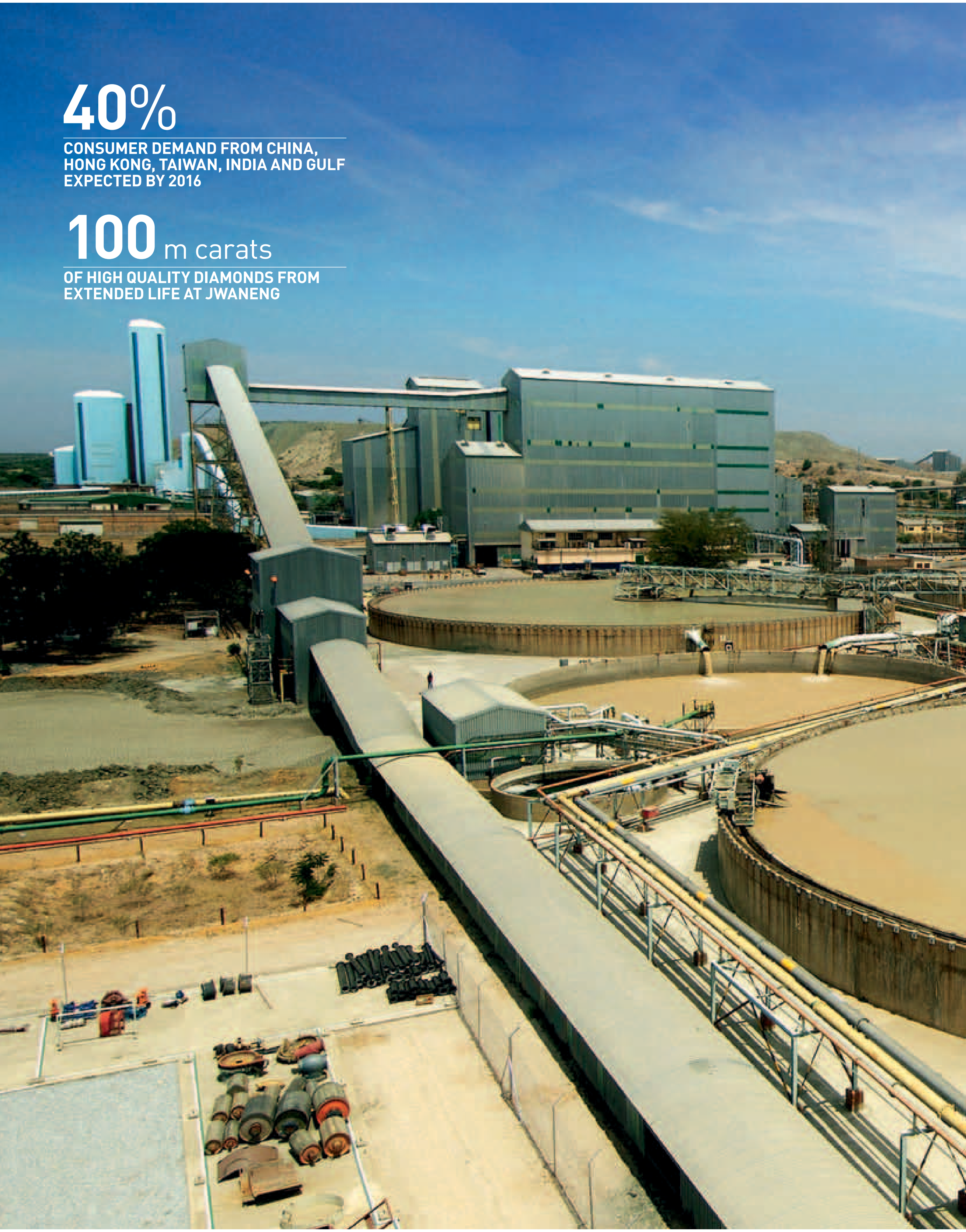
