AngloAmerican

Real Mining. Real People. Real Difference.

ANNUAL REPORT 2011

What it takes: "It takes all of us, using our knowledge, skills and expertise to deliver value."

What it takes:
A CLEAR AMBITION

Our ambition is to be the leading mining company, by being the investment, the partner and the employer of choice. This year's report focuses on great stories from across our operations showing what it takes to deliver this ambition.


01


02


03


04

LEADING-EDGE ENGINEERING CHANGING THE WAY WE MINE

Exploration is the lifeblood of the mining industry and the search for new deposits is unending. Two new prospects are expanding the resource base of our Los Bronces copper mine in Chile, already one of the largest concentrations of copper mineralisation in the world.

The San Enrique-Monolito and Los Sulfatos exploration projects are being conducted in harsh climatic conditions and difficult terrain, often at elevations of over 4,000 metres above sea level – which restricts field activities to the limited summer periods between December and March. To assist in the exploration process, Anglo American has taken the innovative step of developing an eight kilometre exploration access tunnel from which to drill out the resource. Conventional drill and blast methods have been discarded in favour of a tunnel boring machine, which has advantages in terms of speed, safety, reduced environmental impact and overall project risk.

The tunnelling operation has recently been completed and the two projects could be among Anglo American's biggest copper prospects to date, with San Enrique-Monolito estimated to contain up to 25 million tonnes of copper, while the figure for Los Sulfatos could be even higher.

For more information visit
www.angloamerican.com

Above

01 Exploration geologist Esmé Tristram at the Confluencia area of Los Bronces.

02/03 The Confluencia processing plant at the Los Bronces copper mine in the Chilean Andes.

04 Carrying out a routine cleandown in the eight kilometre exploration access tunnel recently completed at Los Sulfatos.

Cover

Exploration geologist Esmé Tristram examines copper bearing ore near Los Sulfatos, high in the Chilean Andes.

Other sources of information

You can find this report and additional information about Anglo American on our corporate website.

Although we have chosen not to produce an 'integrated report', we have included a comprehensive overview of our non-financial performance in this report. More detailed information on our sustainability performance is provided in our Sustainable Development Report. This can be found on our corporate website.

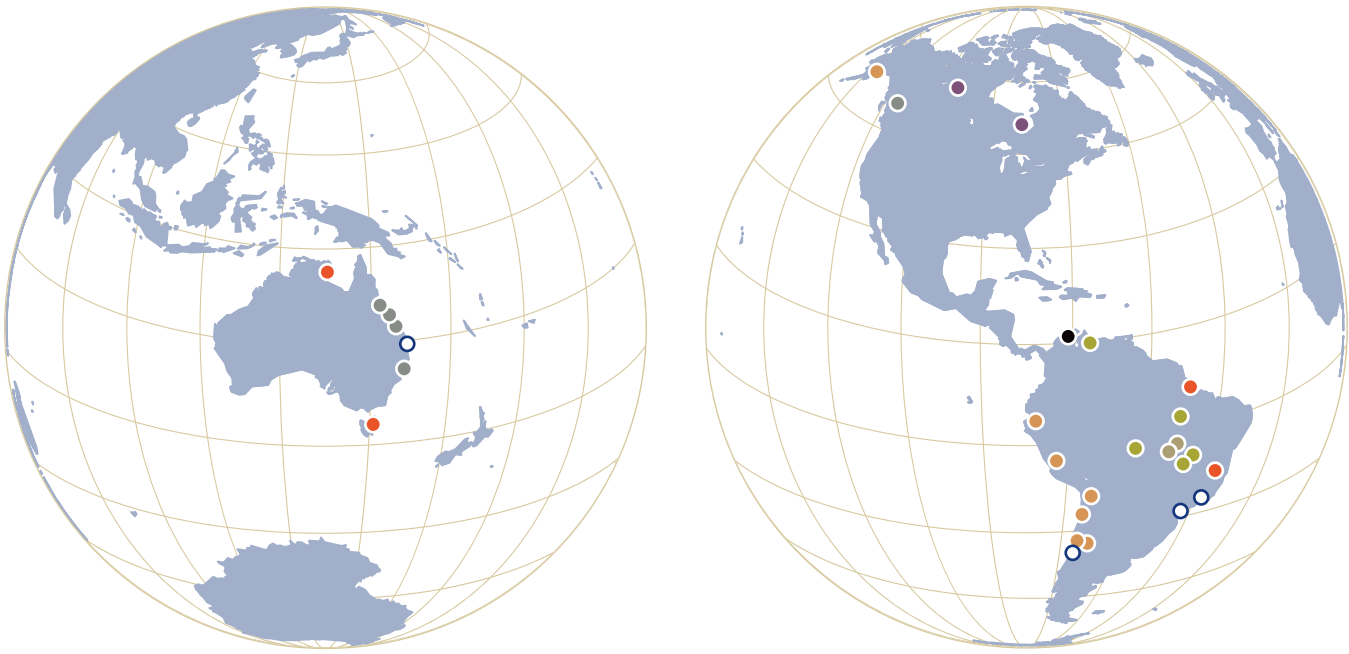
For more information visit
www.angloamerican.com

Key to icons in this document

- **Go to a page in this or another publication**
- **Visit our corporate website**
- **Information directly aligned to our Group strategy**
- **Video available**

What it takes:

SHARING KNOWLEDGE AND EXPERTISE ON A GLOBAL SCALE



	Bulk			Base metals
Business units	**IRON ORE AND MANGANESE**	**METALLURGICAL COAL**	**THERMAL COAL**	**COPPER**
	We are in the top five of the world's iron ore producers, with a large high quality resource base in South Africa and Brazil. Iron ore is a key component in steel, the most widely used of all metals. Global steel consumption is forecast to grow in excess of 5% pa over the next three years.	Metallurgical Coal is the second biggest Australian metallurgical coal producer and the No. 3 global exporter of metallurgical coal. Anglo American is an active partner in diverse clean coal energy initiatives. Metallurgical coal is the key raw material for 70% of the world's steel industry. Demand is driven by economic, industrial and steel growth.	In South Africa, Thermal Coal owns and operates nine mines. In Colombia, we have a one-third shareholding (with BHP Billiton and Xstrata each owning one-third) in Cerrejón, Colombia's biggest thermal coal exporter. About 5.1 billion tonnes of thermal coal are produced globally each year. Around 40% of all electricity generated globally is powered by thermal coal.	Copper has interests in six operations in Chile. These comprise the 75.5% owned Los Bronces and El Soldado mines and the Chagres smelter, the 100% owned Mantos Blancos and Mantoverde mines, and a 44% interest in the Collahuasi mine. Copper is used mainly in wire and cable, brass, tubing and pipes, air conditioning and refrigeration.
Average number of employees ('000s)[1]	**8**	**3**	**9**	**5**
Share of Group operating profit	**$4,520m** **41%** 2010 **$3,681m, 38%**	**$1,189m** **11%** 2010 **$780m, 8%**	**$1,230m** **11%** 2010 **$710m, 7%**	**$2,461m** **22%** 2010 **$2,817m, 29%**
	For more information, see page 54 or visit **www.angloamerican.com**	For more information, see page 60 or visit **www.angloamerican.com**	For more information, see page 64 or visit **www.angloamerican.com**	For more information, see page 68 or visit **www.angloamerican.com**

(1) Excluding contractors and associates' employees, and including a proportionate share of employees within joint venture entities.
(2) De Beers is an independently managed associate. Employee numbers shown represent the average number of employees in De Beers' managed operations, including 100% of employees in De Beers' underlying joint ventures.
(3) De Beers' results are shown as share of associate's operating profit.

Headquarters

London, United Kingdom

Corporate and representative offices

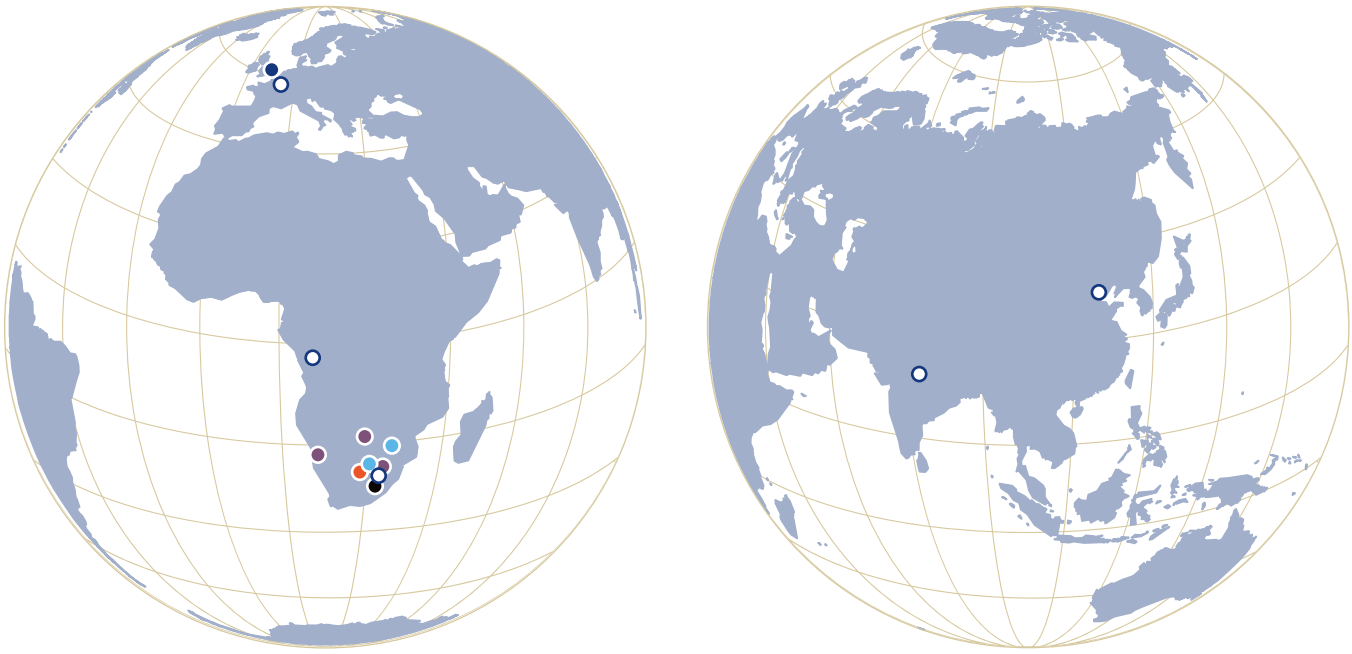
Beijing, China
Brisbane, Australia
Johannesburg, South Africa
Kinshasa, DRC
Luxembourg
New Delhi, India
Rio de Janeiro, Brazil
Santiago, Chile
São Paulo, Brazil

North America

Africa

South America

Australia and Asia



Precious

NICKEL

Nickel has three operating assets, all producing ferronickel: the world class Barro Alto mine, now in its ramp-up phase, and Codemin, both in Brazil; and Loma de Níquel in Venezuela.

Approximately two-thirds of nickel is used in the production of stainless steel. Just over 20% is used to make other types of steel and for super-alloys, which can withstand extreme temperatures.

2

$57m

1%

2010
$96m, 1%

For more information, see page 72 or visit
www.angloamerican.com

PLATINUM

Platinum owns the largest platinum reserves in the world and is the largest primary producer of platinum, accounting for some 40% of newly mined supply.

Platinum and other platinum group metals (PGMs) are primarily used in autocatalysts and jewellery. They are also employed in the chemical, electrical, electronic, glass and petroleum industries and in medical applications.

55

$890m

8%

2010
$837m, 9%

For more information, see page 76 or visit
www.angloamerican.com

DIAMONDS

De Beers is the world's leading diamond company and generates about 35% of global rough diamond production from its operations in Botswana, South Africa, Namibia and Canada.

The largest diamond jewellery market is the US, followed by China, Japan and India.

16[2]

$659m[3]

6%

2010
$495m, 5%

For more information, see page 80 or visit
www.angloamerican.com

Other Mining and Industrial

OTHER MINING AND INDUSTRIAL

Subject to regulatory approvals, Anglo American's programme to divest of its businesses not considered core to the Group has largely been completed. Scaw South Africa, the remaining part of the Scaw Metals group, is the last such business to be sold. Catalão (niobium) and Copebrás (phosphates) are both considered core to the Group and are reported within the Other Mining and Industrial segment.

16

$195m

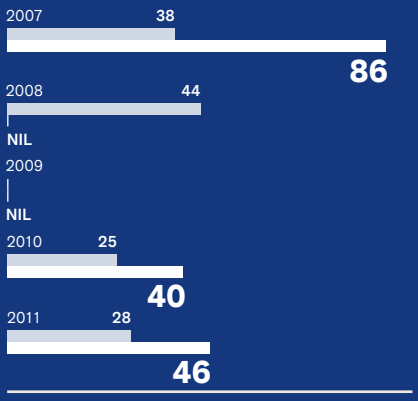
2%

2010
$664m, 7%

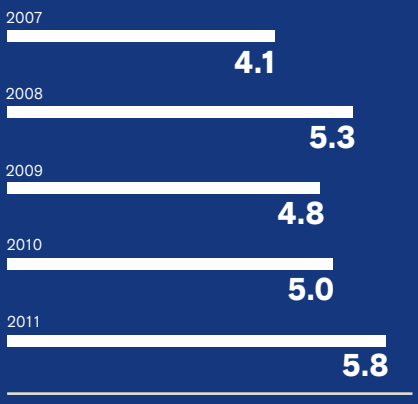
For more information, see page 84 or visit
www.angloamerican.com

What it takes:
STRONG PERFORMANCE

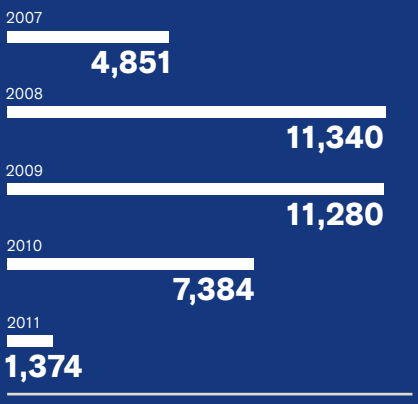
DIVIDENDS PER SHARE
Cents



CAPITAL EXPENDITURE
$ bn



NET DEBT
$ m



OPERATING PROFIT
(2010: $9.8 bn)

$11.1 bn

UNDERLYING EARNINGS
(2010: $5.0 bn)

$6.1 bn

UNDERLYING EARNINGS PER SHARE
(2010: $4.13)

$5.06

Operating profit includes attributable share of associates' operating profit (before attributable share of associates' interest, tax, and non-controlling interests) and is before special items and remeasurements, unless otherwise stated. See notes 2 and 4 to the financial statements for operating profit. For definition of special items and remeasurements, see note 5 to the financial statements. See note 13 to the financial statements for the basis of calculation of underlying earnings.

'Tonnes' are metric tons, 'Mt' denotes million tonnes, 'kt' denotes thousand tonnes and 'koz' denotes thousand ounces; '$' and 'dollars' denote US dollars and 'cents' denotes US cents.

Net debt includes related hedges and net debt in disposal groups. See note 31 to the financial statements.

What it takes:

DELIVERING ON OUR PROMISES

In 2011, we delivered three of our four strategic growth projects.

Our successful delivery of three major mining projects on or ahead of schedule during the year is a great achievement, and will contribute significant new volumes of iron ore, copper and nickel as the new operations continue to ramp up during 2012.

For more information **turn to page 18**

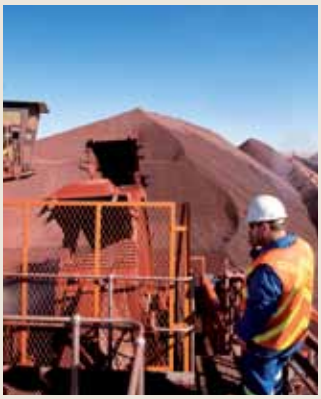
BARRO ALTO ✓

What we said we'd do

We would meet our scheduled production date for first metal from our $1.9 billion Barro Alto nickel project in Brazil by the end of the first quarter of 2011. The project would use proven metallurgical processing technology to ensure that we both met that date and experienced a relatively trouble free ramp-up process thereafter. We planned that Barro Alto would more than double our Nickel business's ferronickel production.

What we did and what it means to the business

We delivered first metal in March 2011, on schedule. Barro Alto was the first of our four major strategic growth projects to begin production and will be a key contributor to Anglo American's 35% organic volume growth by 2014. The new nickel plant will reach its full production capacity at the beginning of 2013 and will average 41,000 tonnes per year of nickel over its first five years of full production, making use of our low risk and proven technology and rotary kiln electric furnace process.



