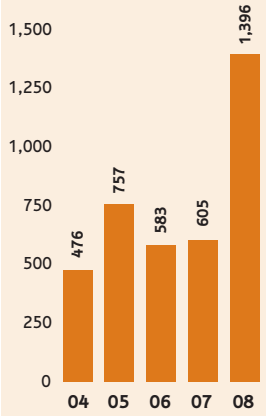
Ferrous Metals

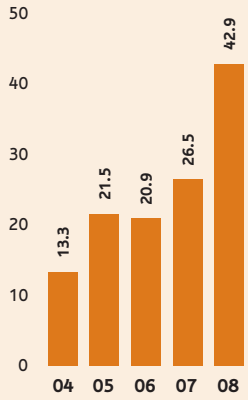
China is currently the largest steel producing country globally and consequently the world's largest consumer of iron ore

Financial highlights

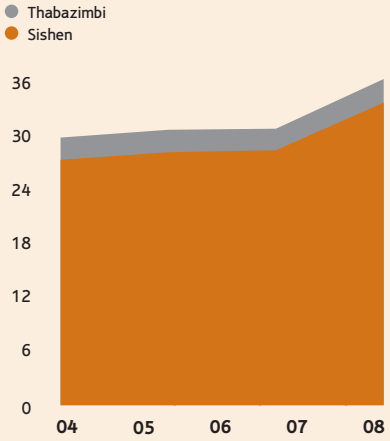
Five year underlying earnings
$m



Operating margin
%

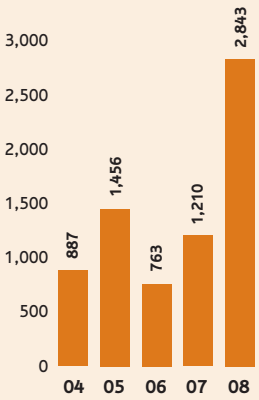


Anglo Ferrous Metals iron ore production*
Tonnes (million)



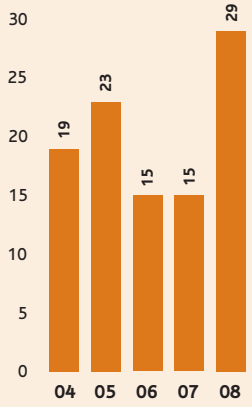
* Excludes production from the Amapá iron ore system which was acquired in 2008.

Operating profit – core business[1]
$m



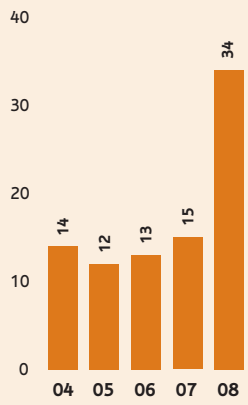
[1] Ferrous Metals core businesses are Kumba Iron Ore, Scaw Metals, Samancor Manganese and Anglo Ferrous Brazil.

Share of Group operating profit[1]
%



[1] On a continuing basis for 2006 and 2007.

Share of Group net operating assets[1]
%



[1] On a continuing basis for 2006 and 2007.

Financial data

US$m	2008	2007	2006	2005	2004
Turnover					
Subsidiaries	4,455	4,207	5,973	6,030	5,137
Joint ventures	–	–	–	–	–
Associates	2,394	1,193	546	743	1,526
Total turnover	**6,849**	**5,400**	**6,519**	**6,773**	**6,663**
Of which:					
Kumba Iron Ore	2,573	1,635	2,259	1,936	1,416
Scaw Metals	1,927	1,432	1,233	1,029	910
Samancor Manganese	1,526	665	425	634	817
Highveld Steel	–	369	1,023	1,127	775
Tongaat-Hulett/Hulamin	817	1,293	1,572	1,423	1,267
Other	6	6	7	624	1,478
EBITDA	**3,064**	**1,561**	**1,560**	**1,779**	**1,231**
Of which:					
Kumba Iron Ore	1,667	879	879	734	328
Anglo Ferrous Brazil	(4)	(9)	–	–	–
Scaw Metals	309	204	188	145	110
Samancor Manganese	998	249	51	164	265
Highveld Steel	–	108	247	472	223
Tongaat-Hulett/Hulamin	115	140	207	188	114
Other	(21)	(10)	(12)	76	191
Depreciation and amortisation	**87**	**100**	**199**	**300**	**274**
Operating profit before special items and remeasurements	**2,935**	**1,432**	**1,360**	**1,456**	**887**
Of which:					
Kumba Iron Ore	1,618	834	778	568	203
Anglo Ferrous Brazil	(8)	(9)			
Scaw Metals	274	172	160	121	85
Samancor Manganese	980	225	52	144	241
Highveld Steel	–	108	230	436	169
Tongaat-Hulett/Hulamin	92	114	154	131	69
Other	(21)	(12)	(4)	(11)	(7)
Operating special items and remeasurements	615	3	21	5	155
Operating profit after special items and remeasurements	**2,320**	**1,435**	**1,381**	**1,461**	**1,042**
Net interest, tax and minority interests	**(1,539)**	**(827)**	**(777)**	**(699)**	**(411)**
Underlying earnings	**1,396**	**605**	**583**	**757**	**476**
Of which:					
Kumba Iron Ore	558	274	302	261	80
Anglo Ferrous Brazil	(30)	5	–	–	–
Scaw Metals	165	97	106	85	59
Samancor Manganese	658	169	38	103	157
Highveld Steel	–	18	79	232	93
Tongaat-Hulett/Hulamin	53	44	55	49	25
Other	(8)	(2)	3	27	62
Net operating assets	**11,167**	**3,987**	**2,796**	**4,439**	**5,302**
Capital expenditure	**832**	**471**	**582**	**373**	**284**

