100%

INCREASE IN NICKEL'S PRODUCTION IN 2011 AS THE BARRO ALTO PROJECT RAMPS UP

185 metres

LENGTH OF EACH OF THE TWO ROTARY KILNS AT BARRO ALTO (PICTURED)

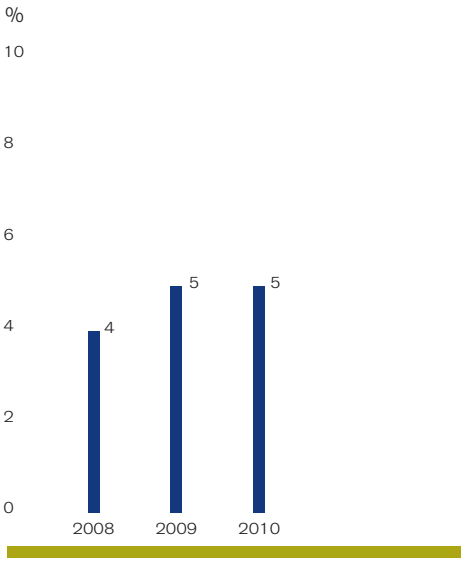
Installation of two 185 metre-long rotary kilns at Barro Alto. Ore is heated at very high temperatures in kilns in a process known as calcining, which removes moisture and water crystallisation from ore and starts the metallurgical process, pre-reducing the ore before feeding it to an electric-arc furnace for smelting.

NICKEL

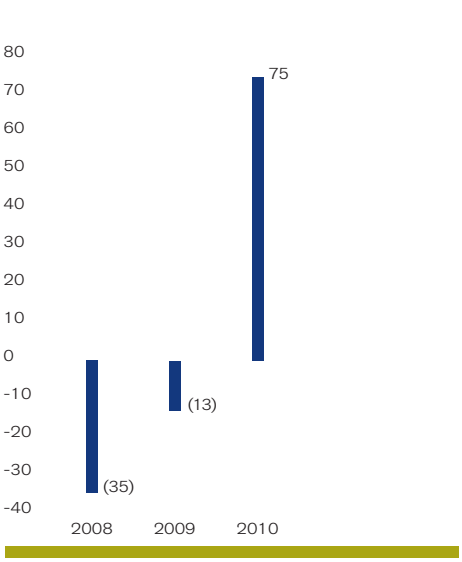
Nickel has three operating assets, Codemin in Brazil, Loma de Níquel in Venezuela, both producing ferronickel, as well as the recently commissioned world class Barro Alto asset in Brazil.