We were determined that safe delivery would be a hallmark of the commissioning and ramp-up phases at Barro Alto; there have been no fatal incidents to date, and we had an unbroken period of 13.2 million man hours without a lost time injury.

LOS BRONCES ✓

What we said we'd do

We would deliver the Los Bronces expansion project in Chile on time, producing first copper in the fourth quarter of 2011. The next phase, the ramping-up period, is scheduled to be completed by end-2012. The expansion will increase the mine's output by an average of 200,000 tonnes of copper per annum over the first 10 years, with highly attractive cash operating costs.

What we did and what it means to the business

We delivered first copper production in October 2011, on schedule[1]. The expansion of Los Bronces is expected to more than double (on average over the first three years of full production) the mine's existing output of 221,000 tonnes per year. We have a 12 month ramp-up period ahead until we reach full production, during which time we will be increasing processing plant throughput from 61,000 tonnes to 148,000 tonnes of ore per day. At peak production levels, Los Bronces is expected to be the fifth largest copper mine in the world, with reserves and resources that support a mine life of over 30 years and with further expansion potential.

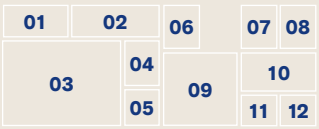
KOLOMELA ✓

What we said we'd do

We would commission Kolomela, a key element in our South African iron ore growth strategy, by the end of the first half of 2012. Thereafter, we would ramp up iron ore output to between 4 and 5 Mt during 2012, and reach full design capacity of 9 Mtpa in 2013.

What we did and what it means to the business

The successful commissioning of Kolomela – a new iron ore mine in South Africa's Northern Cape – was the third of our four major growth projects to be delivered in 2011. Kolomela was commissioned five months ahead of schedule, on budget and shipped its first product from the port of Saldanha to China in December 2011. This shipment is a significant milestone towards achieving the production ramp-up schedule of 4 to 5 Mt in 2012 and the expectation of reaching full production of 9 Mtpa in 2013. The commissioning of the Kolomela project is in line with our growth strategy of ramping up our South African iron ore production to 70 Mtpa by 2019.



01 Control room supervisor (left) Jean Pierre Rabba Migane and consulting engineer Juan Nuñez in the control room at the Confluencia plant at Los Bronces.

02 Pulp thickener at Los Bronces' Confluencia facility.

03 Holding tanks at Los Bronces' Confluencia plant.

04 Working on the ore conveyor's gearless drive system at Los Bronces.

05 Conveyor at the Kolomela mine.

06 A stacker-reclaimer in action at Kolomela.

07 Safety technician Rodrigo Jordani Braga at viewing point at Barro Alto.

08 Graded iron ore being transported by conveyor to the load-out terminal at Kolomela.

09 Production operator Edineia Liberato Pereira at Barro Alto's ore preparation plant.

10 Looking out over the mine from the top of the primary crusher at Kolomela.

11 Nickel being poured at Barro Alto.

12 (Left to right) Production technicians Valério Vieiru de Souza and Eliel de Castro in the control room at Barro Alto.

[1] The schedule for delivery of first production from projects refers to the information published in Anglo American's 2010 Annual Report.

Sir John Parker

MINING COMMODITIES VITAL FOR THE 21ST CENTURY

Our commodities help to both fuel growth in developing countries and to enable the continuing technological revolution in the developed economies.

The way in which the mining industry conducts its business, and its attendant footprint on the environment and on host communities, offers a wealth of opportunities to make a positive impact on society. In this report you will find many examples of how Anglo American, as a global leader in the industry, is endeavouring to ensure that we uplift and help sustain our neighbouring communities, while protecting the environment – and how we intend to maintain a competitive edge in respect of our peers and deliver value to our shareholders.

PERFORMANCE AND DIVIDEND

Against a background of difficult operational conditions, including exceptional flooding in early 2011 at many of our operations in Australia, Chile and South Africa, significant cost inflation and, in the second half, a more uncertain macro-economic landscape, Anglo American recorded a sound set of financial and operational results. Operating profit rose by 14% to a record level of $11.1 billion from $9.8 billion in 2010. The Board proposes a final dividend of 46 cents per share, giving a total dividend for the year of 74 cents, a 14% increase.

DELIVERING OUR GROWTH PROJECTS

In an industry that is frequently criticised for its shortcomings in the field of project delivery, Anglo American in 2011 commissioned three major mining operations, all of them on or ahead of schedule and in the lower half of the cost curve. Barro Alto in Brazil, which employs proven processing technology, came on stream in March and is ramping up to full production. In Chile, our expansion at Los Bronces, which we commissioned in October, will create one of the world's biggest copper mines. In the final weeks of the year, we commissioned – five months ahead of time – the Kolomela mine in South Africa, thereby further enhancing our profile in the high margin seaborne iron ore business.

At our biggest project of all, Minas-Rio, despite a series of local challenges, we continue to make good progress towards our targeted first iron ore on ship delivery date in 2013. In December, we also announced the go-ahead for a greenfield coal mine in Queensland, Australia. The $1.7 billion Grosvenor project is expected to produce 5 Mt of metallurgical coal a year over a projected life of 26 years.

Beyond these developments, we have continued to augment our strong resource base through several exploration successes, and we are focused on prioritising the most attractive of our $84 billion pipeline of unapproved projects towards development approval.

DELIVERING VALUE

We also continue to examine M&A opportunities as one of our strategic priorities in driving value in core commodities. In November, we announced a key acquisition and a major value enhancing divestment. First, we agreed to acquire the Oppenheimer family's 40% interest in De Beers. This presented a unique opportunity for us to raise our profile in diamonds, and in early January 2012 our shareholders voted overwhelmingly to approve the transaction.

Also in November, in accordance with our rights, we announced the completion of the sale of a 24.5% stake in Anglo American Sur (AA Sur), comprising a number of the Group's copper assets in Chile, to Mitsubishi Corporation for $5.39 billion in cash. This transaction highlighted the inherent value of AA Sur as a world class, tier one copper business with extensive reserves and resources and significant further growth options from its exploration discoveries, valuing AA Sur at $22 billion on a 100% basis.

On the matter of Codelco's option to acquire an interest in AA Sur, I should like to emphasise that Anglo American is a responsible company that always acts with care, after considering all of the evidence. We always act within the law wherever we operate, and we always seek to protect shareholder value. This approach has been applied by our Board with regard to the Codelco option. I also wish to reaffirm that Anglo American is an approachable company that is open to finding solutions to any problems it encounters anywhere around the world – and this includes the Codelco issue.

We are fully aware of the headwinds that our Platinum business is facing; be they cost pressures, safety stoppages or lingering concerns over the euro zone. Platinum is building upon the improvements achieved over the past five years and it has performed well relative to the wider industry in light of the challenges. We recognise, however, that the current level of returns is not acceptable to our investors. With the full support of the Board, our chief executive Cynthia Carroll and her team will therefore assess the optimal configuration of

our Platinum business. Our aim at Anglo American is to establish a commodities portfolio that can withstand the headwinds and maximise shareholder value and returns, through the cycle.

SAFETY

Most regrettably, the significant improvement in our performance over the previous four years in the field of safety was not maintained in 2011. The number of people who lost their lives while on company business increased to 17 from 15 in 2010, while there was also a rise in the number of serious injuries. In light of this, Cynthia Carroll, with the full backing of the Board, has instituted a Group-wide operational risk management initiative across all of our operations. It incorporates a comprehensive programme of independent safety reviews to find solutions at site level, in the realisation that until substantial improvements are achieved in this area our ambition of zero harm will simply not be attainable.

A CHANGING LANDSCAPE

Countries today are far more aware, and protective, of the value of their minerals patrimony. Developing nations and developed economies alike are seeking to increase their share of the mining cake through a range of means, from establishing joint ventures with mining companies, to windfall taxes and increased royalties, and even in some cases threatening to push matters to the point of nationalisation of mining assets.

At the same time, the growing demand for metals and minerals means that mining companies are exploring in regions beyond their traditional mining jurisdictions, with all their attendant climatic, infrastructural, logistical and other challenges. This inevitably presents a heightened degree of risk and may be accompanied by political instability in some countries where good governance is still developing. Our present and long held commitment, irrespective of where we operate, is to always conduct ourselves to the highest standards of corporate conduct.

SUSTAINABLE DEVELOPMENT

Our approach to sustainable development is one that embodies our desire to be pro-active, and to take the lead in the key sustainability issues facing our industry. It is also one that is cognisant of the pressure from society for ethical and transparent behaviour by the extractives industry, with downstream consumers demanding greater responsibility from mining companies and ethical accreditation in respect of the origin of minerals and metals.

At our Quellaveco copper project in Peru, for example, we have slowed down progress while we participate in a multi-stakeholder dialogue and work with the local communities to seek to fully understand their concerns and aspirations. In this way, we hope to reach a fair solution for all stakeholders and a high degree of buy-in for this important mining development.

Climate change is becoming a major issue for the mining industry, and Anglo American seeks to play its part in helping address its causes, and mitigating its effects. We are an active and vocal participant in the debate that is taking place on a global, national and local level, and we are engaging with governments and other key stakeholders to develop equitable and effective climate change policies, and to enable our communities to access clean energy. At a grassroots level, we are investing in clean coal research and development projects in Australia, South Africa and the USA.

As a company, we support government actions to put in place policies that lead to a long term price on carbon – but we want to see this done in full consultation with stakeholders, from a solid fact base and over a realistic timeframe, so that it does not jeopardise jobs, industry competitiveness, or social and economic development.

GOVERNANCE

I have now been your chairman for over 2½ years and have sought over that period to ensure that your Board is strong and influential, and that we have a Board with the appropriate set of skills and talent to challenge and stress-test our strategy.

As part of that process, we appointed Phuthuma Nhleko, group president and former CEO of the MTN Group, to the Board in March 2011. Phuthuma brings impressive leadership and vision in transforming MTN from a highly successful South African mobile operator into a significant force in mobile telecommunications services in emerging markets. You will recall, too, that I paid tribute to Nicky Oppenheimer last year, and I was delighted to host our November Board dinner in South Africa to recognise his long and important contribution to the Group.

In terms of enhancing the Board's contribution to our affairs, during the year the Board participated in an internal strategy forum, along with our most senior executives. I also oversaw an internally facilitated Board-effectiveness review in 2010, and in 2011 reported back to the Board our performance against the objectives set. In addition, I commissioned an external effectiveness review of the Board and its various committees; the results of that review will be detailed in the 2012 annual report.

At the 2011 AGM, the Board also became an 'early mover' in adopting annual re-election of directors as part of our commitment to setting the tone of the company's governance from the very top. Notably, too, we are committed to increasing the representation of women on the Board (excluding the chairman) to about 30% by 2013.

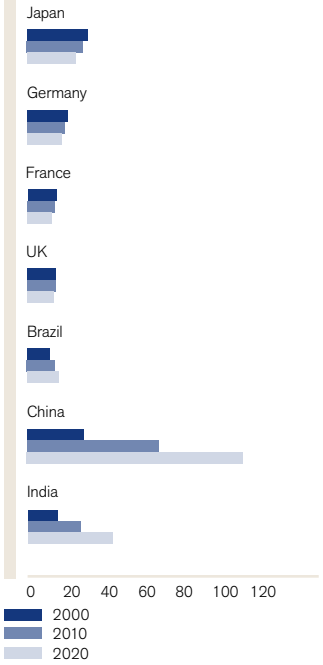
OUTLOOK

In 2011, there was a distinct slowdown in the major emerging economies, alongside continuing fragility in the US and Europe. Concerns about global economic growth could linger early in 2012, though we expect stronger activity later in the year and into 2013. As inflationary pressures subside, there is scope for policymakers to stimulate their economies. In the medium to longer term, we remain optimistic about global economic prospects. China and India will continue to benefit from technological and productivity catch-up, driving sustained strong growth. Rising living standards and a growing middle class should drive more demand for industrial commodities. In addition, the US should overcome its recent difficulties, with a resumption of healthier long term growth rates as positive trends in demographics and productivity reassert themselves.

Sir John Parker
Chairman

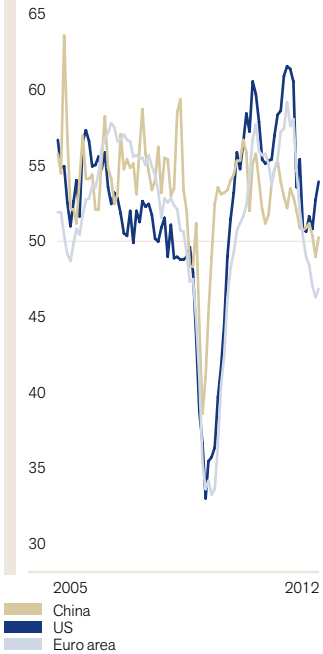
AN UNDERSTANDING OF THE TIMES IN WHICH WE LIVE

Real GDP relative to US
at purchasing power parity, as percentage of US



Source: IMF and Oxford Economics

Manufacturing activity purchasing managers' index
50 = no change



Source: ISM, NBS and Markit

THE ECONOMY

FALTERING ECONOMIC RECOVERY

Early in 2011, the world economy appeared to be growing robustly. Most regions were enjoying robust economic growth after the dislocation of the global financial crisis and a severe recession. The large emerging economies – notably China, India and Brazil – were leading the upswing, but there were also more encouraging trends in the major advanced economies. During the year, all of the world's major economies faltered, contributing to a marked global slowdown. There were three reasons.

First, there were some significant 'shocks' during the year. Political uncertainty in North Africa and the Middle East pushed up oil prices, which depressed activity in the major oil-importing countries. Additionally, Japan's earthquake/tsunami and consequent nuclear power emergency led to a severe fall in domestic production and severely disrupted global supply chains, notably in the auto industry. The recovery has been slow.

Second, policy settings in the emerging economies became much more restrictive in the first half of 2011, contributing to the slowdown in the second half. In particular, central banks tightened monetary policy aggressively as they sought to restrain inflationary pressure. The Brazilian central bank was particularly aggressive and its monetary tightening led to a pronounced economic slowdown in 2011. The Reserve Bank of India (RBI) and the People's Bank of China (PBOC) also tightened policy appreciably, with the macro-economic effects becoming clearer during 2011.

Third, Europe's financial crisis intensified during 2011. Critically, the crisis spread from small peripheral economies to larger economies at the core of the euro zone. During the year, financial markets began to question the government solvency of Spain and Italy. Additionally, investors became much more nervous about the implications of strained government finances on the European banking system. In spite of a series of policy initiatives, markets remained sceptical that policymakers would resolve the crisis. Increasing market volatility and rising risk premiums contributed to a European economic slowdown.

THE MACRO-ECONOMIC OUTLOOK

By the end of 2011, most of the world's leading economies had reported a material weakening. China, India and Brazil reported slower GDP growth rates and falling inflation. This opened up the scope for looser policy. Brazil and China have already moved to loosen policy settings and this should help to cushion their economies in 2012. Lower inflation should enable the RBI to loosen monetary policy, which should also support India's economy. In 2012, real GDP growth should be lower than in 2011, but the major emerging economies should avoid a sharp downturn.

In the longer term, we expect further significant growth in the main emerging economies as they 'catch up' with the advanced economies.

Surprisingly, the US economy strengthened late in 2011 as the effects of higher oil prices and the disruption from Japan's natural disaster began to fade. While there are still some concerns around the economy's underlying growth rate, further policy stimulus should support a continuing recovery in 2012.

Europe remains the principal source of concern. There are growing worries that the crisis has now become so complex there is no practicable solution. It is possible this could lead to a further intensification of the crisis in 2012 and a deep recession. More likely, policymakers seem to have done enough to contain the crisis. Governments have emphasised their commitment to stabilising the euro and the European Central Bank (ECB) has become more involved in providing liquidity. This should be enough to remove the extreme downside risks to the economy and the financial system.

In the longer term, we expect further significant growth in the main emerging economies as they 'catch up' with the advanced economies. With real GDP per capita still well below levels in the US, there is considerable scope for the convergence of living standards through technology transfer and productivity gains. Over the next decade, this should mean all of the major emerging economies grow rapidly.

COMMODITY MARKETS

DEVELOPMENTS DURING 2011

An attractive pricing environment prevailed for much of the year, underpinned by strong supply and demand fundamentals. In 2011, average prices for Anglo American's main commodities were on average 5% to 39% higher than in 2010.

A YEAR OF TWO HALVES

Commodity prices were particularly strong during the first half of 2011, despite disrupted trade flows caused by the Japanese earthquake/tsunami and the uncertainty created over the European sovereign debt crises.