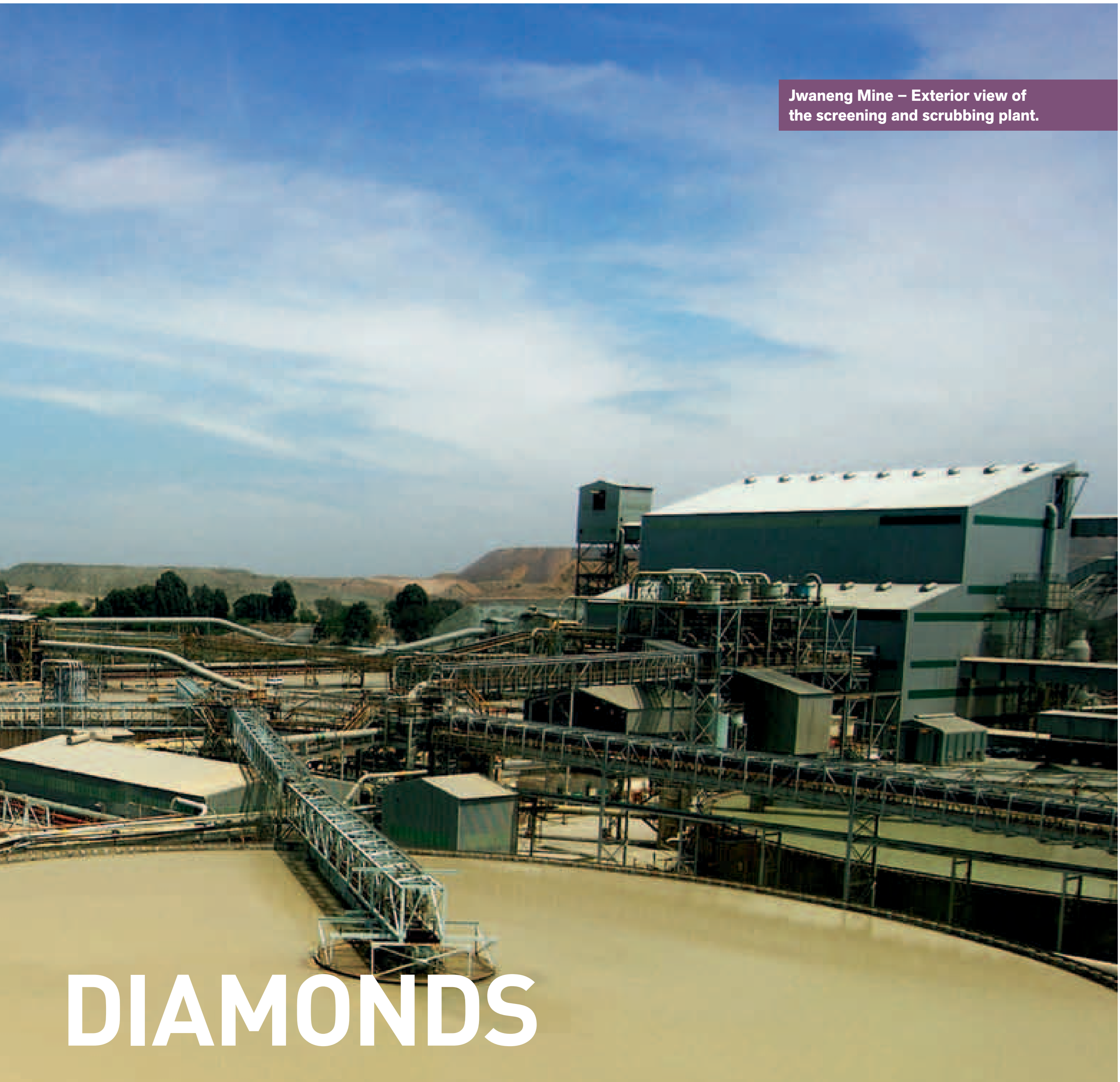