Business overview

Operating profit

2008

$2,935 m

2007: $1,432 m

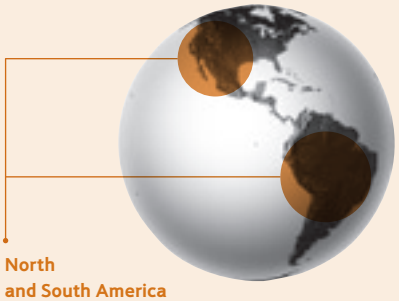
EBITDA

2008

$3,064 m

2007: $1,561 m

- Highest ever iron ore production in 2008 of 37.4 Mtpa
- Anglo Ferrous Brazil and Kumba expansions to lift Group iron ore production to 150 Mtpa by 2017

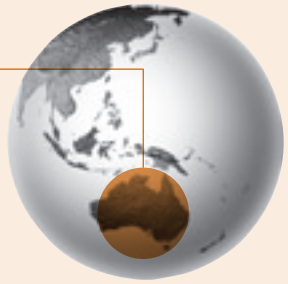


North and South America

Amapá iron ore system and Minas-Rio iron ore project in Brazil and Scaw Metals manufacturing in Chile, Peru, Mexico and Canada

South Africa

Kumba Iron Ore mines at Sishen and Thabazimbi. Scaw Metals has various manufacturing operations. Samancor Manganese has ore mines and alloy plants



Australia

Scaw Metals has operations in Australia and Samancor Manganese operates an ore mine and an alloy plant in Tasmania

Anglo Ferrous Metals' primary business is iron ore. It holds a 63% shareholding in Kumba Iron Ore in South Africa, and in Brazil an effective 99.4% interest in the Minas-Rio iron ore project, a 49% interest in LLX Minas-Rio, which owns the port of Açu (currently under construction) from which iron ore from the Minas-Rio project will be exported, and an effective 69.2% interest in the Amapá iron ore system. Other interests principally comprise Samancor Manganese (manganese ore and alloy mining) and Scaw Metals (carbon steel iron ore products).

JSE Limited listed Kumba currently operates two mines in South Africa – Sishen in the Northern Cape, which achieved output in 2008 of 34 million tonnes per annum (Mtpa) inclusive of 4.7 Mtpa from the Sishen jig plant (Sishen expansion), and Thabazimbi, in Limpopo, which produced 2.7 Mtpa. In 2008, Kumba exported more than 75% of its total iron ore sales volumes, mostly to customers in Asia and Europe.

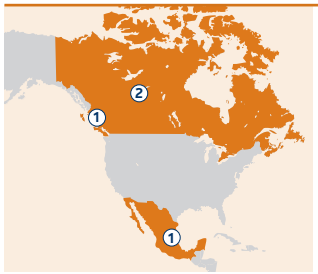
Planned annual capacity of Phase 1 of the Minas-Rio iron ore project will be 26.5 Mtpa of iron ore pellet feed, with start-up expected in the second quarter of 2012 at an anticipated cost of $3.6 billion. Amapá, located in Amapá state in northern Brazil, produces both pellet feed and sinter feed, with an annual capacity of 6.5 Mtpa. During 2008 it produced 1.2 Mt as it continues to ramp up production to its design capacity.

Anglo Ferrous Metals also holds a 40% shareholding in Samancor Manganese, the world's largest integrated producer, by sales, of manganese ore and alloys. BHP Billiton holds 60% and has management control. Samancor has operations in South Africa and Australia and is a vertically integrated manganese ore and alloys producer.

Scaw Metals is a global group that manufactures a diverse range of steel products. With principal operations in southern Africa, Chile, Peru, Canada and Mexico, it produces rolled steel products, steel and iron castings, cast alloy iron, forged steel grinding media as well as steel chain, wire rope and strand products. Scaw's products serve the construction, railway, power generation, mining, cement, marine and offshore oil industries worldwide. In June, Scaw Metals acquired Ozz Industries (Proprietary) Limited in South Africa. The acquisition will expand Scaw's product range and increase manufacturing capacity of certain of Scaw's existing product lines.

Anglo Ferrous Metals has a 37.1% voting interest in JSE Limited listed Tongaat-Hulett, an agri-processing business which includes integrated components of land management, agriculture and property development. Through its sugar and starch operations in southern Africa, Tongaat-Hulett produces a range of refined carbohydrate products from sugar cane and maize. The company balances the operational requirement for cane supplies to its sugar operations with the transition to property development.

Hulamin, in which Anglo Ferrous Metals has a 38.4% voting interest, is Africa's largest producer of aluminium rolled, extruded and other semi-fabricated and finished products, with its main operations situated in Pietermaritzburg, South Africa. As an independent niche producer of technically demanding and higher value products, Hulamin supplies customers spread among all the major aluminium consuming regions of the world.



North America

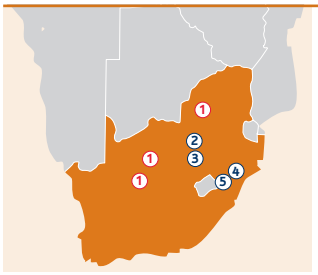
① 100% Moly-Cop
– Kamloop (Canada)
– Guadalajara (Mexico)
② 100% Altasteel (Alberta, Canada)

Moly-Cop has operations in Chile, Peru, Mexico, Australia, Canada and Italy.

Altasteel is a manufacturer of steel and value-added steel products in Canada.

