	**238**	**247**
South Africa			Proved	**551**	554	**95**	4,080	**537**	538
			Probable	**194**	270	**100**	4,870	**194**	270
	100	**100**	**Total**	**745**	**824**	**96**	**4,290**	**730**	**808**
Domestic Synfuels									
South Africa			Proved	**99**	106	**100**	5,240	**99**	106
			Probable	–	–	–	–	–	–
	100	**100**	**Total**	**99**	**106**	**100**	**5,240**	**99**	**106**
Total Domestic			Proved	**861**	882	**96**	4,350	**842**	860
			Probable	**226**	302	**100**	4,820	**225**	301
			Total	**1,087**	**1,184**	**97**	**4,450**	**1,067**	**1,161**
Total Coal Reserves			Proved	**1,813**	1,902	**88**	5,510	**1,635**	1,705
			Probable	**829**	948	**77**	5,970	**654**	764
			Total	**2,642**	**2,850**	**85**	**5,640**	**2,288**	**2,469**

Footnotes appear on page 75.

Export Metallurgical refers to operations where the main product is coking coal and/or coal for pulverised coal injection (PCI), primarily for the export market.

Export Thermal refers to operations that primarily produce thermal coal for the export market.

Domestic Power Generation refers to operations that produce coal for, and are typically tied to power stations.

Domestic Synfuels refers to operations in South Africa that produce coal for supply to Sasol for the production of synthetic fuel and chemicals.

Anglo Coal – Coal Resources

	Reported[2]	Attributable[1]		Tonnes million[3]		Heat content[5] kcal/kg	
	%	%	Classification	2006	2005	2006	2005
Export Metallurgical				MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Australia			Measured	**150**	171	**6,990**	6,970
			Indicated	**172**	170	**6,890**	6,980
	100	**73.7**	**Measured and Indicated**	**323**	**341**	**6,940**	**6,980**
			Inferred in Mine Plan[7]	**14**	54	**7,120**	6,870
South Africa			Measured	**9**	9	**6,930**	6,920
			Indicated	**16**	16	**7,080**	7,080
	100	**100**	**Measured and Indicated**	**25**	**25**	**7,030**	**7,030**
			Inferred in Mine Plan[7]	–	–	–	–
Export Thermal							
Australia			Measured	**1**	47	**6,520**	6,420
			Indicated	**15**	22	**6,520**	6,140
	100	**82.7**	**Measured and Indicated**	**17**	**69**	**6,520**	**6,330**
			Inferred in Mine Plan[7]	**3**	6	**6,540**	6,540
Colombia			Measured	**68**	68	**6,520**	6,600
			Indicated	**330**	280	**6,210**	6,350
	33.3	**33.3**	**Measured and Indicated**	**398**	**348**	**6,270**	**6,400**
			Inferred in Mine Plan[7]	**1**	1	**7,220**	7,420
South Africa			Measured	**170**	303	**5,970**	5,900
			Indicated	**170**	191	**5,890**	6,100
	96.4	**96.4**	**Measured and Indicated**	**340**	**494**	**5,930**	**5,970**
			Inferred in Mine Plan[7]	**60**	85	**6,530**	5,850
Venezuela			Measured	–	–	–	–
			Indicated	**28**	33	**7,880**	7,590
	24.9	**24.9**	**Measured and Indicated**	**28**	**33**	**7,880**	**7,590**
			Inferred in Mine Plan[7]	–	–	–	–
Total Export			Measured	**398**	598	**6,470**	6,340
			Indicated	**731**	712	**6,390**	6,500
			Measured and Indicated	**1,129**	**1,310**	**6,420**	**6,430**
			Inferred in Mine Plan[7]	**78**	147	**6,650**	6,270
Domestic Power Generation							
Australia			Measured	**251**	253	**5,000**	5,000
			Indicated	**353**	354	**4,800**	4,670
	100	**100**	**Measured and Indicated**	**604**	**607**	**4,880**	**4,810**
			Inferred in Mine Plan[7]	**1**	1	**3,770**	3,770
South Africa			Measured	**109**	131	**4,170**	4,200
			Indicated	**91**	92	**4,900**	5,060
	100	**100**	**Measured and Indicated**	**200**	**223**	**4,500**	**4,560**
			Inferred in Mine Plan[7]	**66**	45	**4,640**	5,070
Domestic Synfuels							
South Africa			Measured	–	–	–	–
			Indicated	**26**	26	**5,330**	5,330
	100	**100**	**Measured and Indicated**	**26**	**26**	**5,330**	**5,330**
			Inferred in Mine Plan[7]	–	–	–	–
Total Domestic							
			Measured	**360**	384	**4,750**	4,730
			Indicated	**470**	472	**4,850**	4,780
			Measured and Indicated	**830**	**856**	**4,810**	**4,760**
			Inferred in Mine Plan[7]	**67**	46	**4,620**	5,040
Total Mine Leases							
			Measured	**758**	982	**5,650**	5,710
			Indicated	**1,201**	1,184	**5,790**	5,810
			Measured and Indicated	**1,959**	**2,166**	**5,730**	**5,770**
			Inferred in Mine Plan[7]	**144**	192	**5,710**	5,960