**40%**

**CONSUMER DEMAND FROM CHINA, HONG KONG, TAIWAN, INDIA AND GULF EXPECTED BY 2016**

**100** m carats

**OF HIGH QUALITY DIAMONDS FROM EXTENDED LIFE AT JWANENG**



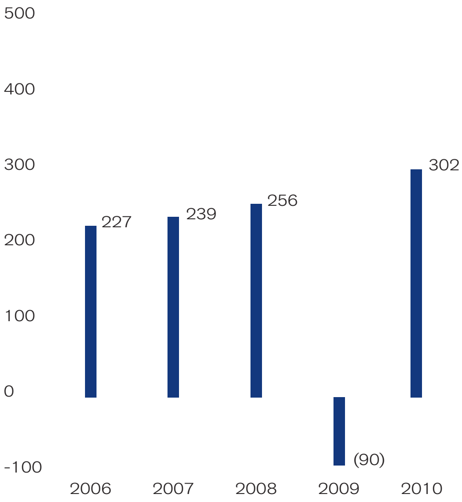
Jwaneng Mine – Exterior view of the screening and scrubbing plant.

# DIAMONDS

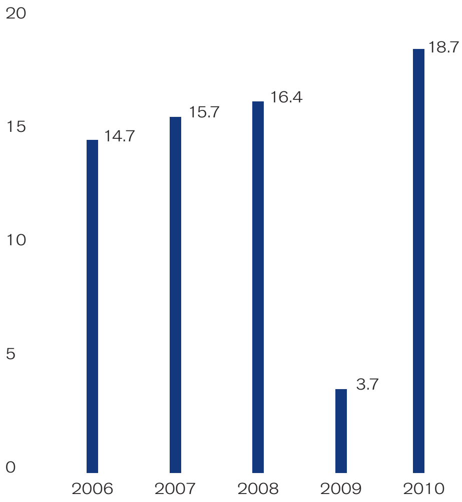
Independently managed De Beers is the world's leading diamond exploration, mining and marketing company. De Beers generates about 35% (by value) of global rough diamond production from its operations in South Africa, Botswana, Namibia and Canada.

# FINANCIAL HIGHLIGHTS

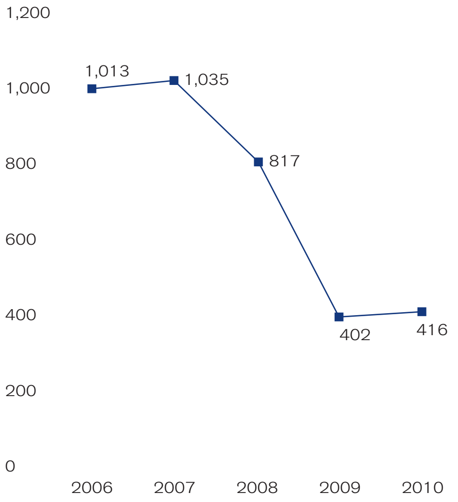
## FIVE YEAR SHARE OF ASSOCIATE'S UNDERLYING EARNINGS
$m



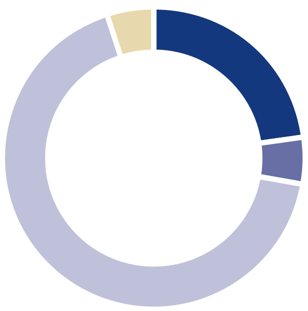

## OPERATING MARGIN
%




## DE BEERS ANNUAL OPERATING COSTS 2006-10
$m

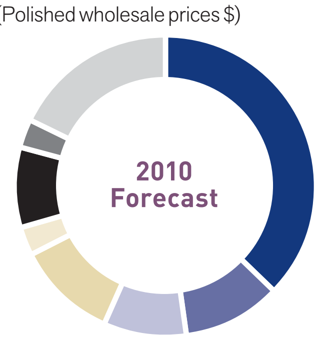



## 2010 DE BEERS MINE PRODUCTION BY REGION
(million carats)

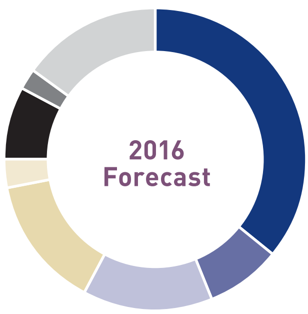


South Africa 7.6
Nambia 1.5
Botswana 22.2
Canada 1.7
**Total 33.0**

## CONSUMER DEMAND FORECASTS
(Polished wholesale prices $)




USA 38%
Japan 11%
India 10%
China/Hong Kong 11%
Taiwan 2%
Gulf 8%
Turkey 2%
Rest of world 18%