Key

- Open Cut
- Port
- Other



South Africa

① 63% Kumba Iron Ore – Sishen, Sishen South and Thabazimbi
② 74% Scaw Metals
③ 40% Samancor
④ 37.1% Tongaat-Hulett
⑤ 38.4% Hulamin

Production at Kumba iron ore increased by 13% to 36.7 Mt in 2008 as a result of the ramp up of production from the jig plant (Sishen expansion).

Scaw Metals is an international group, manufacturing a diverse range of steel products. Its operations in South Africa produce rolled steel products, grinding media and cast and wire rod products.

Samancor, which is the world's largest integrated producer by sales of manganese ore and alloys, is headquartered in South Africa.

Tongaat-Hulett is an agri-processing business which includes integrated components of land management, agriculture and property development.

Hulamin, based in KwaZulu-Natal, South Africa, is an independent niche producer of aluminium rolled, extruded and other semi-fabricated and finished products.

South America

① 100% Moly-Cop
– Lima and Arequipa (Peru)
– Concepción (Chile)
– Meijlores (Chile)
② 99.4% Minas-Rio (Brazil)
③ 69.2% Amapá (Brazil)
④ 49% LLX Minas-Rio (Brazil)

The Minas-Rio project is located in the state of Minas Gerais, Brazil and will include open pit mines and a beneficiation plant producing high grade pellet feed which will be transported, through a slurry pipeline, over 500 km to the Port of Açu in the state of Rio de Janeiro.

Amapá, located in Amapá state in Northern Brazil, is in the process of ramping up its pellet feed and sinter feed production to an annual capacity of 6.5 Mtpa.

Australia

① 40% GEMCO
② 40% TEMCO
③ 40% Moly-Cop
– Perth
– Townsville
– Newcastle
④ 100% Scaw Metals
– Sydney
– Melbourne
– Perth

The Australian Manganese operations consist of Groote Eylandt Mining Company (GEMCO), situated off the east coast of the Northern Territory of Australia, and Tasmanian Electro Metallurgical Company (TEMCO), which is based at Bell Bay, approximately 55 km from Launceston, Tasmania.

Industry overview

Steel is the most widely used of all metals. In 2008, world crude steel production decreased by 1.2% to reach a total of 1.33 billion tonnes. Until mid-September, when global economic conditions suddenly deteriorated, steel consumption for the year had been set to grow materially. However, for the first time since 2001, month on month output declined in September and carried on declining through the remainder of the year and into 2009.

In response to declining demand, major steel producers across the industry, led by ArcelorMittal, announced and implemented deep production cuts (>30% of capacity). For the first time in a decade, the decline in production has been synchronised across the world, including Europe, Japan, North America and China.

The seaborne iron ore market, which is driven by the global steel industry, grew from 442 Mtpa in 2000 to 845 Mtpa by the end of 2008. This increase arose mainly from Chinese demand growth. In the final quarter of the year, however, demand declined by 14% year on year.

The global market for iron ore has seen a change from supply shortage to demand destruction in the period of a few months. This is expected to result in softer contract iron ore prices in 2009. In the medium term, however, supply shortages could return, as juniors are currently finding it hard to raise finance for new capacity and majors scale back capital expenditure on long dated expansion projects. Logistical constraints associated with rail and port capacity and shortages in dry bulk vessel capacity at times, could compound the impact on the supply side of the seaborne iron ore market.

In the longer term, Anglo American expects that steel demand will revert back to trend growth rates of around 4% globally; requiring seaborne iron ore supply to grow by 5-6%.

As 96% of manganese ore is smelted to produce manganese ferro-alloys (such as ferromanganese and silicomanganese), the performance of the manganese alloy industry is the key determinant of ore demand. Manganese alloy is used in steel alloying applications. As with iron ore, 2008 was a mixed year, with strong growth in the months up to August and rapid demand decline for the remainder of the year. Samancor's response was to curtail production in line with market demand.

Should steel production decline further in 2009, manganese ore and alloy prices are likely to remain under pressure. Lending support to prices is the expectation of reducing exports from China, as its government continues its efforts to curtail alloy production through such measures as increased export tariffs.

Markets

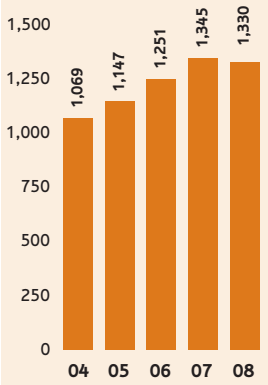
World crude steel production decreased by 1.2% in 2008 to 1.33 billion tonnes. China's steel production grew by 2.6%, with its share of global production rising to 37.8%. However, as a result of the decline in steel demand in the final quarter of 2008, demand for iron ore has decreased significantly, resulting in reduced production and delays to project capital spend from major iron ore producers.

Similarly, the manganese ore and alloy market was characterised by increasing stocks and falling prices towards the end of the year, as steel mills delayed or cancelled their purchases. As a result, major suppliers announced plans to reduce production in the fourth quarter of 2008. A return to production at full capacity will depend on improved global economic conditions.