Pricing in the first half was well supported by China's demand growth, which remained resilient notwithstanding a general tightening of monetary policy to control inflation. Together with steepening cost curves and widespread supply disruptions, this provided a level of support for pricing, with new record levels set in metallurgical coal, copper and iron ore.

An attractive pricing environment prevailed for much of the year, underpinned by strong supply and demand fundamentals.

Measures to tighten monetary policy and control inflation in emerging economies such as China and India started to have the intended effect and the rate of growth decelerated in the second half of the year. In addition, a lack of coordinated policy response to tackle the European sovereign debt crises impacted investor sentiment and credit availability. As industrial activities slowed and commodities consumers destocked across the inventory chain, demand for commodities was negatively impacted. On the other hand, supply continued to recover from various disruptions earlier in the year. As a result, individual commodity prices responded, trending lower towards the end of the year.

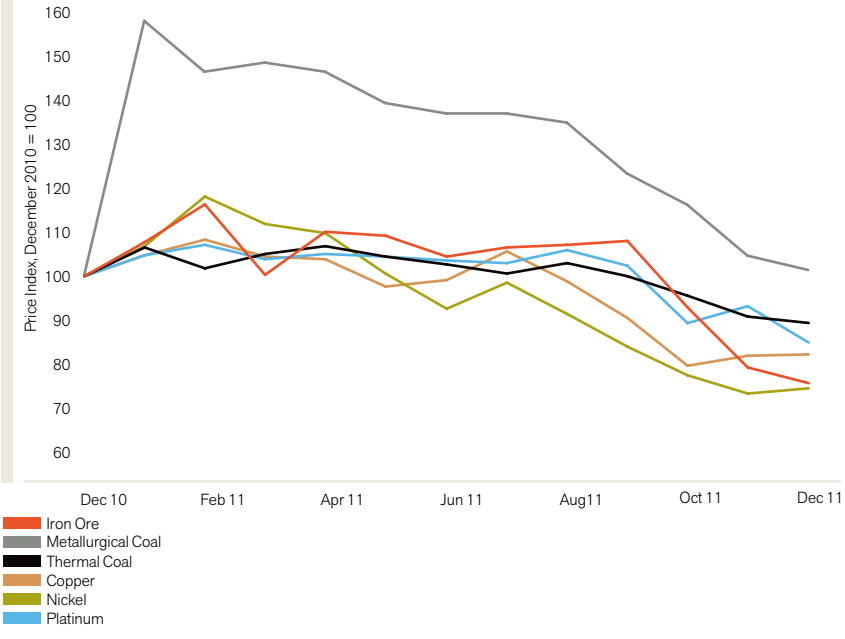
The main outperformer among the commodities produced by Anglo American was coking coal, particularly in the first half of the year, as producers continued to recover from the flooding and industrial disruptions in Queensland. While prices for coking coal declined in the second half of the year, at the end of 2011 they were broadly in line with the prices achieved in December 2010.

Thermal coal also demonstrated relatively resilient pricing, drifting by only 4% in the second half of the year. All other commodities produced by Anglo American fell by 13% to 23% in the second half of the year.

The December 2011 average price of copper, coking coal, thermal coal and iron ore all remained well above analyst consensus forecasts of long term 'through the cycle' prices, with only nickel and PGM prices at or below long term outlooks.

While analysts adjusted their near term price forecasts as 2011 progressed, their long term price expectations have been increasing, in particular for thermal coal, copper, steel and iron ore. One of the driving forces behind the upgrades to long term prices has been the recognition of the challenges in delivering new supply and an anticipated increase in the capital and operating costs.

Indexed 2011 commodity prices



Source: Anglo American Commodity Research

A UNIQUE AND DIVERSE PORTFOLIO

MATURING EMERGING MARKETS

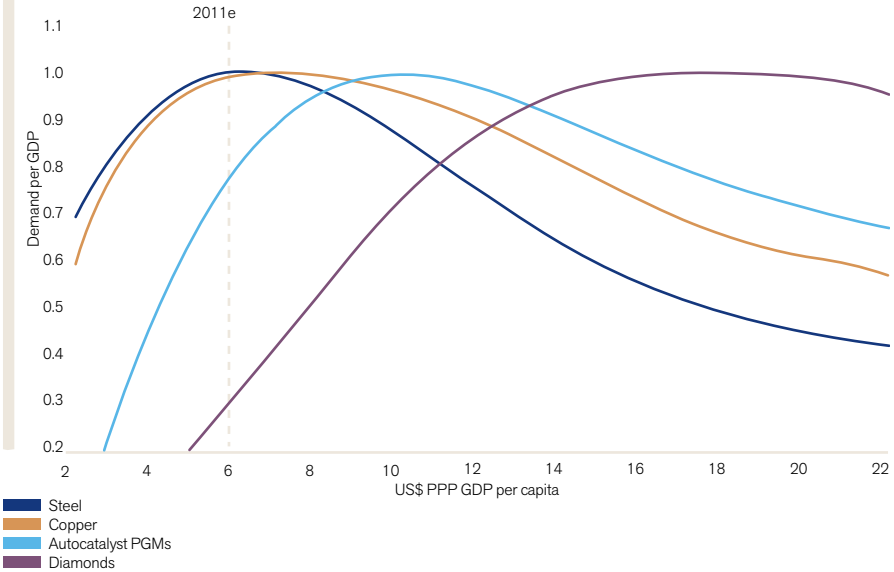
LONGER TERM TRENDS IN COMMODITY DEMAND

Although the short term macro-economic outlook appears uncertain, the medium to long term prospect for global commodity demand remains robust as China continues to urbanise and industrialise. China is an important market for most of the commodities produced by Anglo American. Nevertheless, as China shifts from an investment intensive to consumption driven economy, the growth rate in demand for steel materials is expected to moderate to a more sustainable level.

This shift, however, is expected to drive a stronger demand growth rate for commodities such as diamonds and PGMs. These products have completed less than half of their build-up to expected long term demand per capita in China, implying that significant growth potential exists.

Both commodities are experiencing similar growth patterns in intensity of use, which reflect comparable rates of growth in intensity of use per gross domestic product (GDP) in rapidly industrialising countries such as China. Typically, intensity of use reaches a peak quite quickly, to be followed by a declining growth rate – though overall consumption continues to rise.

Indexed intensity of use – China



Source: Anglo American Commodity Research

While Chinese intensity of use per GDP for commodities such as copper and steel may have peaked in recent years, we expect sustained growth for PGMs and, particularly, diamonds.

Of course, China is not the last country expected to experience this cycle of commodity demand; India and other rapidly growing emerging economies such as Indonesia, the Philippines and Turkey are expected to be significant consumers of commodities. Just as China filled in the gap left by slowing demand growth in the developed world, these countries will generate increasing rates of commodity demand growth as they progress economically.

SUPPLY CONSTRAINTS AND INCREASED CAPITAL INTENSITY

While demand is clearly one key driver of prices, supply side factors also play a crucial role in commodity price performance. Mine-specific costs, both capital and operating, have been rising markedly since around 2004 and are expected to continue to provide upward pressure on prices across the mining industry over the medium term.

Commodities such as diamonds and PGMs have completed less than half of their build-up to expected long term demand per capita in China, implying that significant growth potential exists.

For example, the availability of more readily mined copper deposits has declined over the last decade, while falling average grades, increasing infrastructure requirements, growing technical complexity and more frequent use of underground mining have resulted in cost escalation significantly above general inflation. Such structural challenges have been exacerbated by industrial action, shortages of equipment and skilled labour, higher mining taxes and royalties, a weaker US dollar and increasingly onerous environmental and social legislation.

This is not a commodity-specific phenomenon; similar cost inflation is being experienced across the mining industry and, as a result, both capital and operating cost escalation have had an impact on the rate of introduction of new capacity across most commodities.

OUR STRATEGY IN ACTION

OUR AMBITION, STRATEGY AND UNIQUE PORTFOLIO

Anglo American aims to be the leading global mining company – the investment, the partner and the employer of choice – through the operational excellence of world class assets in the most attractive commodities, and a resolute commitment to the highest standards of safe and sustainable mining. We believe attractive commodities to be those that generate superior returns through the economic cycle, based on favourable supply-demand fundamentals. We consider world class assets to be those that are low cost, large, long life and with clear expansion potential.

Anglo American's current portfolio is uniquely diversified, with material exposure to metallurgical coal and iron ore, which both benefit from continued industrialisation in emerging economies, while also having exposure to later cycle businesses through platinum and ultimately, diamonds.

In order to achieve this, we own, operate and grow, through discovery and acquisition, mining assets in those commodities and businesses that we believe deliver the best returns through the economic cycle and over the long term. We aim to focus on businesses in which we have advantaged positions, i.e. large scale assets with long lives, low cost profiles and with clear expansion potential.

Anglo American has a unique and diversified portfolio. Its mix spans:

- Bulk commodities – iron ore, metallurgical coal, thermal coal and manganese ore.

These materials are typically used in investment and infrastructure development in earlier stages of economic development.

- Base metals – copper, nickel and niobium.

These commodities are typically used more during the 'consumptive' stages of economic growth, which correlate to the middle stages of economic development.

- Precious metals and minerals – platinum and diamonds, in both of which we are a global leader.

These businesses are typically later cycle, with peak demand coming from richer, more developed areas.

Anglo American's current portfolio is uniquely diversified, with material exposure to metallurgical coal and iron ore, which both benefit from continued industrialisation in emerging economies, while also having exposure to later cycle businesses through platinum and ultimately, diamonds, as GDP per capita increases.

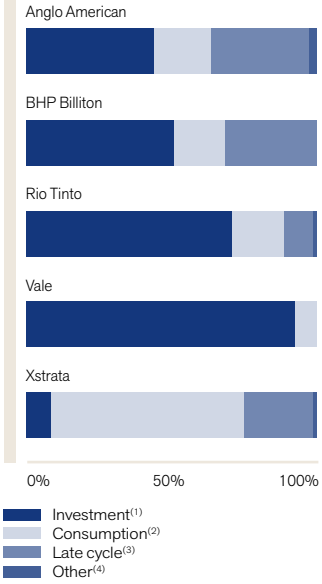
CASH FLOW ALLOCATION

In a long cycle industry such as mining, the inevitable investment decisions, capital allocation and balance sheet management require sound judgement to build a sustainable and value creating company.

The Board of Anglo American has a balanced and disciplined approach to capital management, focusing on:

- Delivering value accretive growth through our attractive projects pipeline and opportunistic M&A to supplement the pipeline.
- A clear dividend policy, providing a base dividend that will be maintained or increased through the cycle.
- Maintaining a robust balance sheet through the cycle.
- Returning surplus cash to shareholders.

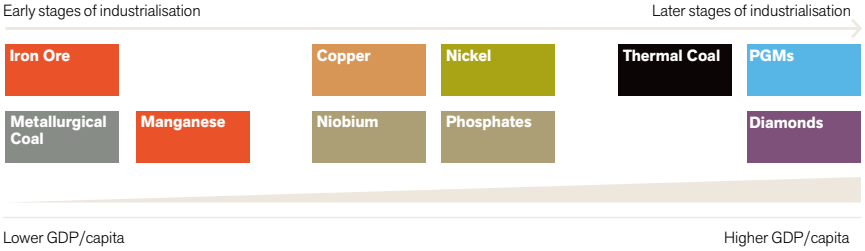
2011 portfolio composition of major diversified mining companies[5]



Source: Company information

(1) Includes iron ore, metallurgical coal, manganese
(2) Includes aluminium, copper, nickel, zinc.
(3) Includes thermal coal, petroleum, platinum, diamonds.
(4) Includes Other Mining & Industrial (Anglo American), Other (Rio Tinto), Other (Xstrata).
(5) Based on 2011 EBITDA contribution (2010 operating profit in the case of Vale). Anglo American is based on pro-forma full consolidation of De Beers' 2011 EBITDA.

Anglo American's unique and diversified portfolio has material exposure to early-, mid- and late- stages of industrialisation



A STRATEGY THAT DELIVERS PERFORMANCE

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"Our four strategic elements drive Anglo American towards our aim of being the leading global mining company – the investment, the partner and the employer of choice – through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to the highest standards of safe and sustainable mining."

Cynthia Carroll Chief Executive

01 At the Sakatti exploration site in northern Finland, geophysicist Circé Malo-Lalande (left) discusses data obtained from our Ground Electromagnetic Superconducting Quantum Interference Device (EMSQUID) with Anglo American chief executive Cynthia Carroll.

02 Barro Alto: Safety technician Rodrigo Jordani Braga at the plant's viewing point.

03 Metallurgical Coal's head of operations Dieter Haage (right) and Joy Mining site manager Manie Swanepoel at Moranbah North's longwall.

04 Fishermen working in Corral de los Chanchos Bay, off the town of Chañaral in Chile, where our new desalination plant, which will serve the Mantoverde copper mine, will secure a sustainable water supply, while protecting the ocean environment.

05 Apprentices gain experience carrying out essential maintenance in Metallurgical Coal's Dawson mine workshops in Queensland, Australia. Before starting the job, a comprehensive risk management assessment is undertaken, which incorporates extensive safety measures, including isolation and lock-out procedures.

INVESTING – IN WORLD CLASS ASSETS IN THE MOST ATTRACTIVE COMMODITIES

We own, operate and grow world class mining assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term.

We aim to focus on those commodities in which we have advantaged positions and on large scale assets with long lives, low cost profiles and with clear expansion potential, that is: copper, diamonds, iron ore, metallurgical coal, nickel, platinum and thermal coal.

HIGHLIGHTS OF THE YEAR

- We successfully delivered three of our four strategic mining growth projects on or ahead of schedule during the year: the Barro Alto nickel operation in Brazil, the Los Bronces copper expansion in Chile and the Kolomela iron ore mine in South Africa.
- We also made good progress during the year at the Minas-Rio iron ore project in Brazil, the fourth of our strategic growth projects. We are continuing to manage a number of challenges in a high inflationary Brazilian mining environment. To mitigate these challenges, we are implementing various measures including acceleration activities within the previously announced 15% capital expenditure increase, to target first ore on ship in the second half of 2013.
- In December 2011, we announced the approval of the Grosvenor metallurgical coal project in the Bowen Basin of Queensland, Australia. This greenfield project is expected to produce 5 Mtpa of metallurgical coal from its underground longwall operation over a projected life of 26 years with capital expenditure forecast at $1.7 billion.
- Beyond our organic growth programme, we took the unique opportunity in November to acquire the Oppenheimer family's shareholding in De Beers, taking our interest in the world's leading diamond company to up to 85%.

For more information **turn to page 16**

"The technology we have developed this year has been vital in the delivery of our strategic growth projects. This has been a very exciting year for Anglo American."

Brian Beamish Group Director of Mining and Technology

For more information on technology and innovation, visit
www.angloamerican.com

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ORGANISING – EFFICIENTLY AND EFFECTIVELY

In two vital areas of our business – asset optimisation (AO) and procurement – we have beaten our own expectations. The initial aim of capturing $1 billion of value for each initiative originally covered the entire Group. By the 2011 year end, however, we had exceeded our targets in respect of both AO and procurement, each of which has delivered benefits of more than $1 billion from core businesses alone over the past three years.

HIGHLIGHTS OF THE YEAR

- $2.2 billion of sustainable AO benefits delivered from our businesses.
- The operation review (OR) process, initiated in 2010, got under way at various sites at all the business units; the ORs are a collaborative effort, creating teams that are able to identify value improvement opportunities and leverage our global best practice across the Group's complete mining value chain.
- AO knowledge and principles are being embedded within the business through a comprehensive change management programme.
- $1.3 billion in procurement benefits were delivered by our businesses.
- A new corporate centre-led supply chain organisation model enabled more effective management of purchased materials and services; it is already operating in the top quartile of its peer group.
- Around three-quarters of Anglo American's total procurement spend of more than $13 billion a year is in developing countries.

For more information
turn to page 20

OPERATING – SAFELY, SUSTAINABLY AND RESPONSIBLY

Operating safely, sustainably and responsibly is embedded in everything we do. The safety of our people is our key core value and we are relentless in striving to achieve our goal of zero harm.

We are committed to environmental stewardship and minimising the environmental impact of our operations.

We aim to make a sustainable and positive difference to community development and act with integrity to build respectful relationships with the societies in which we work.