USA 36%
Japan 8%
India 14%
China/Hong Kong 14%
Taiwan 3%
Gulf 8%
Turkey 2%
Rest of world 15%

Note: China, Hong Kong, Taiwan, India and Gulf expected to account for approximately 40% of consumer demand by 2016

# FINANCIAL DATA

| $m | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| **Turnover** | | | | | |
| Subsidiaries | – | – | – | – | – |
| Joint ventures | – | – | – | – | – |
| Associates | 2,644 | 1,728 | 3,096 | 3,076 | 3,148 |
| **Total turnover** | **2,644** | **1,728** | **3,096** | **3,076** | **3,148** |
| **EBITDA** | **666** | **215** | **665** | **587** | **541** |
| **Depreciation and amortisation** | **171** | **151** | **157** | **103** | **78** |
| **Operating profit before special items and remeasurements** | **495** | **64** | **508** | **484** | **463** |
| Operating special items and remeasurements | (29) | (203) | (226) | (465) | (17) |
| **Operating profit after special items and remeasurements** | **466** | **(139)** | **282** | **19** | **446** |
| **Net interest, tax and minority interests** | **(193)** | **154** | **(252)** | **(245)** | **(236)** |
| **Total underlying earnings** | **302** | **(90)** | **256** | **239** | **227** |
| **Group's associate investment in De Beers[1]** | **1,936** | **1,353** | **1,623** | **1,802** | **2,062** |

[1] Excludes shareholder loans of $358 million and preference shares of nil respectively (2009: $367 million and $88 million respectively).

Aquarium – The tall Jwaneng Aquarium building which comprises of the FISH (fully integrated sort house) and the CARP (completely automated recovery process).

# BUSINESS OVERVIEW

## WORLD'S LEADING DIAMOND BUSINESS
No.1

## CARATS EXPECTED TO BE PRODUCED IN 2011
38m

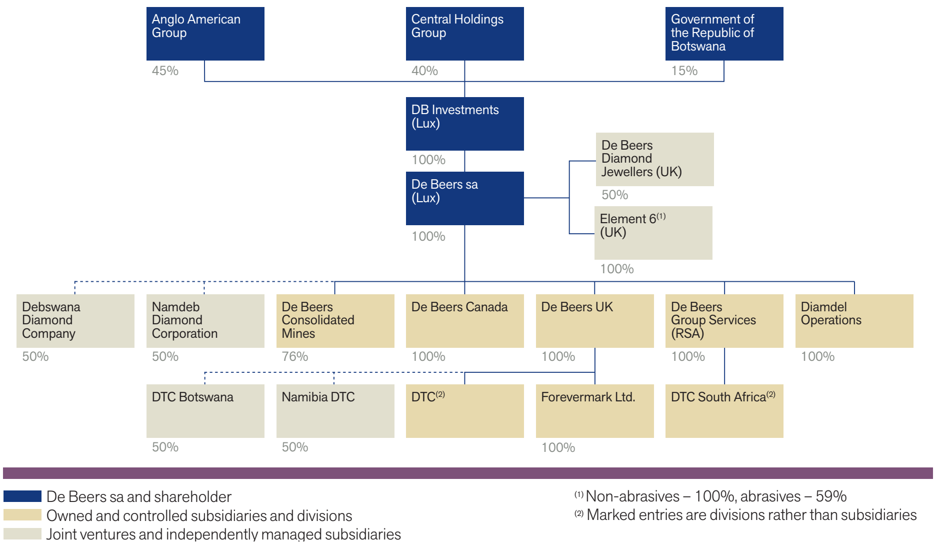
## MINE LIFE EXTENDED AT JWANENG, THE WORLD'S FLAGSHIP DIAMOND MINE, TO
2025

## FINANCIAL HIGHLIGHTS

| $ million (unless otherwise stated) | 2010 | 2009 |
|---|---|---|
| Operating profit | **495** | 64 |
| EBITDA | **666** | 215 |
| Share of Group operating profit | **5%** | 1% |
| Group's associate investment in De Beers[1] | **1,936** | 1,353 |

[1] Excludes shareholder loans of $358 million and preference shares of nil (2009: $367 million and $88 million respectively)

## DE BEERS OWNERSHIP STRUCTURE




## BUSINESS OVERVIEW

Anglo American's diamond interests are represented by our 45% shareholding in De Beers. The other shareholders in De Beers are Central Holdings Ltd (an Oppenheimer family owned company), which owns 40%, and the Government of the Republic of Botswana (GRB) with 15%.