FINANCIAL HIGHLIGHTS

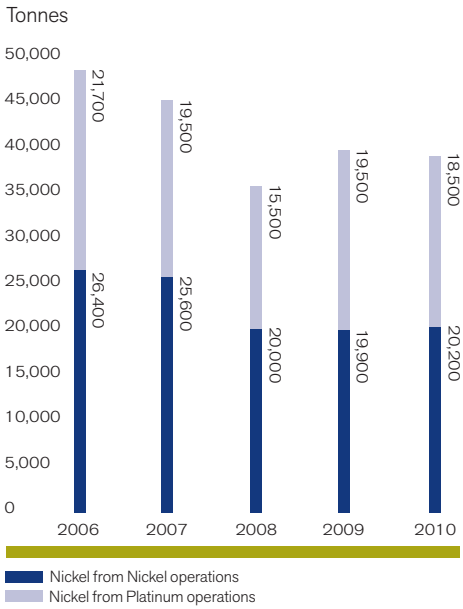
SHARE OF GROUP NET OPERATING ASSETS



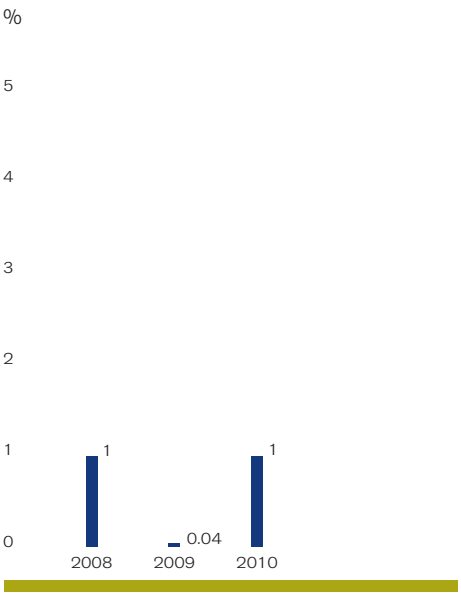
UNDERLYING EARNINGS



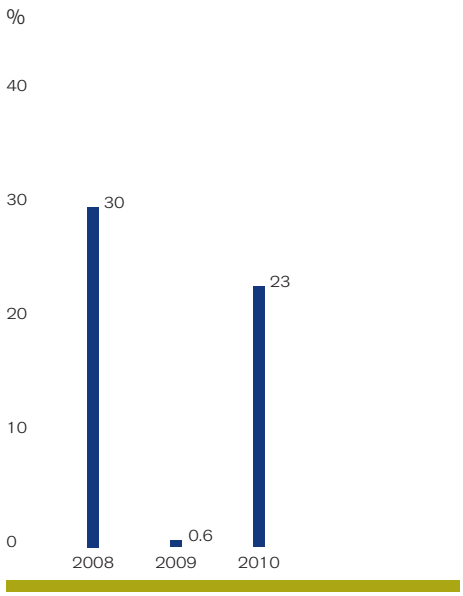
ANGLO AMERICAN NICKEL PRODUCTION



SHARE OF GROUP OPERATING PROFIT



OPERATING MARGIN



FINANCIAL DATA

$m	2010	2009	2008
Turnover			
Codemin	**195**	157	198
Loma de Níquel	**231**	191	210
Projects and Corporate	**–**	–	–
Total turnover	**426**	**348**	**408**
EBITDA			
Codemin	**83**	49	132
Loma de Níquel	**82**	11	48
Projects and Corporate	**(43)**	(32)	(30)
Total EBITDA	**122**	**28**	**150**
Depreciation and amortisation	**26**	**(26)**	**(27)**
Operating profit before special items and remeasurements			
Codemin	**76**	41	123
Loma de Níquel	**65**	(7)	30
Projects and Corporate	**(45)**	(32)	(30)
Total operating profit before special items and remeasurements	**96**	**2**	**123**
Operating special items and remeasurements	**(51)**	(88)	(130)
Operating profit after special items and remeasurements	**45**	**(86)**	**(7)**
Net interest, tax and minority interests	**(21)**	**(15)**	**(158)**
Underlying earnings			
Codemin	**48**	24	94
Loma de Níquel	**55**	17	(97)
Projects and Corporate	**(28)**	(54)	(32)
Total underlying earnings	**75**	**(13)**	**(35)**
Net operating assets	**2,334**	**1,787**	**1,401**
Capital expenditure	**525**	**554**	**530**

Loma De Niquel Nickel Mine – distant view of the mine.

BUSINESS OVERVIEW

CONTAINED NICKEL AT JACARÉ
3.7 Mt

AVERAGE NICKEL PRODUCTION OVER FIRST FIVE YEARS AT BARRO ALTO
41 ktpa

FIRST METAL FROM BARRO ALTO
Q1 2011

FINANCIAL HIGHLIGHTS

$ million (unless otherwise stated)	2010	2009
Operating profit	**96**	2
EBITDA	**122**	28
Net operating assets	**2,334**	1,787
Capital expenditure	**525**	554
Share of Group operating profit	**1%**	0.04%
Share of Group net operating assets	**5%**	5%