HIGHLIGHTS OF THE YEAR

- In November 2011, Platinum announced details of Project Alchemy – a R3.5 billion ($430 million) community economic empowerment transaction that will provide equity ownership to certain host communities around four operations that have not previously benefited from Platinum's extensive broad based black economic empowerment transactions, as well as key labour sending areas. The mine host communities that are set to benefit are those around Twickenham, Mogalakwena, Amandelbult and Rustenburg. Platinum has been involved in the upliftment of its mine host communities for a number of years and this transaction will help to develop self-sustaining communities that are not solely dependent on mining.
- The Barro Alto operation, consisting of the mine and the newly constructed nickel processing plant, has an exemplary safety record and was recently recognised as the safest mine in Brazil. The mine has operated for almost seven years – 2,509 days – without a single lost time injury. The project was completed with a benchmark LTIFR of 0.04.

For more information
turn to page 24

EMPLOYING – THE BEST PEOPLE

Our people are as vital to our success as our mining assets.

We are committed to our people, who determine how effectively we operate and build our reputation with our investors, partners and fellow employees every day, and whom we require to uphold our values.

Ultimately, it is our people who will realise our ambition and deliver our strategy to be the leading global mining company.

HIGHLIGHTS OF THE YEAR

- At the end of December 2011, 51% of Anglo American employees at management level in South Africa were 'historically disadvantaged South Africans'. We believe we are now well placed to achieve the enhanced targets for 2014 set out in South Africa's revised Mining Charter.
- During 2011, we invested $79 million (2.2% of total employee costs) in direct training activities, and supported over 3,000 bursars, apprentices, graduates and other trainees.
- We are now in a position where more than 90% of employees in southern Africa check their HIV status every year. Regular HIV counselling and testing (HCT) ensures that we achieve early diagnosis of HIV infection and timely access to care.

For more information
turn to page 32

DETERMINATION TO LEAD BY EXAMPLE

Cynthia Carroll

RECORD OPERATING PROFIT
(2010: $9.8 bn)

$11.1bn

For more information
turn to page 42

HIGH VALUE METALLURGICAL COAL FROM OUR NEWLY APPROVED GROSVENOR PROJECT

5Mtpa

For more information
turn to page 63

IMPRESSIVE FINANCIAL AND OPERATIONAL PERFORMANCE

Anglo American delivered an impressive financial and operational performance in 2011, as we continued to capture the benefits of operational improvements and disciplined cost management to capitalise on the attractive commodity demand and pricing environment that prevailed for much of the year. We reported a record operating profit of $11.1 billion, a 14% increase, EBITDA of $13.3 billion, while underlying earnings increased by 23% to $6.1 billion, also a record.

THREE MAJOR NEW MINING OPERATIONS DELIVERED

Our successful delivery of three major mining projects on or ahead of schedule during the year is a great achievement, and will contribute significant new volumes of iron ore, copper and nickel as the new operations continue to ramp up during 2012.

Our decision to sustain capital investment in the development of these and other growth projects through the cycle, with highly competitive operating costs and capital intensity ratios, sets us apart as a near term volume growth leader.

The first shipment of lump iron ore from the 9 Mtpa Kolomela mine in South Africa in December 2011, five months ahead of schedule, was an important step towards our goal of increasing production to 70 million tonnes from our South African iron ore assets this decade. In copper, the expansion at Los Bronces in Chile, completed in October 2011, will more than double the mine's production of 221,000 tpa, on average, over the first three years of full production, with reserves and resources that support a mine life of over 30 years. And in Brazil, we delivered first production at our new Barro Alto nickel operation in March 2011. Barro Alto will average 41,000 tpa of nickel over its first five years of full production and increase Anglo American's nickel volumes by 180%.

TWO FURTHER NEW MINES ON TRACK

We also made good progress during the year at the Minas-Rio iron ore project in Brazil, the fourth of our strategic growth projects. We are continuing to manage a number of challenges in a high inflationary Brazilian mining environment. To mitigate

these challenges, we are implementing various measures including acceleration activities within the previously announced 15% capital expenditure increase, to target first ore on ship in the second half of 2013.

We are maintaining momentum into our next phase of growth, with the Board approval of six growth projects across six commodities, including our 5 Mtpa Grosvenor metallurgical coal project in Australia. We expect to approve further new projects during 2012, including the Quellaveco copper project in Peru.

BUILDING THE NEXT PHASE OF GROWTH

Looking further out, we are focused on prioritising the most attractive of our $84 billion pipeline of unapproved projects towards development and we continue to replenish and increase our world class resource base through numerous exploration successes. Our discovery of copper, nickel and platinum group elements at Sakatti in northern Finland is a great example of Anglo American's deep-rooted greenfield exploration expertise delivering value as well as the use of our innovative drilling technology to reduce our environmental impact as we work towards defining the resource.

SEIZING OPPORTUNITIES TO DELIVER FURTHER VALUE

Beyond our organic growth programme, we continue to deliver shareholder value commercially. We took the unique opportunity in November to finalise the

01 Pump station under construction at the Minas-Rio iron ore project in Brazil.

02 Anglo American has participated in a series of community engagement workshops with the people living close to the site of the Quellaveco copper project in Peru.

03 The Cut-8 extension will transform Jwaneng into a 'superpit', and extend the life of this pre-eminent diamond mine until at least 2025.

04 Stephanie Klatt, senior project geologist, checking core samples at the Sakatti drill site in northern Finland.

"Our discovery of copper, nickel and platinum group elements at Sakatti in northern Finland is a great example of Anglo American's deep rooted greenfield exploration expertise."

Cynthia Carroll Chief Executive

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agreement to acquire the Oppenheimer family's shareholding in De Beers, taking Anglo American's interest in the world's leading diamond company to up to 85%. We will continue to pursue growth where we see the most compelling, long term opportunities and to deliver value from our high quality asset base.

Our sale of a non-controlling interest in our Anglo American Sur assets to Mitsubishi for $5.4 billion, valuing those assets at $22 billion, is a demonstration of that commitment and of the quality our assets.

Our Platinum business today is a far cry from what it was a few years ago in terms of production, productivity and safety. We have seen substantial improvement in operating performance and the returns are in line with the industry. However, these returns have declined in recent years and are not acceptable to us for the medium and longer term. The platinum industry faces significant challenges, from cost inflation and safety issues to ongoing concerns over European demand. As a result, we are embarking on a review to assess the optimal configuration of our Platinum portfolio with a focus on improving performance. We will do this with the single purpose in mind of maximising shareholder value and returns through the cycle.

SAFETY

Safety remains my absolute priority and I have not wavered on this commitment since my appointment as chief executive five years ago. I am deeply saddened that in 2011, 17 employees died while working for Anglo American. We have a long way to go to achieve our objective of zero harm, despite marked improvements in our safety record since 2007, with a significant reduction in the number of our people who have lost their lives at work and lost time injury rates. While we continue to see many examples of safety excellence across Anglo American, we are committed to reviewing, refocusing and reprioritising our safety related programmes to address ongoing challenges.

TAKING THE LEAD IN SUSTAINABLE MINING

Managing the social, economic and environmental impacts of our operations is essential to our success. Our approach to sustainability is a key differentiator for Anglo American, is fundamental to the way we do business and is embedded in everything we do.

Together with safety, our primary sustainability challenges are around climate change, and securing access to water and energy. During 2011, we implemented new technical standards and management tools – the Water Efficiency Target Tool and our energy and carbon management programme, ECO_2MAN – to help operations understand their water and energy requirements, and identify and implement savings projects.

We have continued our support for community health systems during 2011, particularly in emerging economies, at a local and global level. In June 2011, we pledged $3 million over three years to the UK Government-led matching initiative for the Global Alliance for Vaccines and Immunisations, a public/private partnership that is increasing access to immunisation in the world's poorest countries.

In January 2012, I joined other world business leaders to launch the Business Leadership Council for a Generation Born HIV Free, a private sector-led initiative that aims to end the transmission of HIV from mothers to children by the end of 2015.

STRONG OUTLOOK FOR OUR COMMODITIES

Despite short term uncertainty persisting in the global economy, particularly in Europe, the outlook for Anglo American's diversified mix of commodities remains strong. We expect sustained growth in the emerging economies, notably in China and India, which will underpin robust demand for commodities, supplemented by early recovery signs in the US. Continuing industrialisation and urbanisation cycles and the considerable scope for the convergence of living standards, combined with long term supply constraints, present an attractive proposition across our unique portfolio of early, mid- and late development cycle commodities.

Cynthia Carroll
Chief Executive

MEASUREMENT AND TARGETS

Strategic elements	KPI targets	
INVESTING In world class assets in the most attractive commodities Turn to page 16	**Total shareholder return (TSR)** Share price growth plus dividends reinvested over the performance period. A performance period of three years is used and TSR is calculated annually	**Capital projects and investment** Optimise the pipeline of projects and ensure that new capital is only committed to projects that deliver the best value to the Group on a risk adjusted net present value basis
	Return on capital employed (ROCE) Total operating profit before impairments for the year divided by the average total capital less other investments and adjusted for impairments	**Underlying earnings per share** Underlying earnings are net profit attributable to equity shareholders, before special items and remeasurements
ORGANISING Efficiently and effectively Turn to page 20	**Asset optimisation (AO)** Sustainable operating profit benefit from optimised performance of the asset base of the core businesses	**Supply chain** Operating profit and capital spend benefits to the Group resulting from centralised procurement from core businesses
OPERATING Safely, sustainably and responsibly Turn to page 24	**Work related fatal injury frequency rate (FIFR)** FIFR is calculated as the number of fatal injuries to employees or contractors per 200,000 hours worked	**Total water use** Total water use includes only water used for primary activities, measured in million m^3
	Lost time injury frequency rate (LTIFR) The number of lost time injuries (LTIs) per 200,000 hours worked. An LTI is an occupational injury which renders the person unable to perform his/her regular duties for one full shift or more the day after the injury was incurred, whether a scheduled workday or not	**Corporate social investment** Social investment as defined by the London Benchmarking Group includes donations, gifts in kind and staff time for administering community programmes and volunteering in company time and is shown as a percentage of profit before tax
	Energy consumption Measured in gigajoules (GJ)	**Enterprise development** Number of companies supported and number of jobs sustained by companies supported by Anglo American enterprise development initiatives
	Greenhouse gas (GHG) emissions Measured in tonnes of CO_2 equivalent emissions	
EMPLOYING The best people Turn to page 32	**Voluntary labour turnover** Number of permanent employee resignations as a percentage of total permanent employees	**HIV counselling and testing (HCT)** Percentage of employees in southern Africa undertaking voluntary annual HIV tests with compulsory counselling and support
	Gender diversity Percentage of women, and female managers employed by the Group	

Results and targets

Return on capital employed (ROCE)

2011 **26.5**%

2010 **24.8**%

Underlying earnings per share

2011 $**5.06**

2010 $**4.13**

Capital projects and investment

For a summary of the Group's capital projects and investments
turn to pages 18 to 19

Total shareholder return (TSR)

Please refer to the Remuneration report
turn to pages 104 to 115

Asset optimisation (AO)

Target: $1 billion by 2011[1]

2011 $**1,978**m

2010 $**1,548**m

Supply chain

Target: $1 billion by 2011[2]

2011 $**1,185**m

2010 $**713**m

Work related fatal injury frequency rate (FIFR)

Target: Zero fatal incidents

2011 **17** fatalities, 0.009 FIFR

2010 **15** fatalities[3], 0.008 FIFR

Energy consumption

2011 **102.9** million GJ total energy used

2010 **100.9** million GJ total energy used

Corporate social investment

2011 $**122**m, 1.3% of profit before tax

2010 $**111**m, 1.3% of profit before tax

Lost time injury frequency rate (LTIFR)

Target: Zero incidents – the ultimate goal of zero harm remains

2011 **0.64**

2010 **0.64**[4]

GHG emissions

2011 **18.8** Mt CO_2 equivalent

2010 **20.0** Mt CO_2 equivalent

Total water use

Target: Under revision

2011 **115.3** Mm^3

2010 **114.5** Mm^3

Enterprise development

Target: Businesses supported: 3,500
Jobs sustained: 18,000

2011 **38,681** businesses supported

47,070 jobs sustained

2010 **9,392** businesses supported

17,200 jobs sustained

Voluntary labour turnover

2011 **3.0**%

2010 **5.3**%

HIV counselling and testing (HCT)

Target: Over 90% of employees in high disease burden countries

2011 **92**%

2010 **94**%

Gender diversity

2011 **15**% females

22% female managers

2010 **14**% females

21% female managers

(1) $1 billion of sustainable operating profit benefit from core businesses, excluding Other Mining and Industrial, by the end of 2011.
(2) $1 billion of operating profit and capital spend benefits from core businesses, excluding Other Mining and Industrial, by the end of 2011.
(3) During 2010, we reported 14 fatal incidents. A further incident, which was still under investigation at the time of going to print, has since been recorded, bringing the total figure to 15.
(4) In 2010, we reported an LTIFR of 0.57. This figure has been revised to retrospectively accommodate aligned reporting from Metallurgical Coal.

Investing in world class assets in the most attractive commodities

What it takes:
DRIVE AND A FOCUS ON OBJECTIVES

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"2011 was a very good year from a project delivery perspective, with three key projects being commissioned on or ahead of time."

David Weston Group Director of Business Performance and Projects

A DETERMINED TEAM SETTING NEW STANDARDS

The $1.9 billion Barro Alto nickel project in Brazil delivered its first metal on schedule in March 2011. The project is the first of our four major strategic growth projects to be commissioned and will be a key contributor to Anglo American's 35% volume growth by 2014.

Barro Alto will average 41 ktpa of nickel over its first five years of full production and has a highly competitive cost position in the lower half of the cost curve. It will more than double production from our Nickel business, and increase Anglo American's total nickel volumes by 180%.

Barro Alto will have a long life from its extensive resource base, while Anglo American has the potential to increase nickel production by an additional 66 ktpa, with further upside potential from its unapproved projects at Jacaré and Morro Sem Boné, also in Brazil, leveraging the Group's considerable nickel laterite technical expertise.

The safety performance at Barro Alto has been particularly impressive and it was recognised in 2010 as being the safest mine in Brazil.

To watch the video, visit **www.angloamerican.com**

Clockwise from top:
01 Digger driver Erailde Belo Macedo at the primary crusher in Barro Alto plant.

02 Metal tapping in the electric furnace.

03 Inside the dispatch area.

Main picture, right
Safety technician Rodrigo Jordani Braga, looks out over the Barro Alto plant from the main viewing point.

Investing in world class assets in the most attractive commodities

"Barro Alto has gone well from a project delivery viewpoint. It was on time, it's ramping up well to reach its full production capacity at the beginning of 2013, and by using proven technology we have taken much of the risk out of the process."

Walter De Simoni CEO, Nickel

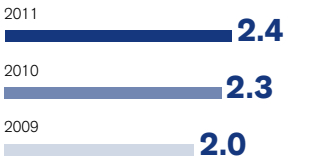
WELL POSITIONED NOW AND FOR THE FUTURE

IN BRIEF

- Nine major projects completed or in commissioning during 2011.
- Grosvenor – a 5 Mtpa hard coking coal project approved.
- Cerrejón P500 Phase 1 – to increase export thermal coal production by 8 Mtpa (100% basis) – approved.

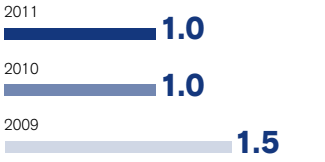
CAPEX: 4 strategic growth projects

$bn



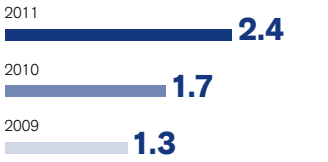
CAPEX: Other projects

$bn



CAPEX: Stay in business

$bn



THREE MAJOR NEW MINING OPERATIONS DELIVERED ON OR AHEAD OF SCHEDULE

Anglo American commissioned three major new mining operations during 2011 – the Kolomela iron ore mine in South Africa, the Los Bronces copper expansion in Chile and the Barro Alto nickel mine in Brazil. The Group's world class pipeline of projects spans its core commodities and is expected to deliver organic production growth of 35% by 2014 from those projects that have been commissioned during 2011 and those that are approved and currently in development.

During 2011, the Board approved a number of growth projects, including the 5 Mtpa Grosvenor metallurgical coal project in Queensland, Australia and the Collahuasi Phase 2 expansion in Chile. Beyond the near term, Anglo American is progressing towards approval decisions in relation to the development of further high quality growth projects, including the 225,000 tpa Quellaveco copper project in Peru. Submission to the Board for approval is expected for the Quellaveco project once the necessary permits are obtained. Together with a number of other medium and longer term projects, Anglo American has the potential to double production through its $98 billion pipeline of more than 85 approved and unapproved projects.