Footnotes appear on page 75.

RESERVES AND RESOURCES DATA (CONTINUED)

Anglo Coal – Coal Resources[6]

Projects	Reported[2] %	Attributable[2] %	Classification	Tonnes[3] million 2006	Tonnes[3] million 2005	Heat content[5] kcal/kg 2006	Heat content[5] kcal/kg 2005
Export Metallurgical				MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Australia			Measured	**489**	370	**6,280**	6,310
			Indicated	**734**	390	**6,390**	6,500
	100	**81.0**	**Measured and Indicated**	**1,223**	**760**	**6,350**	**6,410**
China			Measured	**110**	–	**6,540**	–
			Indicated	**389**	–	**6,600**	–
	100	**60.0**	**Measured and Indicated**	**499**	**–**	**6,590**	**–**
South Africa			Measured	**285**	210	**4,830**	5,080
			Indicated	**1,311**	2,245	**4,640**	4,430
	100	**100**	**Measured and Indicated**	**1,596**	**2,455**	**4,670**	**4,490**
Total Projects			Measured	**883**	580	**5,840**	5,860
			Indicated	**2,435**	2,635	**5,480**	4,740
			Measured and Indicated	**3,318**	**3,215**	**5,580**	**4,940**

Mine Leases and Projects	Classification	Tonnes[3] million 2006	Tonnes[3] million 2005	Heat content[5] kcal/kg 2006	Heat content[5] kcal/kg 2005
		MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Total Coal Resources	Measured	**1,641**	1,562	**5,760**	5,770
	Indicated	**3,636**	3,819	**5,580**	5,070
	Measured and Indicated	**5,277**	**5,381**	**5,640**	**5,280**
	Inferred in Mine Plan[7]	**144**	192	**5,710**	5,970

Brown Coal Resources	Reported[2] %	Attributable[2] %	Classification	Tonnes[3] million 2006	Tonnes[3] million 2005	Heat content[5] kcal/kg 2006	Heat content[5] kcal/kg 2005
				MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Australia			Measured	**4,028**	–	**1,820**	–
			Indicated	**2,448**	–	**1,790**	–
	100	**100**	**Measured and Indicated**	**6,476**	**–**	**1,810**	**–**

Anglo Coal – Gas Reserves[8]

The Gas Reserve estimates are compiled in accordance with the Society of Petroleum Engineers and World Petroleum Council guidelines.

Coal Bed Methane	Reported[2] %	Attributable[2] %	Classification	Volume[8] million m³ 2006	Volume[8] million m³ 2005	Energy content[8] PJ 2006	Energy content[8] PJ 2005
				SALEABLE[8]	SALEABLE[8]	SALEABLE[8]	SALEABLE[8]
Australia			Proved: 1P	**1,814**	456	**68**	17
			Probable: 2P-1P	**2,875**	724	**107**	27
	100	**51.0**	**Total 2P**	**4,689**	**1,180**	**175**	**44**

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis, which represent the tonnes delivered to the plant, and on a Saleable reserve tonnage basis, which represent the product tonnes produced.