Scaw's Australian operation, Haggie Reid (Pty) Limited, has supplied all of the prestressed concrete strand (15.2 mm diameter) for the extension of Alfords Point Bridge, which spans the Georges River, south of Sydney – steel reinforcing combined with cable ducts and Scaw PC strand in one of the 21 m sections of the bridge

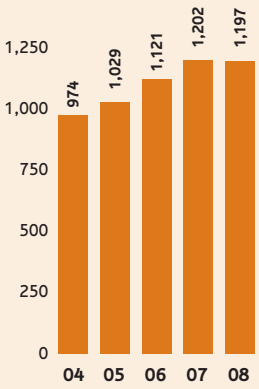
Market information

World crude steel production
Tonnes (million)



Source: World Steel Association

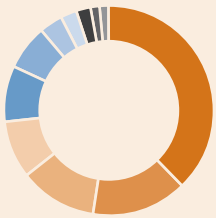
World finished steel consumption
Tonnes (million)



Source: World Steel Association

2008 steel production by geography
%

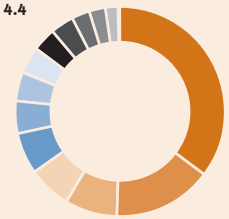
China	37.8	South America	3.6
EU (27)	14.9	Other North America	2.5
Other Asia	11.9	Other Europe	2.3
Japan	8.9	Africa	1.3
CIS	8.6	Middle East	1.2
US	6.9		



Source: World Steel Association

2008 world steel consumption by geography
%

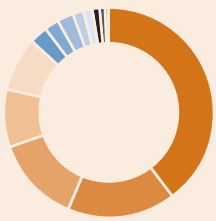
China	35.5	CIS	4.2
EU (27)	15.2	South America	3.7
US	8.1	Middle East	3.6
Other Asia	6.7	Other North America	2.7
Japan	6.4	Other Europe	2.4
South Korea	4.9	Africa	2.2
India	4.4		



Source: World Steel Association

2008 iron ore production by geography
%

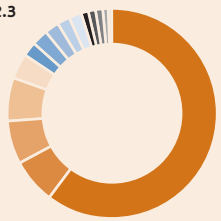
China	39.9	US	2.3
Australia	16.6	EU (27)	1.7
Brazil	13.4	South America	1.3
India	8.8	Other Asia	1.2
CIS	8.3	Middle East	1.0
Africa	2.8	Other Europe	0.3
Other North America	2.4		



Source: CRU

2008 world iron ore consumption by geography
%

China	59.2	Other Europe	1.9
CIS	6.7	Other North America	1.8
Japan	6.6	Other Asia	1.1
EU (27)	6.3	Middle East	1.1
India	3.9	South America	1.0
Brazil	2.3	Africa	0.9
South Korea	2.3	Australia	0.4
US	2.3		



Source: CRU

Strategy and growth

The core strategy of the business is to grow Anglo American's position in iron ore and make it the cornerstone of the Anglo Ferrous Metals portfolio.

During the year, Anglo American increased its effective interest in the Minas-Rio iron ore project from 49% to 99.4% and also acquired an effective interest of 69.2% in the Amapá iron ore system. These additional shareholdings were achieved through the acquisition of a 98.9% shareholding in Anglo Ferrous Brazil SA, a company which holds a 51% interest in the Minas-Rio iron ore project and a 70% in the Amapá iron ore system. Anglo American also owns a 49% interest in LLX Minas-Rio, the owner of the port of Açu, which it acquired during 2007.

Sishen's jig plant made a 4.7 Mt contribution to production during the period, having been commissioned at the end of 2007. Ramp up continues and full design capacity of 13 Mtpa is expected to be achieved in the fourth quarter of 2009.

Projects

Minas-Rio's capital expenditure programme fell behind schedule during 2008, mainly due to the delay in obtaining several environmental licences and permits that prevented the initiation of works, particularly at the mine and beneficiation plant. The project also experienced delays in negotiations with groups of landowners, thereby slowing the progress on the pipeline, transmission line and the access roads to the port. However, a number of other key environmental licences were granted during the year, including the Installation Licences for the port and pipeline and the Preliminary Licences for the beneficiation plant and the mine.

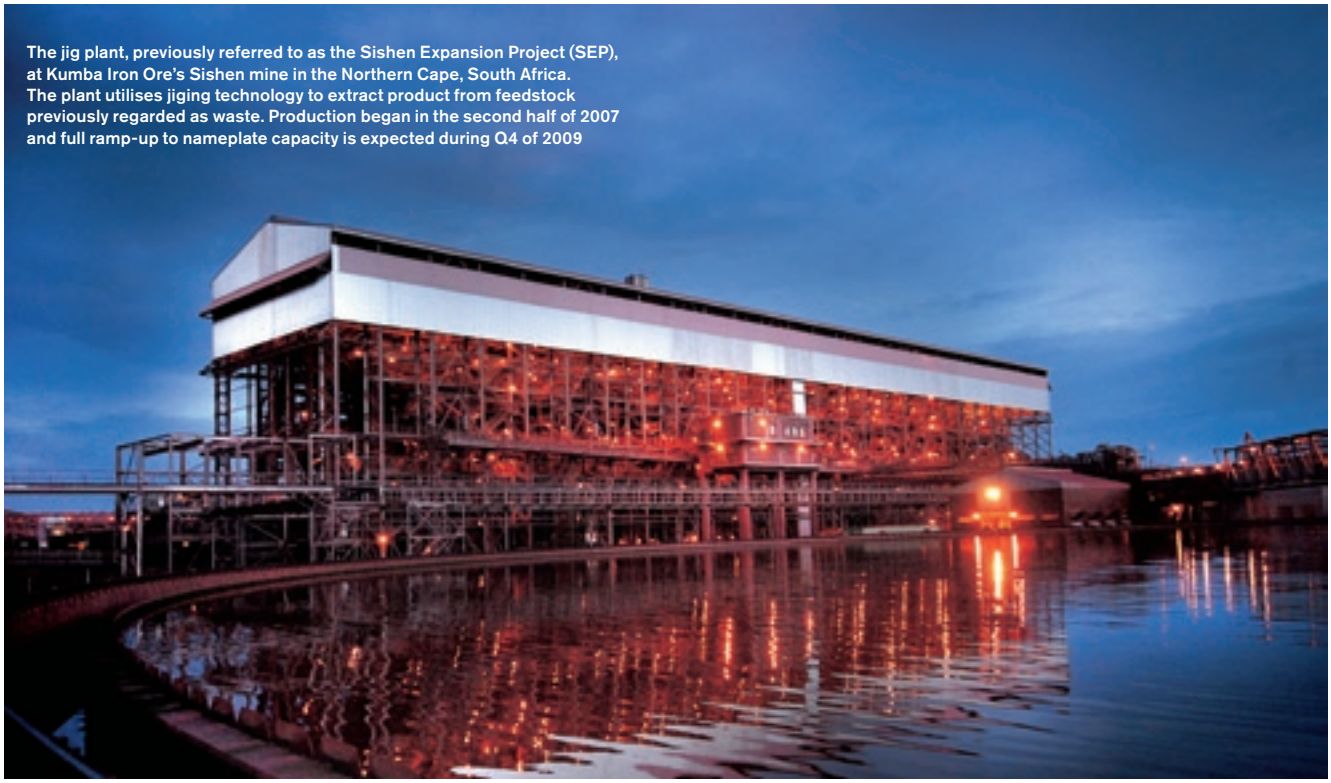
The pace of construction at Minas-Rio is driven by the timing of the Environmental Licence and other permits, and therefore, there is expected to be a 12 to 15 month commissioning delay to the first phase of the Minas-Rio iron ore project, with first production now expected in the second quarter of 2012. Planned annual capacity will be 26.5 Mtpa of iron ore pellet feed at an anticipated cost of $3.6 billion, which is currently being updated following the announced delay.