The Barro Alto nickel project in Brazil delivered its first metal in March 2011. Barro Alto is ramping up towards full production capacity, which it is expected to reach at the beginning of 2013. This project makes use of proven technology and will produce an average of 36,000 tpa of nickel in full production (41,000 tpa over the first five years), more than doubling production from our Nickel business, with a competitive cost position in the lower half of the cost curve.

The Los Bronces copper expansion project in Chile delivered its first production on schedule in October 2011. Production at Los Bronces is expected to more than double, increasing by an average of 278 ktpa over the first three years of full production and an average of 200 ktpa over the first 10 years. At peak production levels, Los Bronces is expected to be the fifth largest producing copper mine in the world, with highly attractive cash operating costs, reserves and resources that support a mine life of over 30 years, and with further expansion potential.

Kumba's Kolomela project in South Africa shipped its first lump iron ore from the port of Saldanha to China in December 2011, five months ahead of schedule. Kolomela is situated 80 km to the south of Kumba's world class Sishen mine and, when full production is achieved in 2013, will produce 9 Mtpa of high quality seaborne iron ore, with further potential for expansion.

The Minas-Rio iron ore project in Brazil is expected to produce 26.5 Mtpa of iron ore in its first phase and has made good progress during the year. Minas-Rio secured a number of major licences and permits during the year; the offshore and onshore works at the port are on schedule; more than 90% of land access has been secured along the 525 km pipeline route and more than 200 km of pipe has been installed; and the civil works at the beneficiation plant are well under way. As with other complex greenfield mining projects, a number of irregular issues, such as the discovery of caves at the beneficiation plant site which require specialised assessment, continue to cause delays to the work scheduling, in addition to outstanding land access and an evolving permitting environment. Minas-Rio is implementing various measures to manage these challenges in a high inflationary Brazilian mining environment, including acceleration activities within the previously announced 15% capital increase, to target first ore on ship in the second half of 2013.

Pre-feasibility studies for the second phase of the Minas-Rio iron ore project commenced during 2011 and, although still under way, the studies, together with the current resource statement (total resource volume (Measured, Indicated and Inferred)) of 5.8 billion tonnes, support the expansion of the project.

The greenfield Grosvenor project is situated immediately to the south of Anglo American's Moranbah North metallurgical coal mine in the Bowen Basin of Queensland, Australia. The mine is expected to produce 5 Mtpa of metallurgical coal from its underground longwall operation over a projected life of 26 years and to benefit from operating costs in the lower half of the cost curve. A pre-feasibility study for expansion by adding a second longwall at Grosvenor is under way.

The 6.6 Mtpa Zibulo mine in South Africa reached commercial operating levels in the fourth quarter of 2011, ahead of schedule.

In Colombia, Phase 1 of the Cerrejón P500 expansion project, to increase production by 8 Mtpa (100% basis), was approved by Cerrejón's three shareholders in the third quarter of 2011. First coal is targeted during the fourth quarter of 2013, with the project expected to achieve full production at the end of 2015.

The Unki project in Zimbabwe was handed over to operations in January 2011 and reached steady state production of 120,000 tonnes milled per month during the fourth quarter of 2011, a year ahead of schedule.

In Botswana, Debswana's Jwaneng mine Cut-8 extension project is progressing satisfactorily, largely on schedule and on budget.

SELECTED MAJOR PROJECTS

Completed/In commissioning in 2011

Sector	Project	Country	Commissioning date	Capex $m[1]	Production volume[2]
Iron Ore and Manganese	Kolomela	South Africa	Q4 2011	1,062	9.0 Mtpa iron ore
Thermal Coal	Zibulo	South Africa	Q4 2011	517	6.6 Mtpa thermal
Copper	Los Bronces expansion	Chile	Q4 2011	2,800	200 ktpa copper[3]
	Collahuasi Phase 1	Chile	Q4 2011	148	19 ktpa copper
Nickel	Barro Alto	Brazil	Q1 2011	1,900	36 ktpa nickel [4]
Platinum	Unki	Zimbabwe	Q4 2011	459	70 kozpa refined platinum
	Mogalakwena North	South Africa	H2 2011	822	350–400 kozpa refined platinum
	Base metals refinery expansion	South Africa	Q3 2011	360	11 ktpa nickel
	Dishaba East Upper UG2	South Africa	H2 2011	219	100 kozpa refined platinum

Approved

Sector	Project	Country	First production date	Full production date	Capex $m[1]	Production volume[2]
Iron Ore and Manganese	Minas-Rio Phase 1	Brazil	2013	2014	5,034	26.5 Mtpa iron ore pellet feed (wet basis)[5]
	Groote Eylandt Expansion Project (GEEP 2)[6]	Australia	2013	2013	280	0.6 Mtpa manganese ore
Metallurgical Coal	Grosvenor Phase 1	Australia	2013	2016	1,700	5.0 Mtpa metallurgical
Thermal Coal	Cerrejón P500 Phase 1	Colombia	2013	2015	1,311	8.0 Mtpa thermal
Copper	Collahuasi expansion Phase 2	Chile	2013	2014	212	20 ktpa copper[7]
Platinum	Twickenham	South Africa	2015	2019	1,248	180 kozpa refined platinum
	Khuseleka Ore Replacement	South Africa	2007	2015	187	Replace 101 kozpa refined platinum
	Bathopele Phase 4	South Africa	2009	2012	67	65 kozpa refined platinum
	Bathopele Phase 5	South Africa	2013	2018	230	139 kozpa
Diamonds	Jwaneng – Cut 8	Botswana	2017	2021[8]	3,000[9]	100 million carats
Other Mining and Industrial	Boa Vista Fresh Rock	Brazil	2013	2014	173 [10]	2.7 ktpa additional niobium in product

Future unapproved

Sector	Project	Country	First production date	Full production date	Production volume[2]
Iron Ore and Manganese	Sishen Expansion Project phase 1B	South Africa	2013	2014	0.75 Mtpa iron ore
	Sishen B Grade	South Africa	2016	2017	6.0 Mtpa iron ore
	Sishen Concentrates	South Africa	2017	2019	1.1 Mtpa iron ore
	Kolomela Expansion	South Africa	2017	2019	6.0 Mtpa iron ore
	Minas-Rio expansion	Brazil	TBD	TBD	TBD
Metallurgical Coal	Grosvenor Phase 2	Australia	2015	2017	6.0 Mtpa metallurgical
	Drayton South	Australia	2015	2015	4.0 Mtpa thermal
	Moranbah South	Australia	2016	2019	12.0 Mtpa metallurgical
Thermal Coal	Elders Multi-product Project	South Africa	2017	2019	3.0 Mtpa thermal
	New Largo	South Africa	2015	2017	13.0 Mtpa thermal
	Cerrejón P500 P2	Colombia	TBD	TBD	10–20 Mtpa thermal
Copper	Quellaveco	Peru	2016	2017	225 ktpa copper
	Michiquillay	Peru	2019	2020	187 ktpa copper[11]
	Collahuasi expansion Phase 3	Chile	TBD	TBD	469 ktpa
	Pebble	US	TBD	TBD	175 ktpa[12]
Nickel	Jacaré	Brazil	TBD	TBD	TBD
Platinum	Tumela Conglomerate	South Africa	2020	2026	271 kozpa refined platinum
Diamonds	Gahcho Kué	Canada	TBD	TBD	TBD
	Venetia UG[13]	South Africa	TBD	TBD	TBD

(1) Capital expenditure shown on 100% basis in nominal terms.
(2) Represents 100% of average incremental or replacement production, at full production, unless otherwise stated.
(3) Production represents average over the first 10 years of the project. Production over the first three years of the project will average 278 ktpa.
(4) Average production of 36 ktpa over the full production years; a new mine plan will extend the life of Barro Alto with lower production in the additional years.
(5) Capital expenditure, post-acquisition of Anglo American's shareholding in Minas-Rio, includes 100% of the mine and pipeline, and an attributable share of the port, as modified by the agreement with LLX SA and LLX Minas-Rio. Capital expenditure is under review to contain the capital increase to approximately 15% of the guidance.
(6) Subject to conditions precedent being fulfilled.
(7) Further phased expansions have the potential to increase production to 1 Mtpa.
(8) Waste stripping at Cut-8, an extension to Jwaneng mine, began in 2010. Carat recovery will commence in 2017, with Cut-8 reaching full production when Cut-7 ore is exhausted in 2021.
(9) Debswana is investing $500 million in capital expenditure. Project investment, including capital expenditure, is likely to total $3 billion over the next 15 years. Total carats exposed are over the life of the extension.
(10) Capital estimate subject to review.
(11) Expansion potential to 300 ktpa.
(12) Pebble will produce molybdenum and gold by-products and other projects will produce molybdenum and silver by-products.
(13) A feasibility study is scheduled for consideration by De Beers Consolidated Mines (DBCM) board in 2012.

Organising efficiently and effectively

What it takes:
UNLOCKING VALUE THROUGH PARTNERSHIP

01

02

03

COLLABORATION ACHIEVING OPERATIONAL EXCELLENCE

Metallurgical Coal's strategy is to triple its hard coking coal production by 2020. As part of enabling this strategy, it has developed a pipeline of underground longwall projects in the Moranbah region in Australia.

To achieve this growth, we will need to increase cutting hours and productivity of existing longwalls to world best practice and beyond, and establish new longwalls at this enhanced level.

Metallurgical Coal and Joy Mining Machinery, the world leader in the development and manufacture of underground mining machinery, have formed a collaborative partnership to improve the performance of the existing longwall at Moranbah and to develop and implement the 'Longwall of the future', with a focus on zero harm and reducing costs per tonne. This new longwall design and implementation will become the standard for all Metallurgical Coal's longwall developments in the future.

In the initial phase of the work, Joy has played a key role in the Longwall100 project to improve longwall cutting hours and is bringing into operation its first Smart Services Centre in Australia in Metallurgical Coal's Brisbane Office.

As we move forward, we will leverage the know how of both organisations and, by taking a complete mining system approach, the next level of technology, automation, design for reliability, and remote equipment performance prognostics (Smart Services) will be delivered.

To watch the video, visit
www.angloamerican.com

Clockwise from top:
01 Viewing point at the Moranbah North coal handling and processing plant (CHPP).

02 Grading of coal at the Moranbah North CHPP.

03 and main picture, right Head of operations at Metallurgical Coal Dieter Haage (orange jacket) and Joy Mining site manager Manie Swanepoel underground at the Moranbah North longwall.

Organising efficiently and effectively

"The partnerships we are forging with companies that are world leaders in their fields are taking us to another level in unlocking value."

Seamus French CEO, Metallurgical Coal


EMERGENCY
555
6
7

IDENTIFYING OPPORTUNITIES AND DRIVING STANDARDS

SUSTAINABLE ASSET OPTIMISATION BENEFITS FROM CORE OPERATIONS
(2010: $1.6 bn)

$2.0 bn

SUPPLY CHAIN BENEFIT FROM CORE OPERATIONS
(2010: $739 m)

$1.2 bn

SPEND ON SUPPLIERS BASED IN HOST COMMUNITIES CLOSE TO OUR OPERATIONS

$1.13 bn

ASSET OPTIMISATION

Our asset optimisation (AO) programme has been in place since 2009, and has surpassed the $1 billion target set in terms of the value delivered for sustainable AO benefits from our core businesses. Our portfolio of AO projects continues to develop and deliver.

In 2011, $2,042 million of sustainable benefits were delivered from our core businesses, with an additional $253 million delivered from one-off projects. These benefits were derived mainly from revenue enhancing projects in the mining and processing steps of the value chain. In total, $1,978 million of benefits were delivered against the $1 billion target from our businesses, excluding Other Mining and Industrial.

Sustainable asset optimisation benefits

Business unit	$ m*
Kumba Iron Ore	257
Metallurgical Coal	361
Thermal Coal	254
Copper	480
Nickel	19
Platinum	607
Other Mining and Industrial	233
Total	2,211
Analysed as:	
Core operations	2,042
Non-core operations	169

* In 2011 terms.

The AO programme remains focused on identifying and unlocking business value from our existing assets, across the value chain. One of the key features of the programme is the operation review (OR) process initiated in 2010. This structured eight-step review process enables our business units to drive towards operational excellence through the identification and prioritisation of business improvement opportunities, in accordance with our technical standards and our commitment to safety and sustainable development.

The ORs are a collaborative effort that combines our central technical capability with our operational expertise across the Group, thereby creating teams that are able to identify value improvement opportunities and leverage our global best practice across the Group's complete mining value chain. During 2011, ORs were conducted at Sishen (Kumba Iron Ore), Landau (Thermal Coal), Dishaba (Platinum), Venetia (De Beers), Capcoal (Metallurgical Coal) and Collahuasi (Copper).

We have positioned ourselves to create unified systems and frameworks that facilitate the integration of operational excellence into all our processes. This will move us towards a uniform 'Operating Way' that ensures the consistent application of all our standards and policies, and better alignment of our people and processes.

A prominent element of the AO programme to date has been to embed AO knowledge and principles within the business. This is being achieved through a comprehensive change management programme that encompasses both skills development and internal communication. We have seen a marked increase in the number of employees that have been exposed to our AO Academy training, which is aimed at equipping our people with the right skills and business improvement mindset required to deliver AO results for the business. In the next phase of AO skills development we will incorporate the use of advanced technology and more interactive learning environments, thus making AO a more tangible reality for our people and the organisation.

SUPPLY CHAIN

Transformation

A significant milestone was achieved in 2011 with Supply Chain delivering $1,274 million in value for the Group. In total, $1,185 million of benefits were delivered against the three year $1 billion target from our core businesses, excluding Other Mining and Industrial.

These targets were achieved through more effective management of purchased materials and services, enabled through a new centre-led organisation model that, based on a recent benchmarking study, is now operating in the top quartile. The foundations are now in place to create strategic ongoing value and remain a source of competitive advantage for the Group.

The significant progress made towards achieving Supply Chain's vision of becoming the industry leader and global benchmark for supply chain value creation has been the result of effective collaboration throughout the Group and with key suppliers.

Supply chain benefits

Business unit	$ m*
Kumba Iron Ore	361
Iron Ore Brazil	89
Metallurgical Coal	159
Thermal Coal	152
Copper	137
Nickel	36
Platinum	215
De Beers	13
Other Mining and Industrial	89
Corporate	23
Total	1,274
Analysed as:	
Core operations	1,210
Non-core operations	64

* In 2011 terms.

Sustainable and responsible supply chain

Local procurement is an effective way of creating sustainable development and delivering broader wealth creation for our host countries. Our vision is sustainable, responsible local procurement that positively contributes to a resilient supply chain and the economic and social development of the communities in which we operate.

Anglo American spends more than $13 billion a year on procuring goods and services, representing a significant development opportunity. Around three-quarters of this spend is in developing countries. In 2011, expenditure on suppliers based in the host communities close to our operations was $1.13 billion. During the same period our total black economic empowerment (BEE) procurement spend by managed and independently managed businesses and enterprise development was R23.3 billion ($3.2 billion). Of this total, Anglo American managed businesses spent a total of R21.5 billion ($3.0 billion) with 'historically disadvantaged South African (HDSA) businesses (not including goods and services procured from parastatal companies and municipalities). All three South African business units exceeded the Mining Charter targets for the year. Local suppliers strengthen our social licence to operate and can lead to significant efficiencies such as reduced delivery and logistics costs.

Partnerships

Significant value exists in managing partnerships with our suppliers to develop new technology, improve operational performance and deliver mutually beneficial commercial outcomes. In 2011, more than 50 key suppliers were engaged as part of the supplier relationship management (SRM) programme. Through the SRM, value is created from actively managing collaborative and performance based relationships with our key suppliers. Global framework agreements (GFAs) with over half of these key suppliers, have either finalised or are near completion and represent a formal alignment in the commercial relationship. These GFAs are critical in the turbulent and high demand markets we are currently experiencing, as they provide enhanced security of supply and improved commercial terms.

01

SAG MILL 2 FEED END DISCHARGE OPTIMISATION PROJECT

Just because two pieces of machinery do the same job, it does not always mean we get the same result.

This was the case for two SAG mills at our Los Bronces copper operation in Chile.

Following analysis of historical operational data, our engineers discovered that SAG mill 2 had a lower operational efficiency than SAG mill 1. Further investigation indicated the root cause to be a difference in design of the discharge of the two mills, which had resulted in a discharge restriction on SAG mill 2. In addition, SAG mill 2 showed irregular wear patterns on its lifters and liners, and its discharge was 'spraying'. The mill also had slurry carry-over and a flowback of material.

In order to eliminate the restriction on SAG mill 2's discharge end, the discharge boxes were redesigned and modified in order to balance evacuation with channelling.