De Beers is the world's leading diamond business and with its joint venture partners operates in more than 20 countries across six continents, employing around 16,000 people. The company produces around 35% of the world's rough diamonds by value from its mines in Botswana, Canada, Namibia and South Africa.

De Beers holds a 50% interest in Debswana Diamond Company and in Namdeb Diamond Corporation, owned jointly with the GRB and the Government of the Republic of Namibia (GRN) respectively, and a 70% shareholding in De Beers Marine Namibia.

In addition, De Beers has a 74% shareholding in South African based De Beers Consolidated Mines Limited, with a broad based black economic empowerment consortium (the Ponahalo Holdings) holding the balance.

De Beers owns 100% of The Diamond Trading Company (DTC), the sales and rough diamond distribution arm of De Beers. It also has a 50% interest with the GRB in DTC Botswana and a 50% ownership, along with the GRN's matching shareholding, in Namibia DTC.

De Beers and LVMH Moët Hennessy Louis Vuitton have established a high-end retail jewellery joint venture, through De Beers Diamond Jewellers, with stores in the most fashionable areas of some of the world's great cities, including New York, Los Angeles, London, Paris, Tokyo and Dubai.

De Beers, through Element Six, is the world's leading supplier of industrial diamond supermaterials. Element Six operates internationally, with 10 manufacturing sites worldwide and a comprehensive global sales network. It is the leading player in the markets in which it operates.

## CANADA

Victor mine and the Snap Lake mine in Canada are De Beers' first mining ventures outside of the African continent. Victor mine is located in the James Bay lowlands of northern Ontario, about 90km west of the First Nation community of Attawapiskat. It is so remote that it can only be accessed by air or seasonal ice road. The mine employs more than 400 local people and has channelled over C$175 million of investment into local Aboriginal businesses. Snap Lake mine lies 220 km northeast of Yellowknife and is Canada's first completely underground diamond mine. Both projects were completed in 2008. Combined output for 2010 was 1.75 million carats.

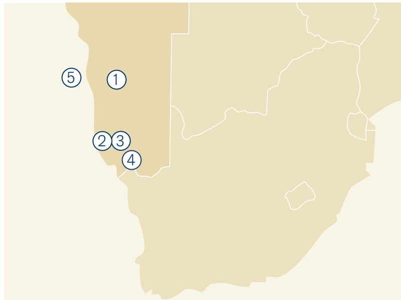
- 1 **100% Snap Lake**
- 2 **100% Victor**

**Key**
- Underground
- Open cut
- Other

## NAMIBIA

Namdeb, a 50:50 partnership between De Beers and the Namibian government, has historically been a source of high value gemstones. Today, it is the acknowledged leader in the recovery of alluvial diamonds. In 2010 Namdeb's production was 1.47 million carats.

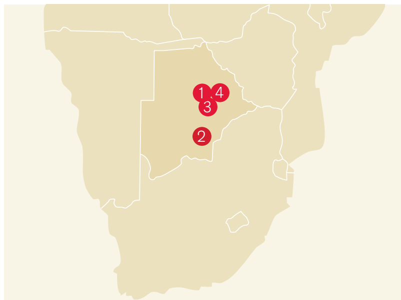
- 1 **50% Alluvial contractors**
- 2 **50% Elizabeth Bay**
- 3 **50% Mining Area 1**
- 4 **50% Orange River**
- 5 **50% Atlantic1**



## BOTSWANA

Debswana, a 50:50 partnership between De Beers and the Botswana government, produced 22.22 million carats in 2010. Debswana operates two of the world's great diamond mines, Jwaneng and Orapa.