Anglo American will continue to develop the Minas-Rio iron ore project during 2009, with planned capital expenditure for the year focusing on the port and pipeline units.

The timing of the capital expenditure will be further adjusted in accordance with the granting of the Environmental Licence and other permits. The pre-feasibility study for the second phase of the Minas-Rio iron ore project was initiated during 2008, a phase which will further increase Anglo American's long term iron ore production capacity.

The Sishen South project, which involves the development of an opencast mine some 80 kilometres south of Sishen mine, was approved in July 2008. Earthworks have commenced and bulk construction is scheduled to begin with the establishment of the major civil contracts during the first quarter of 2009. The mine is scheduled to start production in the first half of 2012, ramping up to full capacity of 9 Mtpa in 2013 on an annualised basis.

The $183 million GEMCO expansion project in Australia's Northern Territory commenced commissioning in April 2009. The project is on target to increase GEMCO's manganese ore production capacity from 3.0 million dry metric tonnes per annum (mdmt pa) to 4.0 mdmt pa.



The jig plant, previously referred to as the Sishen Expansion Project (SEP), at Kumba Iron Ore's Sishen mine in the Northern Cape, South Africa. The plant utilises jiging technology to extract product from feedstock previously regarded as waste. Production began in the second half of 2007 and full ramp-up to nameplate capacity is expected during Q4 of 2009

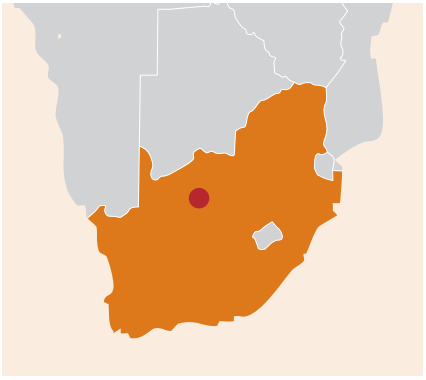
Project pipeline

Sishen Expansion

Overall capex: $588m

Country	**South Africa**
Ownership*	**46.6%**
Incremental production	**13 Mtpa iron ore**
Full project capex	**$588m**
Full production	**Q4 2009**

The Sishen Expansion Project (jig plant), in South Africa's Northern Cape, commenced the ramp up of production during 2008, having been commissioned at the end of 2007. Ramp up continues and full design capacity of 13 Mtpa on an annualised basis is expected to be achieved in the fourth quarter of 2009. This will take Kumba Iron Ore (Kumba) to 44 Mtpa of iron ore production. The plant attained output of 4.7 million tonnes of iron ore in 2008.

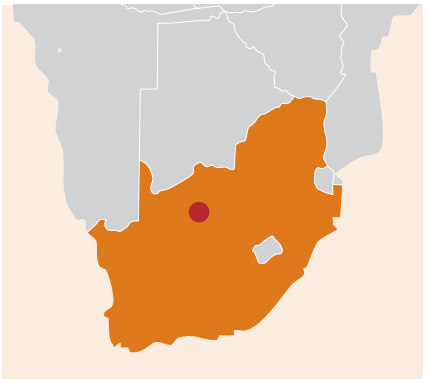


Sishen South

Overall capex: $924m

Country	**South Africa**
Ownership*	**46.6%**
Production volume	**9 Mtpa iron ore**
Full project capex	**$924m**
Full production	**Q3 2013**

The Sishen South project, which involves the development of an opencast mine some 80 kilometres south of Sishen mine, in Northern Cape of South Africa, was approved in July 2008. Earthworks have commenced and bulk construction is scheduled to begin with the establishment of the major civil contracts during the first quarter of 2009. The mine is scheduled to start production in the first half of 2012, ramping up to full capacity of 9 Mtpa in 2013.