The SAG mill 2 feed end discharge optimisation project has proved a great success. The new discharge boxes were implemented in March 2011 and Los Bronces is now seeing normal wear patterns on the lifters and liners. Throughput on the mill has improved by 3%, resulting in a benefit of $25.9 million.

Above
01 Work in progress on the feed end discharge optimisation project at SAG mill 2.

To watch the video, visit **www.angloamerican.com**

Operating safely, sustainably and responsibly

What it takes:
INNOVATION AND DIALOGUE

01

02

03

SOLUTIONS ROOTED IN CREATING SHARED VALUE

Securing a safe and reliable water source in one of the driest regions in the world presents some obvious challenges. At our Mantoverde copper operation in Chile's Atacama Desert, we're doing our best to overcome these by reducing the strain on an already stretched watershed.

Our plans to develop a desalination plant that will meet 100% of Mantoverde's water needs represents an opportunity to make a real difference in the Atacama region. By eliminating our own requirements from the current watershed, we will reduce the demand on this most vital of resources significantly, while also presenting community investment opportunities through the development of the desalination plant.

Located in Corral de los Chanchos Bay, in the Chañaral district, the $96 million plant will have a water production rate of 120 litres per second. Start-up is scheduled for 2013 and the 20 month planned construction project will provide an estimated 150 jobs.

Environmental protection measures have also been comprehensively addressed and constant dialogue with social organisations, neighbours' associations, fishermen's trade unions, public bodies and the Municipality of Chañaral has ensured the concerns of the communities have been considered at every stage of development. We can now look forward to an environmentally sound plant that will greatly improve water availability across the region.

Our aim is to maximise the value of water resources while seeking to achieve no long term net harm to the environment or communities where we operate. This desalination plant will help us maintain that position and further develop our ambition to become a champion in responsible water stewardship.

To watch the video, visit **www.angloamerican.com**

Clockwise from top:

01 Contractor Juan Silva Jemijo (left) and organisational development engineer Juan Luis Oyaneder at Bahia Los Chanchos.

02 Juan Luis Oyaneder discusses plans for the new desalination plant with a member of a community close to the site of the plant.

03 The local community will secure a sustainable water supply once our desalination plant at Mantoverde is up and running.

Main picture, right
Fishermen working in Corral de los Chanchos Bay, off the town of Chañaral, where the new desalination plant for our Mantoverde copper mine will secure a sustainable water supply while protecting the ocean environment.

Operating safely, sustainably and responsibly

"Our desalination plant at Mantoverde will make a real difference by meeting the mine's total water needs, thereby eliminating our need to compete for water resources in this driest of all the world's deserts."

John MacKenzie CEO, Copper

OPERATING SAFELY, SUSTAINABLY AND RESPONSIBLY

LOST TIME INJURY FREQUENCY RATE
(2010: 0.64)

0.64

WATER

80%

More than 80% of our operations and planned projects are in water stressed basins

SAFETY LEADERSHIP

6,548

Number of employees who have completed our industry leading SHE risk management programme

SUSTAINABLE DEVELOPMENT: A STRATEGIC COMMITMENT

One of Anglo American's four strategic pillars is to operate safely, sustainably and responsibly. As a company that exploits a finite resource, we are fully committed to operating our mines in a way that brings positive changes to host communities and leaves behind a healthy environment. We do not accept that injuries or deaths are an unavoidable part of our business. Safety remains our number one priority, and we expect everyone at work to take responsibility for their personal safety and that of their colleagues.

Sustainable development (SD) touches on every aspect of our business. Our approach is based on a belief that exceptional operational value can be realised by embedding SD in everything that we do – from our systems, risk processes and procedures, to the way in which we consult and work with our stakeholders.

Strong governance and risk management processes ensure that we deliver on our commitments. A dedicated global Safety and Sustainable Development (S&SD) Risk and Assurance team provides the Executive Committee and S&SD Committee of the Board with expert opinion on the adequacy of risk control measures to ensure that current and emerging risks are effectively controlled.

This second-party perspective, coupled with subject matter expertise (internal and external) enables us to identify critical safety, health and environmental improvement opportunities, thereby focusing and accelerating improvement efforts. Following the internal restructuring process that was completed in early 2010, our S&SD and Government and Social Affairs functions have been fully integrated within the project management and asset optimisation processes, ensuring that broader sustainability and licence to operate issues are provided for within our operational and decision-making processes.

SAFETY

While we acknowledge that mining is inherently a high-risk industry, we do not accept that anyone should be injured while working for us.

Performance

We deeply regret that in 2011, 13 employees and four contractors lost their lives while working for Anglo American (2010: 15[1]). This tragic loss of life is unacceptable, particularly in light of the significant and consistent safety improvement that Group operations have achieved since 2007. The majority of these deaths (12) took place at our Platinum business, while other Group businesses such as Kumba Iron Ore, Metallurgical Coal and Nickel remained fatality-free for 2011. Notably, too, our exploration sites have operated without a fatal incident for over three years.

The Group's lost time injury frequency rate (LTIFR) was 0.64 in 2011, equal to our performance in 2010. While the LTIFRs of almost all business units improved, an increase in injuries at Platinum countered the improvements achieved elsewhere. In 2011, Platinum launched 'Zero Harm in Action', a five-year change management programme to deliver a comprehensive safety intervention throughout the business. The programme will last for five years and be implemented at every location and involve every employee in Platinum.

Managing safety

Our approach to safety is outlined in the Safety Way, a comprehensive framework of roles and responsibilities supported by a set of safety principles and mandatory safety standards. This underpins the delivery of our safety strategy which outlines our risk based approach to safety. All of our operations have developed safety improvement plans that define how they drive continuous improvement in line with the Group strategy.

While the significant improvement in safety performance achieved over the previous four years has given us confidence that we have adopted the right strategy, it is clear from the regression experienced in 2011, that the speed and the consistency with which its elements are being implemented are insufficient. To understand the reasons why, and to identify the actions needed to accelerate the drive to zero harm, in February 2011, our chief executive, Cynthia Carroll, launched a strategic safety review and action plan. There are three main components to the plan: the development of leading safety performance indicators, of Group-wide site safety reviews, and corporate centre action plans.

[1] During 2010, we reported 14 fatal incidents. A further incident, which was still under investigation at the time of going to print, has since been recorded, bringing the total to 15.

01 At Thermal Coal's Isibonelo colliery in South Africa, each working day starts with a safety meeting. Workers end the meeting by giving each other the traditional 'thumbs up'.

01

Developing leading safety performance indicators

To date, Anglo American has been measuring safety performance almost exclusively on the basis of lagging indicators, such as the numbers of people hurt and injury frequency rates. While useful, these are not always effective as a predictor of future performance. We therefore introduced a programme aimed at developing a new set of metrics that more accurately describe the efforts sites are making to improve safety, and that improve our ability to anticipate and pre-empt potential incidents. Seven key measures relating to leadership, risk management training, safety competence, the delivery of maintenance programmes, improvements to risk management, learning from high potential incidents, and the closing review of safety actions were agreed. These measures, which make use of data that is already regularly collected by each site, provide a clearer view as to what our safety priorities should be, and will assist us in identifying those operations that need priority attention.

In total, 46 safety reviews were conducted by the Group Safety and Sustainable Development Risk and Assurance team in 2011.

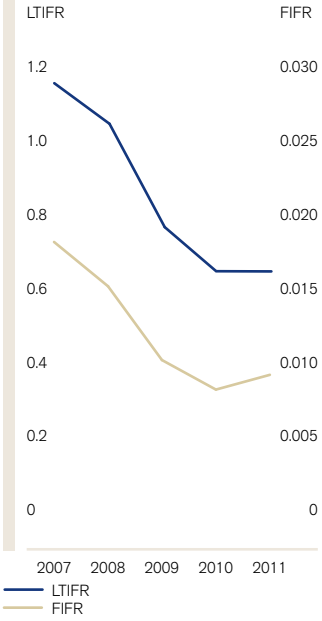
Safety assurance

In total, 46 safety reviews were conducted by the Group Safety and Sustainable Development Risk and Assurance team in 2011. The audit teams have been augmented by experienced senior mining managers, technical specialists and industrial psychologists. They are tasked with providing immediate guidance to the site and business unit concerned so that more focused solutions for site-level responses can be developed. This deeper analysis is assisting us in identifying organisational or cultural factors external to the site that may be impeding on-site safety.

Promoting corporate leadership on safety

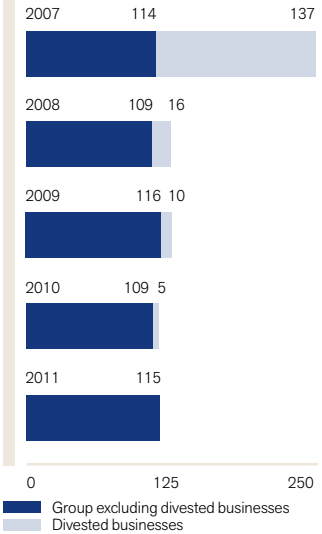
In April, 60 leaders, representing each of the business units and functions, took part in a Safety Leadership Summit to identify how the Group Management Committee and Group functions can support the operations in the goal of achieving zero harm more effectively. The participants prioritised a range of issues across the different functional areas, and agreed to establish six teams to develop these into formal action plans. Each team is led by an Executive Committee champion with the support of a cross-functional team. The identified actions aim to provide a coherent response to the safety issues experienced in 2011, while limiting additional work required by the business units.

Lost time injury frequency rate (LTIFR) and fatal injury frequency rate (FIFR)



Water consumption

Million m^3



Operating safely, sustainably and responsibly

WATER

More than 80% of our operations and planned projects are located in water stressed basins where we expect increasing competition for water resources. Growing demand for water resources, along with the effects of climate change, is already leading to supply shortages, increased costs, stricter legislation and heightened social pressures.

The Anglo American water strategy and policy reflects our aim to demonstrate leadership within our water catchment areas. The strategy is a three stage journey phased over 10 years. Implementation of this strategy is being realised through our initiatives in three key areas: improving operational excellence, investing in technology, and engaging and partnering with our stakeholders.

Operational excellence

In 2011, a new Group technical standard for water management was issued. This new mandatory standard includes detailed requirements on target setting, water monitoring, site management and Water Action Plans (WAPs). Our site-level WAPs aim to provide our operations with a clear picture of their internal requirements in the context of legal and catchment management developments, and are intended to help operations implement integrated water management.

An important focus during the year was on the implementation of our Water Efficiency Target Tool (WETT) across all our managed operations. The tool, which was piloted at seven sites across the Group, forecasts the projected business-as-usual water demand of individual operations and establishes a register of water saving projects linking the two to deliver future performance targets. Through a robust bottom-up process of identifying and assessing water saving opportunities, and understanding local water risks, we have for the first time set quantitative savings targets for each managed operation within the Group.

Technology

As part of our technology development activities, we are working to identify appropriate technology solutions and to agree the timeframes within which to achieve our proposed strategic objective of 'zero net water consumption' by 2030.

Engagement and partnerships

Wherever we operate we engage with host governments, local authorities, communities, NGOs, businesses and other stakeholders on a range of water-related issues, and participate in global policy debates on water. We are pleased with the significant progress made in finalising outstanding water licence agreements for our operations in South Africa during 2011. This represented an important engagement with our regulatory partners to secure our business in the future.

Performance

During 2011, Group operations consumed a total of 131.6 million m^3 of water. This comprised 115.3 million m^3 of water for primary process and production activities, as well as a further 16.3 million m^3 of water for secondary activities such as employee villages, sportsgrounds and office facilities. This represents a 0.7% year-on-year increase in our consumption of water used for primary activities, largely from the Barro Alto nickel plant in Brazil commencing production, as well as increased water requirements related to construction of the Minas-Rio project in Brazil and dust suppression arising from operational changes at El Soldado copper mine in Chile. The overall impact of these increases was mitigated by the sale of assets during 2010 that would have contributed a further 5.4 million m^3 of water to the total in 2011, as well as the disposal of a number of businesses throughout 2011.

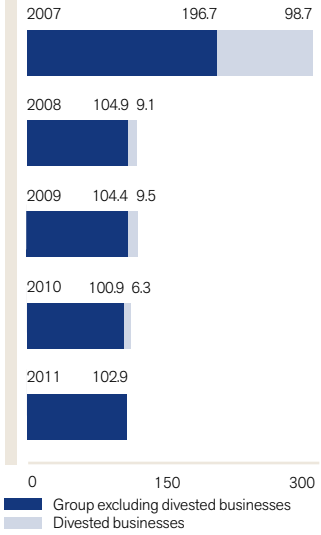
CLIMATE CHANGE AND ENERGY

Our response to climate change is guided by our climate change strategy and policy. Our strategy seeks to minimise our exposure to emerging climate change regulation, maximise opportunities in our product markets, and build adaptation measures against the impacts of regional climate change. The strategy will be implemented in three phases over the next 10 years. Within each phase, implementation is being undertaken through our initiatives in three key areas: improving operational excellence, investing in technology, and engaging and partnering with our stakeholders.

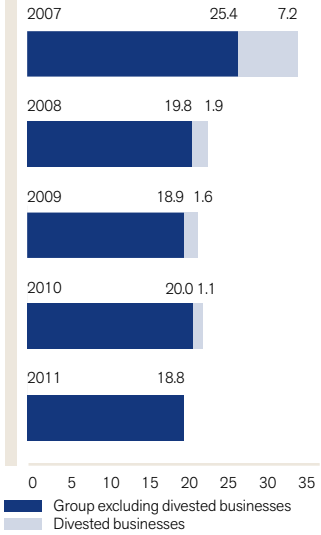
Operational excellence

In 2011, we issued a new Group technical standard to manage carbon and energy performance at all our operations, and we developed and implemented our energy and carbon management programme, ECO_2MAN. This programme helps us identify and prioritise energy efficiency and carbon savings project opportunities at the business

Energy consumption
GJ (million)



Greenhouse gas (GHG) emissions
Tonnes (million)



unit and mine level, and is tied to our internal and external verification and assurance processes. It has been used to guide the development of new site-based bottom-up energy and greenhouse gas (GHG) emissions savings targets.

Technology

As energy use accounts for roughly 85% of our GHG emissions, we are primarily focusing existing activities on identifying and implementing innovative technologies aimed at using energy more efficiently. These include technological solutions to optimise processes and machinery at our operations, such as air compressors, ventilation fans, pumps, draglines, conveyors and electric motors. In addition to focusing on energy efficiency technologies, we are investing in developing and deploying technologies that may enable us to run cost efficient, carbon neutral mines by 2030.

Engagement and partnerships

We continue to work with governments and our business peers to inform the development and implementation of efficient, effective and equitable climate change policies, including carbon taxes and other pricing mechanisms. In 2011, we were particularly active in engaging with the South African and Australian governments, in relation to the UNFCCC COP-17 negotiations in Durban as well as commenting on proposed carbon pricing schemes. In addition, our flagship Zimele enterprise development programme announced the formation of a new Green Fund which will help entrepreneurs drive the green economy in South Africa.

> **In addition to focusing on energy-efficiency technologies, we are investing in developing and deploying technologies that may enable us to run cost efficient, carbon neutral mines by 2030.**

01 Environmental graduate Carmen Dyer taking a water sample at Drayton, part of Metallurgical Coal in Australia.

Performance

Reducing our GHG emissions

In 2011, the Group's Scope 1 and Scope 2 GHG emissions amounted to 18.8 Mt of carbon dioxide equivalents (CO_2e) (2010: 20.0 Mt). This 6% reduction on our 2010 emissions was due largely to the sale of a number of businesses throughout 2011, as well as a revision of process emission calculation methodologies at Metallurgical Coal. The overall impact of these reductions was reduced by a significant increase in GHG emissions at our Nickel business in Brazil following commissioning of the new Barro Alto plant.

Energy consumption

During 2011, we consumed 102.9 million gigajoules (GJ) of energy (2010: 100.9 million GJ). This 2% rise was largely as a consequence of new energy consumption due to the Barro Alto plant construction and start-up and additional diesel consumption at Metallurgical Coal as a result of increased production. These increases were mitigated by the sale of businesses in 2010 that would have contributed about 6 million GJ to the 2011 total, as well as the divestment of a number of businesses over the course of 2011.

Adaptation

Our new climate change strategy requires that all operations and projects undertake climate change vulnerability assessments, after which all high risk sites will undergo detailed climate change impact assessments.

This follows detailed assessments conducted by Imperial College, London and the UK Met Office in 2010 and 2011, on the potential impact of climate change in a number of potentially high risk operational regions. These included the Minas-Rio iron ore project in Brazil and in South Africa, coal and platinum operations situated in the Olifants River catchment as well as the area surrounding the Sishen iron ore mine in the country's Northern Cape. The results of these have been shared with government and research institutions and have helped contribute to our internal climate risk model.