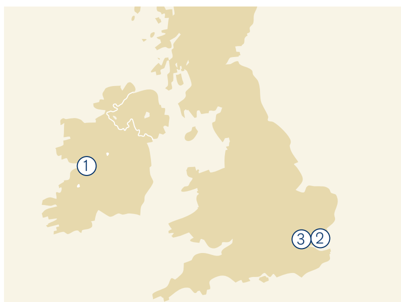
- 1 **50% Orapa**
- 2 **50% Jwaneng**
- 3 **50% Letlhakane**
- 4 **50% Damtshaa**



## UNITED KINGDOM/IRELAND

De Beers Diamond Jewellers (DBDJ) is an independently managed jewellery retail joint venture with Moët Hennessy Louis Vuitton. Globally, the DBDJ network is comprises of 40 stores. The store network is now spread across the US (11), Europe (8), Middle East (4), East Asia (7) and Japan (10). Element Six (E6) is an industrial diamond supermaterials business, supplying diverse global markets such as oil and gas, mining, construction, automotive, aerospace, defence, electronics, semiconductor and general engineering.

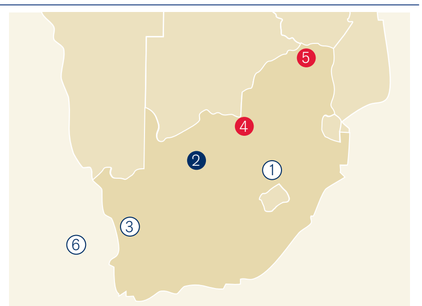
- 1 **Element Six (E6) (Ireland)**
- 2 **De Beers Diamond Jewellers**
- 3 **100% De Beers UK Ltd**



## SOUTH AFRICA

De Beers Consolidated Mines produced 7.56 million carats in 2010, 58% above 2009.

- 1 **74% Kimberley**
- 2 **74% Finsch**
- 3 **74% Namaqualand**
- 4 **74% Voorspoed**
- 5 **74% Venetia**
- 6 **74% South African Sea Areas**



# INDUSTRY OVERVIEW

## INDUSTRY OVERVIEW

Up to two-thirds of the world's diamonds, by value, originate from southern and central Africa, while significant sources have been discovered in Russia, Australia and Canada. Most diamonds come from the mining of kimberlite deposits. Another important source of gem diamonds, however, has been secondary alluvial deposits formed by the weathering of primary kimberlites and the subsequent deposition of released diamonds in rivers and beach gravels.

Rough or uncut diamonds are broadly classified either as gem or industrial quality, with gem being overwhelmingly (>99%) the larger of the two markets, by value. The primary world market for gem diamonds is in retail jewellery, where aspects such as size, colour, shape and clarity have a large impact on valuation. De Beers, through the DTC, and its partners in Botswana, South Africa and Namibia, supplies its clients – known as 'Sightholders' – with parcels of rough diamonds that are specifically aligned to their respective cutting and polishing needs.

### Markets

The first half of 2010 saw a strong recovery in demand for rough diamonds from DTC Sightholders against the low levels seen in early 2009. This recovery trend continued through the second half of the year following improved demand from retail markets, particularly in the eastern markets of India and China. By the end of 2010, DTC rough diamond prices had returned to pre-recession levels.

Since launching two years ago, De Beers' proprietary diamond brand, Forevermark, has continued to establish itself in China, Hong Kong and Japan. Forevermark jewellery is now available in 348 stores globally, a 40% increase on the beginning of 2009. Expansion, particularly across China, is progressing rapidly with five new cities added in 2010 and further locations planned for 2011.