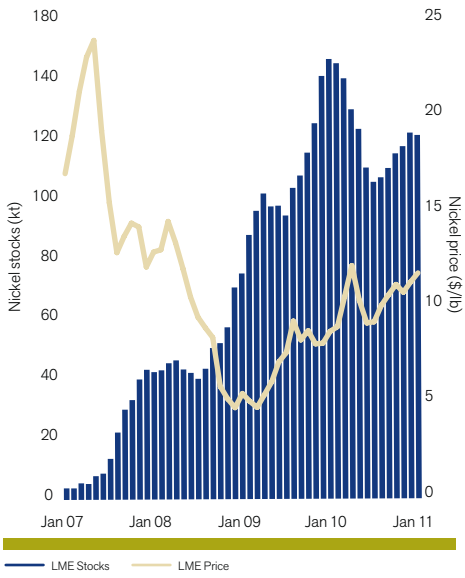
BUSINESS OVERVIEW

Nickel has three operating assets, Codemin in Brazil and Loma de Níquel in Venezuela, both producing ferronickel, as well as the recently commissioned world class Barro Alto asset in Brazil, which delivered first metal in March 2011 and will more than double the business unit's production, adding an average of 36 kt of nickel per year. Within the business unit's portfolio there are also two promising unapproved projects, Jacaré and Morro Sem Boné, both in Brazil, and early-stage exploration projects in Finland, Canada and Australia.

First metal from the recently commissioned world class Barro Alto asset in Brazil.

INDUSTRY OVERVIEW

NICKEL STOCKS AND PRICES



Source: Anglo American Commodity Research

INDUSTRY OVERVIEW

Nickel can occur as two main deposits: sulphides that are found underground and laterites that can be mined by open pit methods. Sulphides contain a significant number of by-products such as gold, silver, copper and PGMs, which typically generate processing credits.

Nickel's main use is as an alloying metal, along with chromium and other metals, in the production of stainless and heat resistant steel. Approximately 66% of nickel is used to manufacture stainless steel and around 25% in other steel and non-ferrous alloys. Primary nickel is used in the form of pure nickel metal, ferronickel, nickel oxide and other chemicals. The steel industry is also supplied by recycled nickel and, in a more recent development, by nickel pig iron (NPI) in China. However, NPI production, which is a highly energy intensive process, decreased in 2010 due to the initiatives implemented by the Chinese government in order to save energy.

The industry is highly cyclical. World stainless steel production increased by nearly 21% in 2010, albeit from a very low base, its strongest growth since 1995. Nickel consumption has risen from about 1.12 Mt in 2000 to about 1.48 Mt in 2010, a compound average growth rate of 2.8% per annum, reflecting an increase in the pace of industrialisation and urbanisation programmes in developing nations.

The nickel market experienced its best year in recent years in 2007 when the average price was $16.86/lb compared with $11.02/lb in 2006 and $6.68/lb in 2005. It has subsequently fallen back and ended 2010 at $11.32/lb.

Markets

Average nickel price (c/lb)	2010	2009
Average market price (LME, cash)	**989**	667
Average realised price	**986**	668

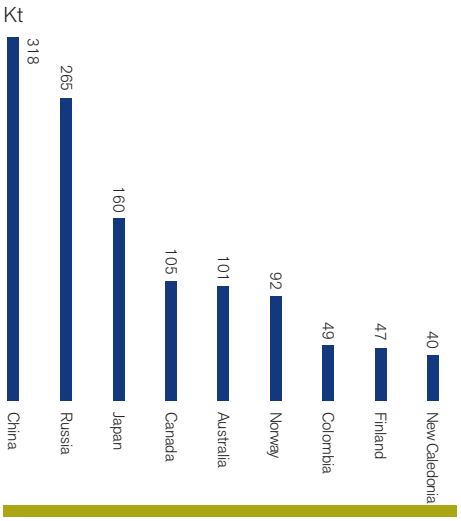
The average nickel price was 48% higher than in 2009, underpinned by strong stainless steel demand. Global nickel consumption increased by 12% to 1.48 Mt in 2010, while supply remained constrained owing to strike action and delays to new projects experienced by a number of producers.

From a low of $7.73/lb during February 2010, prices rose sharply to a high for the year of $12.52/lb in April as a result of improved underlying fundamentals and stainless steel restocking. Prices retreated to $8.14/lb in June amid concerns over the impact of the European debt crises, but rebounded during the fourth quarter, ending the year at $11.32/lb.

LME stocks decreased by 18% from a high of 166,000 tonnes at the beginning of February to 136,000 tonnes at the end of December, indicative of underlying physical demand for nickel.