Operating safely, sustainably and responsibly

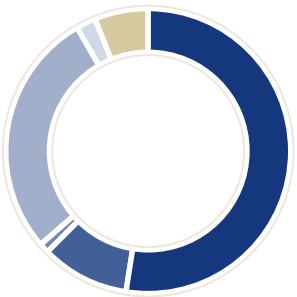
2011 Global social investment expenditure

Total: $122m

- Education and training 23%
- Health and welfare 9%
- Water and sanitation 2%
- Institutional capacity development 1%
- Community development 41%
- Environment 1%
- Energy and climate change 1%
- Sports, arts, culture and heritage 6%
- Disaster and emergency relief 5%
- Employee matched giving 1%
- Other 10%

2011 Global social investment expenditure by region

Total: $122m



- South Africa 52%
- Rest of Africa 10%
- United Kingdom 1%
- Americas 28%
- Australia 2%
- Other 7%

SOCIAL AND COMMUNITY

Integrating the Social Way

Launched in 2009, our Social Way contains a mandatory set of standards that prescribe rigorous minimum requirements for social performance within the Group. By the end of 2011, each operation had completed its third annual assessment of its level of compliance against the 24 requirements of the Social Way. Informed by this assessment, operations with any non-compliances develop social and community improvement plans that provide roadmaps to full compliance with the Social Way.

We have been pioneering approaches to developing small businesses in South Africa since the 1980s and more recently have extended these activities into Chile, Brazil and Peru.

In 2011, there was a strong focus on integrating the requirements of the Social Way into Anglo American's project stage gate reviews and our due diligence processes for mergers and acquisitions. Through this process, functional experts work with project teams at key stages in the new mine development process in order to ascertain whether the teams are compliant with technical, financial, environmental and social requirements before they may proceed to the next project stage. We believe that the inclusion of our social standards in this process, which was started in 2010, is already showing results in terms of more thorough preparation for permitting processes and a better understanding of community concerns and expectations at an early stage in new projects. This has facilitated the earlier identification and management of potential risks, and also contributes to developing and maintaining positive relationships with our host communities.

Monitoring and evaluation of our social performance continued to receive priority attention during 2011. In addition to assessing our performance through our Group-wide complaints and grievance mechanism, we have made important progress in using our comprehensive set of 32 output key performance indicators (KPIs) for social investments that were piloted and reported on for the first time in 2010. A review of our progress against some of these indicators is provided on page 31. Ensuring and maintaining consistency in reporting against these indicators, and in the use of our complaints and grievance mechanism, remains an important focus area.

To complement our KPI initiatives, in 2011 we also piloted a new community development peer review process. The reviews draw on internal expertise as well as resources from partners such as CARE International to ensure that our investments in community development are as effective as possible. Following the success of the pilots the process will be rolled out in 2012.

SOCIAL INVESTMENT

Anglo American's social investment spend in local communities totalled $122 million in 2011, up from $111 million in 2010 and $82.5 million in 2009, and on our expenditure of $28 million back in 2000. To help manage this growth, we have developed a standardised reporting process for all our social investments. The aim is to facilitate consistent reporting of outputs, and to identify the most effective projects, delivery methods and partners with a view to maximising the value that Anglo American and its host communities realise from these investments.

ENTERPRISE DEVELOPMENT

We believe that enterprise development is one of the most effective means for ensuring sustainable benefits for our host communities. We have been pioneering approaches to developing small businesses in South Africa since the 1980s and more recently have extended these activities into Chile, Brazil and Peru.

Zimele – South Africa

Anglo American's pioneering Zimele enterprise development programme was established in South Africa more than 20 years ago, with the aim of empowering black entrepreneurs through the creation of small and medium sized enterprises (SMEs). Through our commitment to the UNDP Business Call to Action in support of the Millennium Development Goals, we are committed to creating and sustaining 15,000 additional jobs in up to 1,500 new businesses by 2015.

Zimele consists of five separate funds – the Supply Chain Fund, the Anglo American Khula Mining Fund, the Community Fund, the Olwazini Fund and, most recently, the Zimele Green Fund. While these funds operate on a commercial basis, they are guided by the social purpose of creating economically viable enterprises through the provision of equity/loans, mentoring and access to

Social investment output indicators	
Total number of community development projects delivering benefits to communities in 2011	1,380
Total number of businesses supported	38,681
Jobs created/maintained through enterprise development initiatives	47,070
Beneficiaries of education projects	556,033
Beneficiaries of sports, arts, culture and heritage projects	248,093
Beneficiaries of community development projects	2,132,624
Beneficiaries of disaster and emergency relief projects	11,100
Beneficiaries with improved livelihood	2,481,467

value enhancing opportunities. In 2011, these funds supported 1,085 businesses and provided R567 million ($78.1 million) in funding for businesses that employed 19,575 people, with a combined turnover of R574 million ($79.1 million).

Emerge – Chile

Launched in 2006, our Emerge programme has achieved its ambitious goal of supporting thousands of SMEs in Chile. On one hand, our alliance with Fondo Esperanza, an institution that grants micro-credit, has helped more than 25,000 small businesses through business skills training and community bank micro-loans. The community bank model – in which members run their own businesses and act as co-guarantors by committing to pay back all the loans – has delivered exceptionally high loan repayment rates. On the other hand, the medium sized business programme has helped more than 200 entrepreneurs through the provision of training, financial assistance, mentoring and follow up. In 2011, Emerge was strengthened through a new partnership with international enterprise development NGO Technoserve to carry out support to medium sized businesses.

CARE – Brazil

Anglo American's Barro Alto project in Brazil has concluded the first three year period of partnership with local NGO, CARE Brazil. Enterprise development forms a strong focus of the partnership, which also includes activities to improve public education and social development in the communities surrounding our operation. Through this initiative, local residents have the opportunity to participate in a free training course on entrepreneurial management aimed at developing business opportunities in the region. The third group of small business owners has now completed the course.

In 2011, we piloted a new community development peer review process. The reviews draw on internal expertise as well as resources from partners such as CARE International to ensure that our investments in community development are as effective as possible.

Employing the best people

What it takes:
FORESIGHT AND INITIATIVE TO CREATE CHANGE

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BRIDGING THE SKILLS GAP IN AUSTRALIA

A thriving industry depends on a steady intake of new talent. For that reason, the Australian government's Resourcing the Future report was cause for concern. The 2010 report predicted a major and growing shortfall of qualified tradespeople across the Australian construction, gas and mining industries unless employers acted quickly to bridge the skills gap.

The findings of the report came as no surprise to Debbie Butler, principal of operations training at Metallurgical Coal's HR division, who had already been working on her own study of Anglo American's trades' workforce, which showed stagnation in the intake of apprentices. But Debbie also saw an opportunity. As the government's needs dovetailed with our own, the timing proved perfect to join forces to develop an innovative new pathway for bringing fresh talent into the business.

Working with the National Apprenticeships Steering Committee, Debbie helped design a Metallurgical Coal-specific Advanced Entry (Adult) Trades Programme. The programme recognises workers' existing experience and equips them with the additional skills they need to attain full trade qualifications in just 18 months – providing the potential to save Anglo American A$6.3 million per programme (18 months) or per intake (21 participants).

But the programme's value is not only financial. Opportunities to upskill our people, develop career paths and increase the talent pool are all vital components as we aim to become the employer of choice.

With Debbie driving it forward, Anglo American became the first employer in the mining sector to implement the new initiative and, in 2011, 21 participants enrolled in the programme. It now represents an important element of Metallurgical Coal's workforce planning strategy to ensure the business has sufficient experienced and qualified employees to meet its growth needs.

This programme will help us in our commitment to identify, develop and retain the very best people in our industry – people like Debbie Butler.

To watch the video, visit
www.angloamerican.com

Clockwise from top:
01 Debbie Butler (centre)addresses students on the apprenticeship scheme at Metallurgical Coal.

02/03/04 Apprentices at work in the workshop(s) of Metallurgical Coal's Moranbah North mine in Queensland, Australia.

Main picture, right
An apprentice (right) gains experience carrying out essential maintenance in the workshops at Moranbah North. Before starting work, a comprehensive risk-management assessment is carried out, incorporating extensive safety measures, and including isolation and lock-out procedures.

Employing the best people

"We are determined to be an employer of choice. That means acting quickly and decisively to ensure that we have the talent our business needs for its future growth."

Mervyn Walker Group Director of HR and Corporate Affairs


C18963
169

SKILLED AND MOTIVATED PEOPLE

PROPORTION OF WOMEN EMPLOYED THROUGHOUT THE GROUP
(2010: 14%)

15%

REDUCTION IN NUMBER OF NEW CASES OF OCCUPATIONAL DISEASE REPORTED

27%

INVESTMENT IN COMMUNITY HEALTH IN 2011

$11m

OUR PEOPLE

The success of our business ultimately depends on the skills and motivation of our people, and on the extent to which they uphold our values and deliver our strategy. Being the employer of choice in the sector is integral to our aim to be the leading global mining company, and takes on added significance during expansionary times for the industry, when there is growing competition for scarce talent. Delivering on our ambition requires that we have systems in place to attract and retain the best talent, provide opportunities for personal development, recognise and reward excellence, drive for diversity and protect employee rights.

OUR STRATEGY AND MANAGEMENT APPROACH

Following the completion of the Group's major restructuring in early 2010, the Group human resources department now operates as part of a lean corporate centre that focuses on providing essential governance activities and on identifying and realising synergies across the Group through collaborative working and the sharing of best practice. To achieve our objective of being the employer of choice, we have identified the following strategic priorities:

- Increasing the supply of scarce skills
- Preparing for growth
- Embedding our organisational model
- Improving productivity and efficiency
- Advancing workforce diversity
- Driving high performance and the right employee behaviours
- Improving succession planning and supporting development
- Removing barriers to employee mobility
- Developing consistent and aligned communication.

Our human resource standards, management systems and processes provide the foundation that allows us to deliver on these strategic priorities. We have identified opportunities for further improvements in all of these areas and are making significant progress in the implementation of a wide-ranging three year plan of work, to be implemented by the end of 2013.

Attracting and retaining the best people

At Anglo American we know that creating the right culture is critical to making people want to join and stay with the company, particularly within the context of a very competitive job market. We recognise that many people expect more from their jobs than financial benefit alone, and are increasingly looking for employment opportunities that are meaningful and that make a beneficial contribution to society. Our values, business principles and brand together create the overall employee proposition to attract and retain the best talent.

We are working to improve the systems in place to identify our current and future skills requirements, and to proactively source the skills needed globally to respond to our anticipated growth over the next five years, and this is further supported by the key focus areas outlined below.

Developing our people

In 2010, we launched the People Development Way, a global capability framework detailing the behaviours, knowledge, skills and experience we need to achieve our strategic objectives. Our focus during 2011 has been on embedding the framework and driving high performance and the right behaviours. This framework is being applied consistently across the Group to guide development and is supported by comprehensive training for managers and their teams to ensure they understand its importance and application.

We have also been rolling out a new performance management system across the Group. This places strong emphasis on aligning individual objectives with the company's strategy and plans, reinforcing the Anglo American values, and focusing on personal development. All managerial and professional employees (representing nearly 30% of all permanent employees) undergo formal performance management reviews on an annual basis. The remaining 70% of employees have access to a range of opportunities aimed at developing a workforce with the right skills, experience and training. Performance management among this segment is largely team based.

Recognising and rewarding excellence

It is important to our success that the structure and level of our remuneration and rewards are consistent across the Group and competitive in each of the markets in which we operate. We benchmark our remuneration schemes against our peers and we implement comprehensive performance-

based reward systems with the aim of attracting and retaining the best people. In 2011, a project was undertaken to implement a standardised approach to the base-pay elements that form the basis of our performance incentive awards for our South African operations. The principal objectives of this work have been to improve employee understanding of the total reward package, simplify global employee mobility, and further enhance employee retention. A project is now being undertaken to drive this same alignment across our business units in Brazil.

Promoting workforce diversity

By year end, the overall proportion of women throughout the Group had increased to 15% (2010: 14%). At management level, women accounted for 22% (2010: 21%). To drive further improvement in the representation of women in management and the workforce as a whole, each of our businesses has drafted an action plan. These plans include clear internal stretch targets to be achieved by December 2012 and December 2014 (for the percentage representation of women in the workforce as a whole and women in management), as well as a description of the measures that will be taken to achieve these targets.

In our South African operations we continued to make good progress in promoting transformation in the workforce. At year end, 51% of our managers were 'historically disadvantaged South Africans' (HDSAs). We believe we are now well placed to achieve the enhanced targets for 2014 set out in the country's revised Mining Charter and are putting in place appropriate systems for compliance and reporting to achieve this objective.

Health

Effective management of occupational health protects our people, enhances productivity, and helps maintain our licence to operate and our global reputation. Promoting a healthy community and a safe and healthy workforce is beneficial for everyone.

Occupational health

Our approach to occupational health is governed by the Occupational Health Way, which sets out a series of standards, guidelines and assurance processes aimed at preventing harm to our employees by proactively identifying and managing the source of potential health risks and eliminating exposure to hazards. In 2011, we rolled out new mandatory technical standards that address our principal health risks relating to noise, dust (inhaled hazards or airborne pollutants), fatigue, alcohol and substance abuse. In addition, we have a Group standard for emergency medical responses, while a technical standard relating to ergonomic issues is currently being developed.

The number of new cases of occupational disease reported for 2011 was 196, a 27% reduction on the previous year's total of 268. The total occupational disease incidence rate in 2011 declined to 0.205 from 0.284. The drop was mainly accounted for by a 27% reduction in the number of cases of noise-induced hearing loss reported by Scaw Metals.

Combating HIV/AIDS and Tuberculosis (TB)

An important element of promoting employee wellness is our focus on addressing HIV/AIDS, particularly at our operations in southern Africa where the epidemic is especially prevalent. Regular HIV counselling and testing (HCT) ensures that we achieve early diagnosis of HIV infection and timely access to care. We have now reached a position where more than 90% of employees in southern Africa check their HIV status every year. The high uptake of HCT allows us to quantify the prevalence of HIV infection in our workforce. This is currently 17% in southern African operations, which means that around 12,900 of our employees are HIV-positive.

Despite our considerable efforts in promoting workplace prevention programmes – through education and awareness, condom distribution, and the early diagnosis and treatment of sexually transmitted infections – we experienced a disappointingly high number of new HIV infections within our workforce in 2011. For the year as a whole we documented 902 new HIV infections, giving an approximate new infection incidence rate of 1.2%. Although consistent with the national rate, this is unacceptably high. All employees who test HIV-positive are invited to enrol in our HIV disease management programme. Currently, 61% of employees who are estimated to be HIV-positive are enrolled. By the end of 2011, we had 4,730 employees on anti-retroviral therapy (ART).

We also have an active programme, linked to our HIV/AIDS response, aimed at addressing the escalating TB epidemic. This is a source of great concern in South Africa, which has the third highest burden of the disease in the world as well as the highest rate of TB/HIV co-infection. In 2011, the TB incidence rate at our South African operations was 1,166 per 100,000 employees (2010: 1,070 per 100,000). There were 906 new TB cases recorded among our workforce and, sadly, we recorded 65 deaths from TB. While this is significantly less than in 2010 (86), we continue to drive a concerted effort to further reduce deaths from TB through earlier HIV and TB diagnosis and treatment.

PROMOTING HEALTHCARE IN THE BROADER COMMUNITY

Our activities to promote healthcare in the broader community include investments in health systems strengthening in our neighbouring communities, as well as activities aimed at supporting healthcare in developing countries more broadly.

With regards to supporting healthcare in developing countries, Anglo American has supported the Global Fund to Fight AIDS, Tuberculosis and Malaria since its inception in 2002 and, in 2010, our chief executive, Cynthia Carroll, pledged $3 million of funding on Anglo American's behalf over the following three years to support the Global Fund. This pledge came with a challenge for other big businesses to do the same. In July 2011, we pledged $3 million over three years to the UK Government led matching initiative for the Global Alliance for Vaccines and Immunisations (GAVI), a public/private partnership that is increasing access to immunisation in the world's poorest countries. These contributions were part of an investment of over $11 million in community health in 2011.