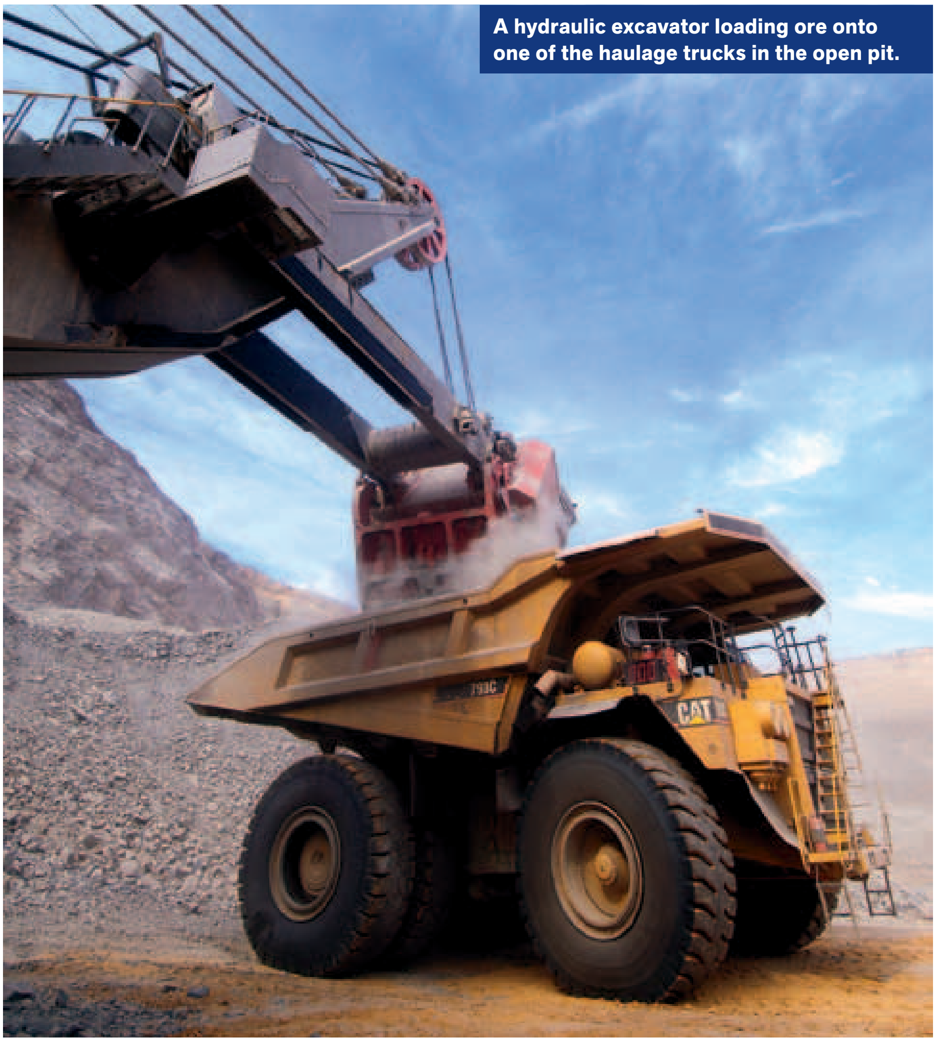
### Operating performance

Revenue from sales of rough diamonds by the DTC, including those through joint ventures, increased by 57% compared with 2009, in response to increased consumer demand. Approximately 33.0 million carats were recovered from wholly owned and joint venture operations in 2010, compared with around 24.6 million carats in 2009, an increase of 34%.

The business has remained focused on prudent cash management and has continued to tackle costs aggressively. While costs necessarily rose due to increased production levels, exacerbated by a weaker US dollar, De Beers was able to maintain savings from the restructuring of the cost base in 2009, contributing to improved margins. In Botswana, Debswana commenced a comprehensive operations and cost review that identified many efficiency improvement opportunities which will be delivered over the next three years.

De Beers has an uncompromising focus on the safety of its employees and the security of its product. Regrettably, Debswana experienced a fatality late in the year, and De Beers' 2010 LTIFR was 0.24 versus 0.21 for 2009. This deteriorating trend is being addressed through the continued roll-out of the Safety Risk Management Programme.

In 2010, a review of the impact of the illicit diamond trade on De Beers demonstrated that there were a number of criminal syndicates behind the systematic theft of product from the operations. This resulted in the development of a new Global Security Strategy, which called for an organisational restructuring, with security specialists being recruited to both the centre and operations. A baseline of security control effectiveness for each operation was also established, forming the basis for improvement targets. Going forward, De Beers will be driving a loss prevention programme as a key pillar to improve product security.



A hydraulic excavator loading ore onto one of the haulage trucks in the open pit.

# STRATEGY AND GROWTH

De Beers is prospecting for diamonds close to its Snap Lake mine, which opened in 2008 in the forbidding terrain of Canada's Northwest Territories.