(2) Reported (%) and Attributable (%) refers to 2006 only. For the 2005 Reported and Attributable figures, please refer to the previous Annual Report.

(3) Includes 100% of Coal Reserves and Coal Resources of consolidated entities and the Group's share of joint ventures and associates where applicable. Where the Group's share is more than 50%, then 100% of the reserves and resources are reported. The tonnage is quoted as metric tonnes and abbreviated as Mt for million tonnes.

(4) Yield (%) represents the ratio of saleable reserve tonnes to ROM reserve tonnes and is quoted on a constant moisture basis or on an air dried to air dried basis.

(5) The coal quality for the Coal Reserves is quoted as a weighted average of the heat content of all saleable coal products on a Gross As Received (GAR) basis. The coal quality for the Coal Resources is reported on an in situ heat content Gross As Received (GAR) basis.

Coal quality parameters for the Coal Reserves for Metallurgical and Thermal Collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal.

Coal quality parameters for the Coal Reserves for Power Generation and Synfuels Collieries meet the specifications of the individual supply contracts.

(6) Coal Resources are quoted on a Mineable Tonnage In Situ (MTIS) basis in addition to those resources which have been modified to produce the reported Coal Reserves.

(7) Inferred in Mine Plan refers to Inferred Coal Resources that are included in the life of mine schedule of the respective Collieries but which are not reported as Coal Reserves.

(8) Gas Reserves are reported in terms of saleable volume (million cubic metres) and saleable energy (Petajoules (PJ), or one thousand trillion Joules).

Footnotes

Material changes to Run of Mine (ROM) Coal Reserves from 2005 to 2006 (excluding depletion by mining):

Export Thermal – **Australia:** The decrease is due mainly to the closure of Dartbrook and the re-allocation of Coal Reserves to Coal Resources (55 Mt).

Export Thermal – **Colombia:** The decrease is mainly due to a reduction in recovery extraction factors applied to the life of mine plan at Cerrejon (25 Mt).

Domestic Power Generation – **South Africa:** The decrease is primarily due to a decrease in New Denmark extraction factors (27 Mt) and the transfer of Mafube reserves from Domestic Power Generation to Export Thermal (23 Mt).

Material changes to Coal Resources (Mine Leases) from 2005 to 2006:

Export Metallurgical – **Australia:** The decrease is attributed mainly to the exclusion of Inferred Resources in the mine plan due to change in mining layout at Dawson North (40 Mt).

Export Thermal – **Australia:** The decrease is mainly due to the closure of Dartbrook and the transfer to Projects (69 Mt).

Export Thermal – **Colombia:** The increase is as a result of the inclusion of Cerrejón Sur resources (50 Mt).

Export Thermal – **South Africa:** The decrease is brought about by the rationalisation of resources in the Elders Block (52 Mt), the conversion of Coal Resources to Coal Reserves at Goedehoop (25 Mt) and at Greenside (42 Mt), the exclusion of resources as a result of a change in economic assumptions at Kleinkopje (64 Mt) and at Landau (22 Mt). This is offset by the transfer of resources at Mafube from Domestic Power Generation to Export Thermal (29 Mt).

Export Thermal – **Venezuela:** The decrease is as a result of resource block refinement following exploration drilling at Guasare (5 Mt).

Material changes to Coal Resources (Projects) from 2005 to 2006:

Australia: The increase is due mainly to the inclusion of resources at Theodor South (262 Mt) and Dartbrook (222 Mt).

China: The increase is the result of the JV with the Shanxi Geological Bureau and initial assessment of the Xiwan resources (499 Mt).

South Africa: The decrease is attributed to:
Elders: Change in cut-off parameters and resource sterilisation by wetland (80 Mt);
Mafube: Transfer to Export Thermal with the approval of the Mafube Project (51 Mt);
Vaalbank: Re-allocation from Indicated Coal Resources to Inferred Coal Resources due to re-evaluation of the coal quality model in line with Anglo Coal standards (744 Mt);
South Rand: Inclusion of resources (18 Mt).

Material changes to Brown Coal Resources from 2005 to 2006:

Australia: The increase is due to the initial evaluation of the Brown Coal Resources at Monash Energy (6,476 Mt).