Minas-Rio phase 1

Overall capex: $3,627m

Country	**Brazil**
Ownership	**99.4%**
Production volume	**26.5 Mtpa iron ore pellet feed (wet base)**
Full project capex	**$3,627m**
Full production	**Q3 2013**

The Minas-Rio project is located in the state of Minas Gerais, Brazil and will include open pit mines and a beneficial plant producing high grade pellet feed which will be transported, through a slurry pipeline, over 500 km to the Port of Açu in the state of Rio de Janeiro. The pace of construction at Minas-Rio is driven by the timing of the Environmental Licence and other permits, and therefore, there is expected to be a 12 to 15 month commissioning delay to the first phase of the Minas-Rio iron ore project, with first production now expected in the second quarter of 2012. Planned annual capacity will be 26.5 Mtpa of iron ore pellet feed at an anticipated cost of $3.6 billion, which is currently being updated following the announced delay.

* Kumba Iron Ore owns 74% of Sishen. Anglo American plc through its 63% ownership in Kumba effectively owns 46.6% of Sishen.

Production data

	unit	2008	2007
Kumba Iron Ore			
Lump	tonnes	22,042,000	19,043,000
Fines	tonnes	14,657,000	13,357,000
Amapá[1]			
Sinter feed	tonnes	128,000	–
Pellet feed	tonnes	584,000	–
Total iron ore production	**tonnes**	**37,411,000**	**32,400,000**
Scaw Metals			
South Africa – Steel Products	tonnes	771,000	776,000
International – Steel Products	tonnes	879,000	803,000
Samancor Manganese[2]			
Manganese ore	tonnes	2,704,000	2,411,000
Manganese alloys[3]	tonnes	306,000	310,000

[1] Production from Amapá is included from 5 August 2008. Amapá is not currently in commercial production. Until commercial production is reached all revenue and related costs are being capitalised. Amapá production for full year 2008 was 1.2 Mt.

[2] Saleable production.

[3] Production includes Medium Carbon Ferro Manganese.

Reserves and resources data

Kumba Iron Ore

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The SAMREC Code, 2007. The Mineral Resources are reported as exclusive of those Mineral Resources modified to produce the Ore Reserve figures, i.e. the Ore Reserves are excluded from the Mineral Resource figures. In contrast, in 2007, Anglo American reported Mineral Resources for Kumba Iron Ore inclusive of Ore Reserves. The change to an exclusive reporting basis is in alignment with Anglo American's reporting practice. These exclusive Mineral Resources are taken from the Kumba Iron Ore Annual Report of 2007.

The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Iron Ore Ore Reserves	Attributable %	Classification	Tonnes million 2008	Tonnes million 2007	Grade 2008	Grade 2007	Saleable product million tonnes 2008	Saleable product million tonnes 2007
Sishen Iron Ore Mine (OP)[1]	36.6				%Fe	%Fe		
		Proved	709.2	805.3	59.7	59.5	536@65.0% Fe	598@65.2% Fe
		Probable	247.7	227.2	59.3	60.0	187@65.1% Fe	174@65.3% Fe
		Total	**956.9**	**1,032.5**	**59.6**	**59.6**	**723@65.0% Fe**	**772@65.2% Fe**
Thabazimbi Iron Ore Mine (OP)	46.6				%Fe	%Fe		
		Proved	4.1	7.8	64.5	62.9	4@64.9% Fe	7@63.5% Fe
		Probable	0.8	1.5	64.9	62.7	1@65.1% Fe	1@63.1% Fe
		Total	**4.9**	**9.3**	**64.6**	**62.9**	**5@64.9% Fe**	**8@63.4% Fe**
Sishen South Iron Ore Project (OP)[2]	46.6				%Fe	%Fe		
		Proved	123.1	97.7	64.2	64.7	123@64.1% Fe	97@64.7% Fe
		Probable	91.0	78.2	63.9	63.6	91@63.9% Fe	78@63.6% Fe
		Total	**214.1**	**175.9**	**64.1**	**64.2**	**214@64.0% Fe**	**176@64.2% Fe**

Iron Ore Mineral Resources	Attributable %	Classification	Tonnes million 2008	Tonnes million 2007	Grade 2008	Grade 2007
Sishen Iron Ore Mine (OP)	36.6				%Fe	%Fe
Within Pit		Measured	44.8	31.2	59.5	60.7
		Indicated	14.5	23.2	57.7	59.7
		Measured and Indicated	**59.3**	**54.5**	**59.1**	**60.3**
		Inferred in Mine Plan	4.2	4.9	61.8	62.4
Outside Pit[3]		Measured	713.9	617.8	54.6	55.2
		Indicated	701.0	588.5	57.4	58.6
		Measured and Indicated	**1,414.8**	**1,206.3**	**56.0**	**56.9**
		Inferred	146.6	109.7	59.4	61.0
Thabazimbi Iron Ore Mine (OP)	46.6				%Fe	%Fe
Within Pit		Measured	0.7	0.5	61.0	62.3
		Indicated	0.0	0.1	61.8	61.6
		Measured and Indicated	**0.7**	**0.5**	**61.0**	**62.2**
		Inferred in Mine Plan	0.3	0.3	61.8	61.6
Outside Pit		Measured	18.0	18.1	62.4	62.4
		Indicated	4.8	4.9	63.4	63.4
		Measured and Indicated	**22.9**	**23.0**	**62.6**	**62.6**
		Inferred	2.6	2.7	63.5	63.4
Sishen South Iron Ore Project (OP)	46.6				%Fe	%Fe
Within Pit[4]		Measured	0.9	–	61.1	–
		Indicated	0.8	–	61.6	–
		Measured and Indicated	**1.7**	**–**	**61.3**	**–**
		Inferred in Mine Plan	35.4	–	65.5	–
Outside Pit		Measured	48.6	31.3	65.1	65.6
		Indicated	20.0	55.6	65.0	64.3
		Measured and Indicated	**68.6**	**86.8**	**65.1**	**64.8**
		Inferred	47.1	10.1	62.5	63.4

Mining method: OP = Open Pit.