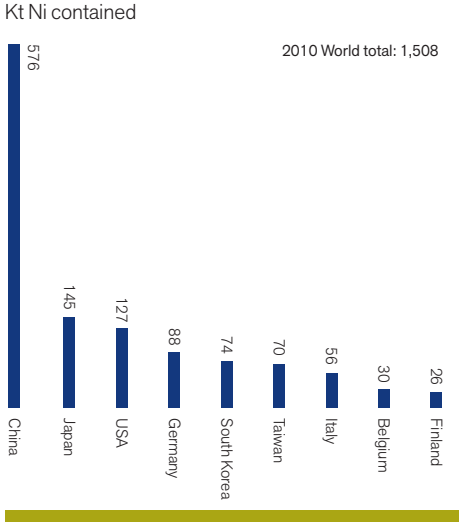
MARKET INFORMATION

LEADING NICKEL PRODUCING COUNTRIES (2010 mine production)



Source: CRU International Ltd

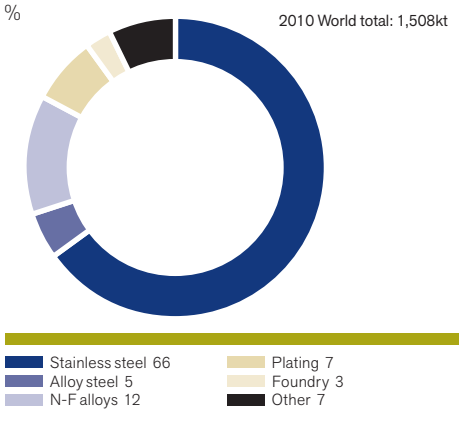
LEADING NICKEL CONSUMERS (2010 refined consumption)



Source: CRU International Ltd

GLOBAL NICKEL CONSUMPTION BY FIRST USE

– estimated end use in 2010



Source: Brook Hunt – a Wood Mackenzie company

STRATEGY AND GROWTH

STRATEGY AND GROWTH

Nickel aims to become a major low cost producer by managing efficiently its existing assets, extracting value with asset optimisation initiatives. In the mid to long term the business unit will grow organically, maximising value from greenfield projects and looking for brownfield opportunities.

The business evaluates inorganic growth options and acquisitions as well as technology development through Anglo American's ARNi (Anglo Research Nickel) section. ARNi is developing a hydrometallurgical process, which could provide the business with a strong competitive advantage.

Significant future growth will come from Barro Alto, which began its ramp-up in early 2011, and will make Anglo American the largest producer of ferronickel in the world with an estimated 11% market share, and one that is well positioned on the lower half of the industry cost curve, making it the world's third most competitive ferronickel producer.

Projects

First metal from the $1.9 billion Barro Alto nickel project was produced on schedule in March 2011.

This project makes use of a proven technology and will produce an average of 36 ktpa of nickel in ferronickel at full production, averaging 41 ktpa over the first five years, with a competitive cost position.

The Nickel business' unapproved project pipeline has the potential to increase production by an additional 66 ktpa, with further upside potential, leveraging the Group's considerable nickel laterite technical expertise. Jacaré, with Mineral Resources of 3.7 Mt of contained nickel, was the largest nickel discovery in the last decade and has the potential to significantly strengthen Anglo American's position in the worldwide nickel market.

Barro Alto, ferronickel project – Women in Mining – Primary Crusher – Iraildes, lady digger driver at the primary crusher.

PROJECT PIPELINE – KEY PROJECTS

BARRO ALTO

Overall capex: $1,900m

Country	Brazil
Ownership	100%
Incremental production	36,000 tonnes per annum of nickel
Full project capex	$1,900m
Full production	H2 2012

The Barro Alto project is located in the state of Goias, Brazil, approximately 170km from Anglo American's existing Codemin nickel operation. The project was approved in December 2006 and first metal was produced on schedule in March 2011 at a capital cost of $1.9 billion. Average production over the 26 year life of mine will be 36 ktpa of nickel. Once at full production, the operation is expected to be in the lower half of the cash cost curve, and will more than double Anglo American's nickel production. Conventional smelter-refinery technology will be used to process the saprolite ore to produce ferro-nickel, which is a technology already used by Anglo American at its existing nickel operations.

MORRO SEM BONÉ (UNAPPROVED)

Overall capex: TBD

Country	Brazil
Ownership	100%
Incremental production	~30,000 tonnes per annum of nickel
Full project capex	TBD
First production	TBD

Morro Sem Boné is located in Brazil and is expected to operate in the lower half of the cost curve.