Material changes to Gas Reserves from 2005 to 2006:

Australia: The increase in Coal Bed Methane Gas Reserves is due to the acquisition of the Origin gas properties. (3,509 million m^3).

Impact of the Minerals and Petroleum Resources Development Act (MPRDA) on the reporting of Coal Resources and Coal Reserves in South Africa

As at 31 December 2006, a total of 40.1 million tonnes of the reported Coal Resources in Projects were associated with two applications for new order Prospecting Rights that have been initially refused and are now the subject of ongoing legal process and discussions with the relevant authorities. Anglo Coal currently expects that the outcome of such review and discussions will be favourable and accordingly the relevant resources have been included in the statement.

Audits

Audits were carried out in 2006 on the following operations and project areas:

South Africa: Isibonelo, Maccauvlei East, Elders, Vaalbank.

Australia: Callide Coalfields (Boundary Hill Ext.), German Creek, Grosvenor.

Canada: Further to the formation of Peace River Coal JV at the end of 2006 a statement of Reserves and Resources will be prepared for the 2008 Annual Report.

PROJECT PIPELINE

1. Cerrejon
Colombia

Ownership	**33% Anglo Coal**
Incremental production (attributable)	**1 Mtpa**
Full project capex	**$43 m (Anglo Coal share)**
Full production	**2008**

The Cerrejon operation was expanded to 28 Mtpa output in 2006. The second extension to 32 Mtpa will commence in 2007 to reach full production in 2008. A feasibility study is underway to investigate a possible expansion beyond 32 Mtpa.

2. Peace River Coal
Canada

Ownership	**60% Anglo Coal**
Incremental production (attributable)	**Phase 1 Trend only (exc. Roman) 2 mtpa**
Full project capex	**C$50 m**
Full production	**2008**

Peace River Coal commenced operations in late 2006 and began commissioning the recently modified Trend mine coal preparation plant in north east British Columbia. Commercial production of export metallurgical coal is anticipated during 2007 increasing to 2Mtpa output in 2008.

3. Dawson
Australia

Ownership	**51% Anglo Coal**
Incremental production (attributable)	**2.9 Mtpa**
Full project capex	**$426 m (Anglo Coal share)**
Full production	**2007**

The Dawson project includes the recapitalisation of the existing coal operations at Moura in central Queensland, Australia and the establishment of two additional operations on adjacent tenures. This will increase production by 5.7 Mtpa in 2007, of which Anglo Coal will own 2.9 Mtpa. In 2006, Dawson received additional heavy mining equipment as part of this incremental expansion, with production up 11% in the year.

4. Lake Lindsay (part of the German Creek complex)
Australia

Ownership	**70% Anglo Coal**
Incremental production (attributable)	**2.8 Mtpa**
Full project capex	**$361 m (Anglo Coal share)**
Full production	**2008**

In 2006, work got underway on the Lake Lindsay project, which will extend open cut mining from the Capcoal operation. The project is proceeding as planned, with first coal scheduled for 2008.

5. Mafube
South Africa

Ownership	**50% Anglo Coal**
Incremental production (attributable)	**2.5 Mtpa**
Full project capex	**$132 m (Anglo Coal share)**
Full production	**2008**

The plant commissioning is expected to commence in September 2007 with production (Export and Eskom) commencing in October 2007. The colliery has a life of 20 years from date of first production.

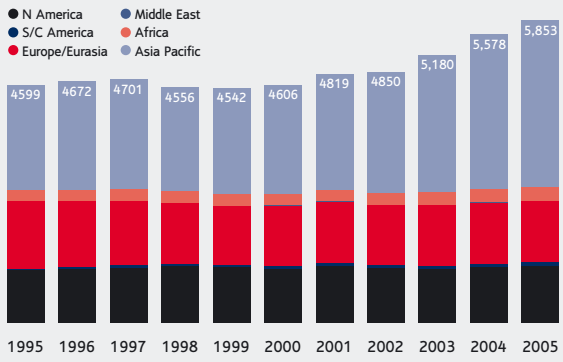
6. Goedehoop: Plant Fine Coal Beneficiation
South Africa

Ownership	**100% Anglo Coal**
Incremental production (attributable)	**0.4 Mtpa**
Full project capex	**$21m (Anglo Coal share)**
Full production	**2007**

Work started on the Goedehoop project during October 2005. The project is almost completed and commissioning is estimated to take place in the second quarter of 2007 and production shortly thereafter.