The tonnage is quoted as dry metric tonnes and abbreviated as Mt for million tonnes.
Kumba Iron Ore delimit resources within an economic shell based on double the Free On Rail forward-looking long-term iron ore price.
The Mineral Resources in addition to those considered for the Life of Mine (LOM) are reported as Outside Pit.
The Zandrivierspoort Project is no longer reported as Anglo American's shareholding (23.3%) is below the internal threshold for reporting. Details of this project are presented in the Kumba Iron Ore Annual Report.

[1] **Sishen Iron Ore Mine – Ore Reserves:** Decrease is predominantly reflective of production with a lesser contribution from changes to the geological model.

[2] **Sishen South Iron Ore Project – Ore Reserves:** Increase is attributable to an updated geological model, changes in economic assumptions including the increased forward-looking Free On Rail iron-ore price and a reduced cut-off grade.

[3] **Sishen Iron Ore Mine – Outside Pit:** Increase is due to revision of geological model based on exploration drilling and the increased forward-looking Free On Rail iron-ore price.

[4] **Sishen South Iron Ore Project – Within Pit:** Increase is mainly a response to the increased forward-looking Free On Rail iron-ore price.

The Mineral Resources of the following operations were reviewed during 2008 by independent consultants: Sishen Iron Ore Mine.

Reserves and resources data continued

Anglo Ferrous Brazil

The Minas-Rio project is located in the state of Minas Gerais, Brazil and will include open pit mines and a beneficiation plant producing high grade pellet feed which will be transported, through a slurry pipeline, over 500km to the Port of Açu in the state of Rio de Janeiro. The project will largely be based on the two main deposits of Serra do Sapo and Itapanhoacanga. Two ore types, Friable and Hard Itabirite, have been identified at Serra do Sapo and Itapanhoacanga. Only the Friable Itabirite at Serra do Sapo is being considered for Phase 1 of the project. The planned annual capacity of Phase 1 is 26.5 Mtpa of iron ore pellet feed (wet tonnes), for start up during the second quarter of 2012.

The estimates of Mineral Resources have been audited by an independent Qualified Person from SRK who has compiled a NI 43-101 compliant Technical Report. In the case of the Serra do Sapo deposit a new Mineral Resource estimate was prepared in 2008 by Anglo Ferrous Brazil and audited by SRK. The Mineral Resources are also JORC compliant. The Qualified Person has consented to the inclusion of the resources in the table below, and associated footnotes, and agrees with the context and form in which they occur.

The figures reported represent 100% of the Mineral Resources. Anglo American plc's effective interest in the Minas Rio Project is 99.4%. Rounding of figures may cause computational discrepancies.

Minas-Rio Project[1][7][8] Iron Ore Mineral Resources	Attributable %	Classification	Tonnes million 2008	Tonnes million 2007	Grade 2008	Grade 2007
Itapanhoacanga (OP)[3][4]	99.4				%Fe	%Fe
Friable Itabirite		Measured	–	–	–	–
		Indicated	83.0	83.0	40.3	40.3
		Measured and Indicated	**83.0**	**83.0**	**40.3**	**40.3**
		Inferred[2]	284.0	284.0	40.4	40.4
Hard Itabirite		Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred[2]	32.0	32.0	34.2	34.2
Serra do Sapo (OP)[5]	99.4				%Fe	%Fe
Friable Itabirite and Hematite[6]		Measured	462.0	–	38.1	–
		Indicated	565.8	222.0	37.5	41.0
		Measured and Indicated	**1,027.8**	**222.0**	**37.8**	**41.0**
		Inferred[2]	143.9	313.0	34.3	39.5
Hard Itabirite		Measured	–	–	–	–
		Indicated	1,650.5	171.0	31.0	34.8
		Measured and Indicated	**1,650.5**	**171.0**	**31.0**	**34.8**
		Inferred[2]	680.8	141.0	30.3	34.2

Mining method: OP = Open Pit.

(1) **Minas-Rio Project:** All Mineral Resources are stated as wet metric tonnes and the moisture content is estimated at 7%.

(2) **Minas-Rio Project – Inferred Resources:** Due to the uncertainty in the estimates of Inferred Resources, it should not be assumed that all of the Inferred Resources will necessarily upgrade to Indicated or Measured Resources.

(3) **Itapanhoacanga:** Cut-off grade used is 33% Fe.

(4) **Itapanhoacanga – Further lower grade resources above a cut-off of 20% Fe:**
Friable Itabirite – an estimated 7 Mt of Indicated Mineral Resources at an estimated average grade of 32% Fe;
Friable Itabirite – an estimated 78 Mt Inferred Mineral Resources at an estimated average grade of 29% Fe; and
Hard Itabirite – an estimated 19 Mt of Inferred Mineral Resources at an estimated average grade of 31% Fe.

(5) **Serra do Sapo:** A new geological model and resource estimate was completed during 2008. A significant increase in Mineral Resources has occurred due to the inclusion of new drill results. Additional increases are attributable to a lowering of cut-off grade to 25% Fe from the previous 33% Fe.

(6) **Serra do Sapo – Friable Itabirite and Hematite:** The hematite material has been included within the friable material type, as it is an attractive material type economically but not significant in tonnage terms.

(7) **Serro deposit – Resources above a cut-off of 33% Fe:**
Friable plus Hard Itabirite – an estimated 25 Mt of Indicated and 56 Mt of Inferred Mineral Resources at an estimated average grade of approximately 38% Fe;
Further lower grade resources above a cut-off of 20% Fe:
Friable plus Hard Itabirite – an estimated 101 Mt of Indicated and 256 Mt of Inferred Mineral Resources at an estimated average grade of 29% Fe.