JACARÉ (UNAPPROVED)

Overall capex: TBD

Country	Brazil
Ownership	100%
Incremental production	up to 85,000 tonnes per annum of nickel
Full project capex	TBD
First production date	TBD

The Jacaré project is located in Brazil and, at full production, is expected to operate in the lower half of the cost curve. Phase 1 of the project could potentially deliver 35 ktpa of nickel, with Phase 2 potentially delivering a further 50 ktpa with cobalt by-products.

PRODUCTION DATA

Production (tonnes)	2010	2009	2008	2007	2006
Codemin					
Ore mined	**493,900**	547,700	498,400	539,300	487,600
Ore processed	**488,300**	512,000	475,900	522,600	518,600
Ore grade processed (% Ni)	**1.9**	2.1	2.1	2.1	2.1
Production	**8,500**	**9,500**	**9,100**	**9,900**	**9,800**
Loma de Níquel					
Ore mined	**714,200**	822,700	811,000	1,183,200	1,324,300
Ore processed	**798,000**	641,800	676,800	1,096,100	1,205,000
Ore grade processed (% Ni)	**1.6**	1.6	1.6	1.6	1.6
Production	**11,700**	**10,400**	**10,900**	**15,700**	**16,600**
Total Nickel segment nickel production	**20,200**	**19,900**	**20,000**	**25,600**	**26,400**
Platinum nickel production[1]	**18,500**	**19,500**	**15,500**	**19,200**	**21,700**
Total attributable nickel production	**38,700**	**39,400**	**35,500**	**44,800**	**48,100**

[1] Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited. Northam Platinum Limited was sold on 20 August 2008.

Codemin – Industrial Plant – Maintenance of crusher – (L to R): Claton Jose Pinto and Renilson Gomes da Silva.

NICKEL

estimates as at 31 December 2010

NICKEL

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. 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.

Nickel – Operations ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Barro Alto (OP)[1]	100	20		Mt	Mt	%Ni	%Ni	kt	kt
Laterite			Proved	16.0	9.0	1.75	1.66	279	150
			Probable	31.6	30.5	1.65	1.71	520	522
			Total	**47.5**	**39.5**	**1.68**	**1.70**	**798**	**672**
Loma de Níquel (OP)[2]	91.4	8				%Ni	%Ni		
Laterite			Proved	3.9	7.4	1.54	1.46	60	109
			Probable	5.8	25.0	1.44	1.42	83	354
			Total	**9.7**	**32.4**	**1.48**	**1.43**	**143**	**463**
Niquelândia (OP)[3]	100	13				%Ni	%Ni		
Laterite			Proved	5.8	3.2	1.29	1.33	74	42
			Probable	1.9	0.5	1.24	1.33	24	7
			Total	**7.7**	**3.7**	**1.28**	**1.33**	**98**	**49**

Nickel – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Barro Alto (OP)[1]	100		Mt	Mt	%Ni	%Ni	kt	kt
Laterite		Measured	9.1	3.5	1.50	1.30	137	46
		Indicated	9.8	16.6	1.22	1.27	119	211
		Measured and Indicated	**18.9**	**20.1**	**1.35**	**1.28**	**256**	**257**
		Inferred (in LOM)	45.5	38.5	1.51	1.55	685	597
		Inferred (ex. LOM)	17.1	22.4	1.18	1.27	202	285
		Total Inferred	**62.6**	**61.0**	**1.42**	**1.45**	**887**	**883**
Loma de Níquel (OP)[2]	91.4				%Ni	%Ni		
Laterite		Measured	0.5	1.9	1.43	1.51	7	29
		Indicated	1.5	7.2	1.37	1.51	21	109
		Measured and Indicated	**2.0**	**9.2**	**1.39**	**1.51**	**28**	**138**
		Inferred (in LOM)	0.1	–	1.78	–	2	–
		Inferred (ex. LOM)	1.1	6.4	1.59	1.53	18	97
		Total Inferred	**1.3**	**6.4**	**1.61**	**1.53**	**20**	**97**
Niquelândia (OP)[3]	100				%Ni	%Ni		
Laterite		Measured	1.0	3.3	1.25	1.29	12	43
		Indicated	2.2	3.5	1.24	1.25	27	44
		Measured and Indicated	**3.2**	**6.9**	**1.24**	**1.27**	**40**	**87**
		Inferred (in LOM)	–	–	–	–	–	–
		Inferred (ex. LOM)	–	–	–	–	–	–
		Total Inferred	**–**	**–**	**–**	**–**	**–**	**–**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Nickel – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Jacaré[4]	100		Mt	Mt	%Ni	%Ni	kt	kt
Ferruginous Laterite		Measured	0.5	–	1.19	–	6	–
		Indicated	96.8	98.5	1.18	1.19	1,144	1,175
		Measured and Indicated	**97.3**	**98.5**	**1.18**	**1.19**	**1,149**	**1,175**
		Inferred	73.9	80.8	1.15	1.16	850	939
Saprolite		Measured	–	–	–	–	–	–
		Indicated	33.9	25.3	1.52	1.54	517	388
		Measured and Indicated	**33.9**	**25.3**	**1.52**	**1.54**	**517**	**388**
		Inferred	83.7	85.1	1.37	1.36	1,149	1,156