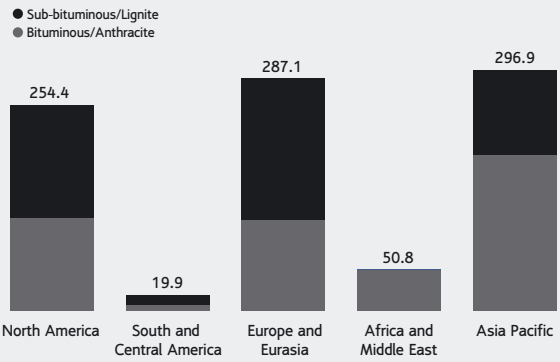
World coal production

million tonnes



Source: BP Statistical Review of World Energy

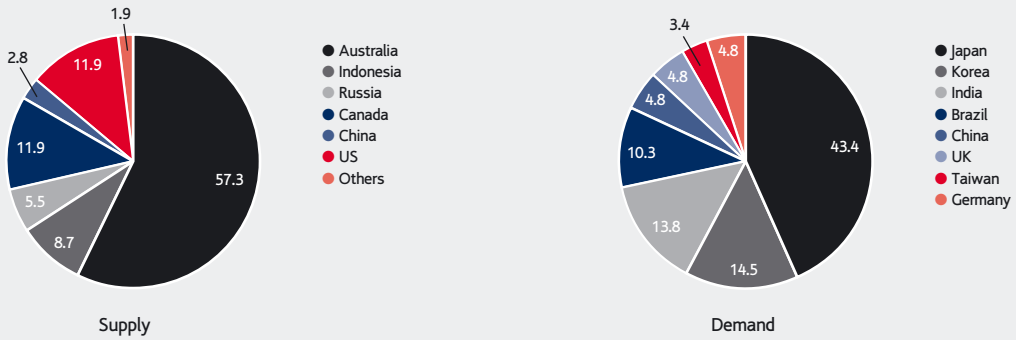
2005 proven coal reserves by type and region



Source: BP Statistical Review of World Energy

International seaborne metallurgical coal, 2005

%

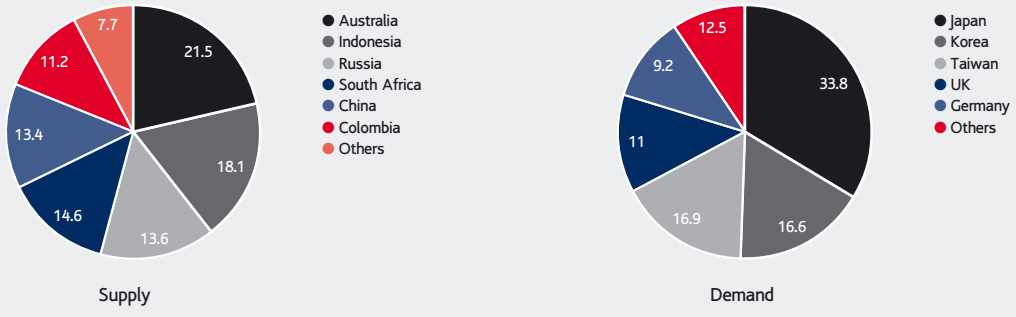


Source: WCI

Source: WCI

International seaborne thermal coal, 2005

%

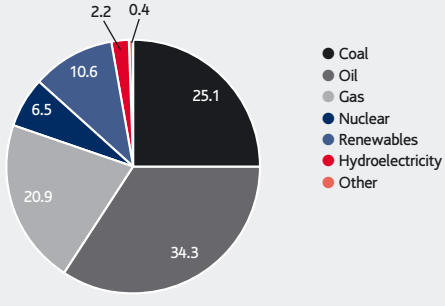


Source: WCI

Source: WCI

World energy consumption by fuel, 2004

%



Source: WCI