## STRATEGY AND GROWTH

De Beers introduced Five Strategic Levers in 2010 to drive business growth while permanently capturing the efficiencies gained during the global economic crisis. The company is focused on:

1. Sustainably maximising the price received for its rough diamonds through its distribution system
2. Finding, operating, optimising and investing in those mines that generate superior risk adjusted returns
3. Retaining and investing in downstream opportunities that ensure real value creation
4. Ensuring 2009 cost and capital efficiencies become entrenched
5. Investing in and protecting De Beers' reputation and diamond equity.

In February 2010, the shareholders of De Beers agreed, as part of the De Beers group's refinancing, that additional equity was required by De Beers. The shareholders, accordingly, all agreed to subscribe, in proportion to their current shareholding, for $1 billion of additional equity in De Beers. Our share of such additional equity, in line with our 45% equity holding, amounted to $450 million.

In March 2010, De Beers successfully refinanced all of its international and South African debt. The tenor of all debt facilities was extended to August 2013. At the end of 2010, net debt amounted to $1.76 billion compared with $3.20 billion at the end of 2009, a reduction of 45%.

### Projects

Debswana commenced the Cut-8 extension project at Jwaneng mine during 2010. Cut-8 represents the largest ever mining investment in Botswana, and is expected to extend the life of mine to at least 2025.

De Beers continued to take an active leadership role in protecting consumers' confidence in diamonds. As it has done since its inception, De Beers continued to support the Kimberley Process, offering guidance to DTC Sightholders on the identification of potentially illegal and unethical exports from Zimbabwe's Marange region. De Beers continued to support increased producer country participation in the diamond pipeline, a key element of further empowerment. The 2010 De Beers Shining Light Awards, focused on promoting young, undiscovered designers in southern Africa, was the largest to date, comprising 30 pieces of diamond jewellery from Botswana, Namibia and South Africa.

# DIAMONDS RECOVERED

## SOUTH AFRICA

De Beers Consolidated Mines (74% owned by De Beers)

| Carats (000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Cullinan | – | – | 540 | 964 | 1,150 |
| Finsch Mine | 1,583 | 1,426 | 2,317 | 2,334 | 2,275 |
| Kimberley | 823 | 397 | 913 | 1,638 | 1,945 |
| Koffiefontein | – | – | – | – | 2 |
| Namaqualand | 97 | 71 | 310 | 767 | 978 |
| The Oaks | – | – | 61 | 94 | 103 |
| Venetia | 4,288 | 2,204 | 7,500 | 9,081 | 8,117 |
| Voorspoed | 732 | 532 | 128 | – | – |
| South Africa Sea Areas | 33 | 167 | 191 | 121 | – |
| **Total** | **7,556** | **4,797** | **11,960** | **14,998** | **14,569** |

## BOTSWANA

Debswana (50% owned by De Beers)

| Carats (000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Orapa | 9,527 | 7,575 | 16,869 | 18,708 | 17,338 |
| Letlhakane | 1,221 | 1,066 | 1,200 | 1,113 | 1,089 |
| Jwaneng | 11,470 | 9,039 | 13,674 | 13,476 | 15,638 |
| Damtshaa | – | 54 | 533 | 341 | 228 |
| **Total** | **22,218** | **17,734** | **32,276** | **33,638** | **34,293** |

## NAMIBIA

Namdeb (50% owned by De Beers)

| Carats (000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Land | 492 | 329 | 1,067 | 969 | 1,001 |
| Marine Mining | 980 | 600 | 1,055 | 1,207 | 1,084 |
| **Total** | **1,472** | **929** | **2,122** | **2,176** | **2,085** |

## TANZANIA

| Carats (000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Williamson | – | – | 134 | 220 | 189 |
| **Total** | **–** | **–** | **134** | **220** | **189** |

## CANADA

| Carats (000) | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Victor | 826 | 696 | 714 | – | – |
| Snap Lake | 925 | 444 | 926 | 81 | – |
| **Total** | **1,751** | **1,140** | **1,640** | **81** | **–** |
| **Grand total** | **32,997** | **24,600** | **48,132** | **51,113** | **51,136** |

**Namdeb – employees clean the bedrock of its diamond bearing gravels using a hose to vacuum up the gravel and high pressure air jet to loosen it.**