Mining method: OP = Open Pit. LOM = Life of Mine in years based on scheduled Ore Reserves.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Barro Alto:** Ore from Barro Alto is currently being processed at the Codemin plant. The pit has been re-optimised and re-scheduled at a higher nickel price which resulted in higher Ore Reserves being declared. Less than 1% of the Inferred (in LOM) is scheduled to be mined in the first three years and less than 10% in the first 10 years. Mineral Resources are quoted above a 0.9% Ni cut-off and below an iron content of 30% Fe. In addition due to new information, a total of 2.6Mt with an average grade of 1.68% Ni was added to the Ore Reserves and 4.4Mt with an average grade of 1.68% Ni was added to the Mineral Resources. The Mineral Resources were diminished by the conversion of material to Ore Reserves. The Mineral Resources include 8.7Mt of Ferruginous Laterite at an average grade of 1.21% Ni.

(2) **Loma de Níquel:** The single largest component contributing to the decrease in Ore Reserves is due to the recognition of the loss of rights over 13 of 16 mining concession areas (28.4Mt with an average grade of 1.42% Ni). Refer to note 5 in the Financial statements. The three remaining mining concessions are due for renewal in November 2012. This reduction was partially offset by model refinement, following a new drilling campaign, within the Camedas 1, Sector North where Mineral Resources and Ore Reserves increased significantly. Mineral Resources include all mineralisation inside a saprolite envelope defined by nickel and iron grade boundaries (>0.80% Ni and <35% Fe).

(3) **Niquelândia:** The change in Ore Reserves is the exclusive result of conversion of Mineral Resources to Ore Reserves within the new integrated mine plan that envisages blending of Barro Alto ores and Niquelândia ores. Mineral Resources are quoted above a 0.9% Ni cut-off and below an iron content of 30% Fe. The Mineral Resources decrease as a result of the higher percentage converted to Ore Reserves due to the integration of the mine plans. Previously referred to as Codemin-Niquelândia, Codemin being the ferronickel smelter adjacent to the Niquelândia Mine.

(4) **Jacaré:** Mineral Resources are quoted above a 0.9% Ni cut-off and greater than 1.5m thickness. The resource model has been updated following further drilling. The Plano de Aproveitamento Economico (PAE) is currently under consideration by Brazil's Departamento Nacional de Produção Mineral (DNPM). The Saprolite Resources tabulated are a combination of higher-grade resources (>1.3% Ni) that are expected to feed a pyrometallurgical treatment facility and lower-grade resources (1.3% – 0.9% Ni) that could be used to neutralise the acid in the proposed treatment of the Ferruginous Laterite material. Ferruginous Laterite is envisaged to be treated by hydrometallurgical processes.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following operations: Barro Alto, Niquelândia.

Codemin – Industrial Plant – Shipping bays – Andre Luiz Barbosa de Oliveira in the shipping Nickel bays.

Barro Alto, ferronickel project – Control Room – Kelveny Moraes Sousa (foreground) and Valerio Vieira de Souza (background).