(8) **João Monlevade deposit – Resources above a cut-off of 30% Fe:**
Friable Itabirite – an estimated 133 Mt of Inferred Mineral Resources at an estimated average grade of 47% Fe.

Amapá iron ore system

Anglo American acquired an effective 69.2% interest in the Amapá project during 2008. During 2008 new exploration drilling was conducted within the project mineral rights area. A resource and reserve estimate incorporating all project data will be prepared in 2009.

Samancor Manganese

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The SAMREC Code, 2007 and The JORC Code, 2004 as applicable. The Mineral Resources are reported as inclusive of those Mineral Resources modified to produce the Ore Reserve figures, i.e. the Ore Reserves are included in the Mineral Resource figures.

The figures reported represent 100% of the Ore Reserves and Mineral Resources. Rounding of figures may cause computational discrepancies.

Manganese Ore Reserves	Attributable %	Classification	Tonnes million 2008	Tonnes million 2007	Grade 2008	Grade 2007	% Yield 2008	% Yield 2007
GEMCO (OP)[1]	40.0				%Mn	%Mn		
		Proved	71.9	81.8	48.2	48.2	49.4	49.3
		Probable	43.9	44.7	47.1	47.2	47.0	47.0
		Total	**115.8**	**126.5**	**47.8**	**47.8**	**48.5**	**48.5**
Hotazel Manganese Mines	40.0				%Mn	%Mn		
Mamatwan (OP)[2]		Proved	40.5	44.0	37.7	37.6		
		Probable	8.1	8.1	36.8	36.4		
		Total	**48.6**	**52.1**	**37.6**	**37.4**		
Wessels (UG)[3]		Proved	3.9	4.6	46.5	46.0		
		Probable	14.9	14.8	45.3	45.2		
		Total	**18.8**	**19.4**	**45.5**	**45.4**		

Manganese Mineral Resources	Attributable %	Classification	Tonnes million 2008	Tonnes million 2007	Grade 2008	Grade 2007	% Yield 2008	% Yield 2007
GEMCO (OP)[4]	40.0				%Mn	%Mn		
		Measured	74.6	80.1	46.3	46.5	44.2	44.2
		Indicated	47.5	47.7	46.0	46.0	44.0	44.0
		Measured and Indicated	**122.1**	**127.8**	**46.2**	**46.3**	**44.1**	**44.1**
Hotazel Manganese Mines[5]	40.0				%Mn	%Mn		
Mamatwan (OP)[6]		Measured	51.8	56.2	37.6	37.6		
		Indicated	13.9	15.6	36.3	36.4		
		Measured and Indicated	**65.7**	**71.8**	**37.3**	**37.3**		
Wessels (UG)[7]		Measured	6.7	8.8	47.3	46.0		
		Indicated	119.6	30.7	44.0	45.3		
		Measured and Indicated	**126.3**	**39.5**	**44.1**	**45.5**		

Mining method: OP = Open Pit, UG = Underground.

Mamatwan tonnages stated as wet metric tonnes. Wessels and GEMCO tonnages stated as dry metric tonnes.

[1] **GEMCO – Ore Reserves:** Changes are the result of pricing changes (increases) between FY07 and FY08. Culturally significant areas have also been excised from the Ore Reserves (G Quarry rainforest) adjacent to the local community. This excision equates to 3.24 Mt of ROM for 1.29 Mt of product at 47.6% Mn at a yield of 40%.

[2] **Mamatwan – Ore Reserves:** X-Zone included as a reserve.

[3] **Wessels – Ore Reserves:** Dilution factors as per Ukwazi Mining were used for the resource to reserve conversion. Note that the reserve estimation includes a fines portion of 24% which defines the difference between ROM and quality product. Changes due to following: Revised structural interpretation and model of the Lower Body; Wessels Mine used to be a high grade mine – mean manganese content for W1Lump being 48%. As a result only this high grade portion was previously declared while a low grade portion, W4Lump at a mean grade of 41.8% manganese, was declared as an exclusive resource, with the selling of this product being dependent on marketing requirements. Positive changes in market conditions now allow for the inclusion of all grades above a cut-off of 37.5% Mn; The traditional W1L at a mean grade of 48% was also adjusted to 47% Mn; Changes also due to mine production depletion.

[4] **GEMCO – Mineral Resources:** The resource has only been depleted due to mine production.

[5] **Hotazel Manganese Mines:** An agreement has been signed between Samancor Manganese and an empowerment consortium Ntsimbintle Mining (Pty) Ltd, but remains subject to government approval. When approved, this transaction allows for the inclusion of part of the Prospecting Rights held by Ntsimbintle into the Wessels and Mamatwan Mining Areas in exchange for 9% of the equity in Hotazel Manganese Mines, thereby adding the resources within the Ntsimbintle Prospecting Right to the Wessels and Mamatwan Mining Rights. The Anglo American share of Wessels and Mamatwan mines (Hotazel Manganese Mines) will consequently drop to 36.4%.

[6] **Mamatwan – Mineral Resources:** Mineral Resources have been declared above a 35% Mn cut-off grade and also exclude those resources to be contributed by Ntsimbintle Mining (Pty) Ltd.

[7] **Wessels – Mineral Resources:** Changes due to following: Revised structural interpretation and model of the Lower Body; The Upper Body, after extensive evaluation, was added as an Indicated Resource. Changes also due to mine production depletion. Figures exclude those resources to be contributed by Ntsimbintle Mining (Pty) Ltd.