We are using the knowledge and experience that we have gained through our workplace health programmes to strengthen community health systems. An important initiative during the year has been our work with the Eastern Cape Department of Health in South Africa, where we sponsored the writing of a business plan to revitalise the funding and delivery of primary healthcare in four provincial sub-districts. In Bushbuckridge, a labour sending area for Thermal Coal's South African mines, the Bhubezi Community health centre opened in 2007 by Anglo American, Virgin Unite and the US government and sees an average of 250 patients a day. Around 3,500 people are now receiving life saving ART as a result of this initiative.

In Brazil, a project has been established with the highly regarded Brazilian NGO, Reprolatina, to improve access to quality health services, particularly with regard to reproductive health for women and girls. A similar project has also been established in the communities surrounding the new Barro Alto nickel plant.

What it takes:
A CREATIVE AND EXPERIENCED TEAM


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EXPLORING NEW WAYS TO MINIMISE OUR ENVIRONMENTAL IMPACTS

We have a strong track record of greenfield discovery and in 2011, our Exploration team was recognised for their work in northern Finland. At the Fennoscandian Exploration and Mining Conference the team was awarded the 5th Fennoscandian* Mining Award for the Sakatti discovery in northern Finland. The award recognises and honours individuals and teams for an outstanding contribution and achievement within the industry.

The Sakatti project is a significant copper-nickel-platinum group elements grassroots discovery. Sakatti is located within a known mining region, 150 km north of the Arctic Circle, with excellent infrastructure including major highways and power generation facilities. The tenure to the Sakatti deposit and surrounding area is part of a contiguous extensive tenure package covering 830 km^2.

The mineralised body at Sakatti plunges to more than 1,000 metres below a thin glacial cover and is open at depth, to the west, north and south. It is one of a number of mineralised intrusions discovered by our Exploration team in the region.

The current exploration drilling programme is focused on delineating the boundaries of the mineralised body and, as such, precludes infill drilling at a density required for the definition and estimation of a Joint Ore Reserves Committee (JORC) compliant Mineral Resource.

We understand the importance of the local environment and, in collaboration with our drilling partner OYKATIAB, we have sought to minimise our environmental footprint through the development of an innovative semi-closed loop drilling system that has substantially minimised our waste and water use. Our team has been working in the region since 2004, engaging with a range of stakeholders: regional and municipal governments, and local communities including landowners, reindeer herders and other land users.

Anglo American sees Finland as highly prospective and the immediate plans are to continue to expand the exploration work at the Sakatti deposit, as well as looking at other priority targets within Lapland and the broader Fennoscandia region.

* Fennoscandia is the region that includes Scandinavia, Finland and Russia's Kola Peninsula and Karelia.

Above
01 Senior project geologist Stephanie Klatt (left), discusses core samples with colleague Peter Blaberg.

02 Geophysicist Circé Malo-Lalande, with the low temperature Ground Electromagnetic, Superconducting Quantum Interference Device (EM SQUID).

03 and main picture Stephanie Klatt, examining core samples at the Sakatti drill site.

To watch the video, visit **www.angloamerican.com**

IMAGINATION AND INVESTMENT

OUR RESOURCES

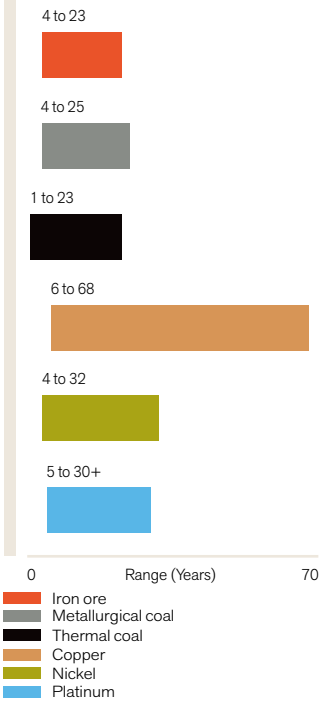
The resources Anglo American considers critical to achieving its strategic aims include:

- **Knowledge and expertise.**
- **Proved and Probable Reserves (a summary is contained on page 178).**

Full details of the Group's Ore Reserves and Mineral Resources estimates are found on pages 177 to 200.

Mine life per commodity

Years, minimum to maximum



Mine life is the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only. Note: the 30+ years for platinum is due to 30 years being the maximum number of years for which a mining right is granted in South Africa.

TECHNOLOGY

Our strong in-house technology capability provides world class solutions to Anglo American and its global operations. Mining and Technology, which comprises seven highly specialised technical groups that concentrate their expertise in specific value-adding areas, made a significant contribution to the Group on several fronts.

The Technology Development unit manages, coordinates and integrates technology development across Anglo American. A detailed technology development vision and strategy have been developed to cover all perceived technology needs over the next 20 years, across all aspects of the value chain. The vision for mining in 2030 has identified the gap between current technology and the technology that will be required in two decades' time. More than 50 projects have been identified, which have been grouped into 11 programmes. The programmes include safety, automation, rapid discovery, resource characterisation, mining methods, alternative processes, resource to market optimisation, water, energy and carbon, operational efficiency and people. The projects are all managed in terms of a rigorous prioritisation and stage-gate protocol aligned with the Projects Way.

Each project creates opportunities to advance the Group's technology base to facilitate the development of new mines that will be safer and more efficient in terms of costs, energy, carbon and water consumption – even though they are likely to be deeper, lower grade and in more remote and less accessible locations than current mines. Existing mines, too, will benefit, with the implementation of new technologies providing greater efficiencies and improved safety, while such mines will serve as the testing grounds for the technologies for future operations.

One of the projects, a system that automatically senses the condition of haul trucks, won one of Anglo American's Applaud awards for Innovation in 2011. Its uniqueness lies in it being an inexpensive, remote machine condition monitoring system capable of analysing the multi-variate data generated by equipment from different suppliers, and of producing easy to understand information upon which operations can easily act. The system was successfully implemented on a global basis, with the health of some 225 haul trucks being monitored from a central location. Significant savings have been realised as a result of the system being able to accurately predict impending failures. Such projects will support the Group in dealing with the ongoing skills shortage in the mining industry as well as the reluctance of many employees to living and working in remote areas of the world.

The four discipline centres of excellence (Mining, Metallurgy, Geosciences and Engineering), in collaboration with the business units, have developed and started to implement across the Group, a multi-disciplinary set of Group Technical Standards aimed at optimising value added to operations, improving project delivery and mitigating technical risks. These standards, with their associated guidelines, not only cover the various disciplines, but also projects, safety and sustainable development and risk, and have been designed to facilitate the sharing of best practice. The four centres of excellence continue to provide significant technical assurance to projects and asset optimisation opportunities to operations. Notably, an exercise has been launched, across the business units, to investigate the potential safety benefits of currently available technologies not yet deployed in our operations.

A detailed technology development vision and strategy has been developed to cover all perceived technology needs over the next 20 years, across all aspects of the value chain.

The Technical Solutions division, made up of experts from all the traditional engineering disciplines, as well as mining, geophysics, metallurgy, geometallurgy and chemistry, industrial engineering, materials handling, safety, occupational health, sustainable development and project engineering, supports the Group's operations, projects, business units and corporate functions. It provides leading metallurgical and process research, as well as laboratory and piloting facilities, a broad range of technical consulting, project engineering and field services, and is focused on delivering and implementing sustainable multi-discipline techno-economic solutions.

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DEVELOPMENT OF A LOW-TOXICITY REAGENT FOR GOLD LEACHING

A great deal of time and effort has been saved through the application of molecular modelling techniques in the design of chemical substances. For the mining industry, this opens up many possibilities in the field of more selective leach agents, and the identification of environmentally friendly alternative chemicals.

In order to demonstrate the potential of such techniques, an in-house technical team chose as a test case the targeted development of a gold leaching chemical with low toxicity – a decision that was partly driven by our interest in the Pebble copper/gold/molybdenum project in Alaska, and the concerns raised regarding chemical pollution there.

Current practice for extracting gold from an ore generally involves the use of cyanide to dissolve the metal. While cyanide is highly effective in doing so, it is also extremely toxic and could pose a serious ecological liability. The resulting impetus to develop alternative ways to dissolve gold led to the reinvestigation of a number of historically known alternative substances by our Technical Solutions team – though these studies mostly highlighted cyanide's advantages; namely, its superior selectivity, stability, and its low cost.

A molecular modelling exercise, however, has identified a commonly available reagent with appropriate gold leaching characteristics and low toxicity. Although the solubility of the reagent is generally low, it achieved gold extractions of more than 95% on Witwatersrand gold-bearing ores.

Although we are still in the early stages of the development of non-toxic and more efficient mineral extraction compounds, the application of molecular modelling in the resources industry holds out the promise of more sustainable process technologies in the future.

Above

01 Having been identified through molecular modelling, compounds are tested in our research laboratories.

02 Small scale, accurate laboratory tests can be performed in high numbers in rapid turnaround times.

03 Molecular modelling software is used to target suitable chemical compounds.

For more information visit
www.angloamerican.com

NUMBER OF TECHNOLOGY-BASED PROJECTS TO DELIVER OUR VISION FOR MINING IN 2030

50

HAUL TRUCKS CURRENTLY BEING MONITORED REMOTELY FROM A CENTRAL LOCATION

225

01 At Thermal Coal's New Vaal colliery, this haul truck is fitted with an energy absorbing safety bumper, developed by Technology Solutions.

02 Inspecting a shaft conveyance.

Technical Solutions recently developed and implemented a haul truck rolling-resistance solution in collaboration with Komatsu and the University of Pretoria in South Africa. As fuel consumption, cycle times, tyre life and equipment life are affected significantly by varying road conditions, this system continuously measures haul road conditions and informs mine management as to its road maintenance priorities. It has been implemented on two continents and is being rolled out globally.

In the safety field specifically, we have developed a haul truck energy-absorbing bumper. Accidents between heavy and light vehicles are a major risk in the mining industry, and this new type of bumper will reduce the risk of fatal injuries. The uniqueness of the design is that the bumper can successfully absorb impact energies of up to 30 km/h without causing serious injury to the occupants of the light vehicle. The unit was successfully demonstrated at our Thermal Coal operations and is currently being rolled out on haul trucks with payloads above 150 tonnes.

Technical Solutions recently developed and implemented a haul truck rolling-resistance solution in collaboration with Komatsu and the University of Pretoria in South Africa.

The benefits of having our own Group mineralogical research capabilities have been well proven over many years in our Platinum, Copper and Iron Ore businesses. Recently, an opportunity was identified to further develop this capability in order to facilitate mineralogical investigations of coal samples, which differ vastly from other mineral deposits. As a result, Technical Solutions can now assist both our Metallurgical Coal and Thermal Coal operations to better understand their orebodies with regards to ash content, metallurgical beneficiation processes and product marketability. A novel instrument, which provides rapid and precise results for measuring the density of drill cores and plant samples, has now been developed in support of our renewed concentration on density values and their effect on mine planning and reserve estimation.

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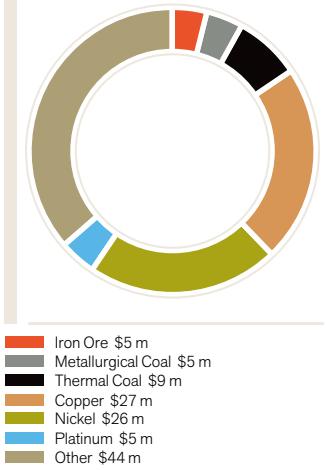
Metallurgical Coal, in collaboration with Joy Mining Machinery, is undertaking a 'Longwall of the future' project which is designed to deliver world class levels of safety, production and operating cost performance. By leveraging the know-how of both organisations, and taking a holistic-mining system approach, the plan is to advance to the next level of technology in terms of automation, built-in design reliability and remote prognostics. This is expected to result in cutting rates of around 2,000 tonnes per hour and 100 cutting hours per week. At the same time, safety will be enhanced through removing our teams from high energy environments. In a further development, in the Brisbane office a new integrated value chain control room employs the latest technology in order to yield maximum efficiencies in coal movements across Metallurgical Coal's six coal mines and three loading ports.

Exploration spend by commodity in 2011
$ m



EXPLORATION

Our global exploration activity for 2011 focused on greenfield exploration across a number of mature and frontier locations as well as adding value to our operations and advanced projects. During 2011, Anglo American's exploration expenditure was $121 million in 16 countries, (2010: $136 million), while De Beers' total exploration expenditure amounted to $40 million (2010: $43 million).

Platinum exploration costs of $5 million, were focused on providing support to the advanced projects and operations around South Africa's Bushveld Complex and fulfilling the statutory work programme requirements. Exploration activities during the year led to a significant resource increase at Mogalakwena, while 2D/3D seismic surveys were conducted at the Der Brochen project and Union mine. Exploration drilling programmes continued at the mines in Rustenburg, Swartklip, Amandelbult and Twickenham. Platinum exploration continued outside South Africa at Unki in Zimbabwe and in Brazil.

Our global exploration activity for 2011 focused on greenfields exploration across a number of mature and frontier locations.

Copper exploration expenditure totalled $27 million and included near-mine exploration in Chile at the Los Bronces, El Soldado, Mantoverde and Mantos Blancos mines and advanced stage exploration drilling at West Wall. Drilling around West Wall led to the discovery of additional mineralisation at West Wall Norte prospect. Exploration also provided support for the development of the Los Sulfatos tunnel, which was completed in November 2011. Greenfield exploration was conducted in Chile, Peru, Colombia, Argentina, Brazil, the Democratic Republic of Congo, Zambia, Canada and Indonesia.

Nickel laterite exploration expenditure was $4 million, which focused on exploration drilling in the Morro Sem Boné district in Brazil.

Polymetallic (copper-nickel-platinum group elements) exploration expenditure amounted to $22 million and focused on Sakatti in northern Finland. Exploration at this advanced project aimed to define the limits of the orebody and to test other surrounding high priority targets. Greenfield polymetallic exploration was conducted elsewhere in northern Finland, western Brazil, the Musgraves region of Western Australia and the Canadian Arctic.

Iron Ore exploration expenditure of $5 million was concentrated around operations and projects in South Africa and Brazil. In South Africa, exploration was undertaken to support Kumba's Sishen and Kolomela operations, as well as further drilling in the Northern Cape to advance these projects and fulfil statutory work programmes. Extensive surface and underground resource evaluation drilling continued on the Phoenix project at Thabazimbi mine. In Brazil, exploration work focused on evaluating resources close to the principal deposits and operations of Minas-Rio and Amapá.

Metallurgical Coal exploration expenditure of $5 million focused on drilling and 2D/3D seismic surveys to define and evaluate resources of coking and export thermal coal in Australia and Canada. In Australia, extensive drilling and seismic activities were performed to support the operations at Moranbah North, Capcoal, Dawson, Foxleigh, Drayton and Callide as well as the advanced projects of Grosvenor, Moranbah South, Drayton South and Dartbrook. Canadian exploration was strengthened at the Peace River Coal Trend mine and surrounding exploration leases, with the aim of defining additional coking coal resources.

Thermal Coal exploration expenditure amounted to $9 million, which was primarily spent on drilling in southern Africa. In South Africa, exploration was undertaken across a number of projects, including Standerton, Elders, Zibulo, New Largo, Kriel East, Vaal basin, Heidelberg Limpopo and Waterberg projects. In Botswana, exploration focused on evaluating export thermal coal and coal bed methane prospectivity.

FINANCIAL PERFORMANCE

RECORD GROUP OPERATING PROFIT
(2010: $9.8 bn)

$11.1bn

GROUP UNDERLYING EARNINGS COMPARED TO 2010

+23%

GROUP UNDERLYING EARNINGS PER SHARE
(2010: $4.13)

$5.06

FINANCIAL REVIEW OF GROUP RESULTS

Group operating profit was a record at $11,095 million, 14% higher than 2010.

This improvement in operating profit was primarily driven by increases in the realised prices of commodities including a 42% rise in export metallurgical coal, a 39% increase in South African export thermal coal, and a 26% increase in iron ore. However, increased commodity prices impacted results mainly in the first half of the year as global macro-economic uncertainties led to a decrease in commodity prices in the second half.

During the year, three projects (Barro Alto, Los Bronces expansion and Kolomela) were delivered. While this contributed to an increase in production, operating profit was negatively affected by production disruptions across the Group's operations, due to various causes, including inclement weather, safety stoppages and grade declines. Industry-wide mining cost pressures also negatively affected operating profit, although the impact was partly mitigated by the continuing positive performance of our embedded asset optimisation and procurement programmes.

The Group's results are impacted by currency fluctuations in the countries where the operations are based. The weakening of the US dollar against the Australian dollar, Chilean peso and Brazilian real, resulted in a $149 million negative exchange variance in operating profit compared to 2010. CPI inflation had a further negative $585 million impact on operating profit.

Iron Ore and Manganese generated an operating profit of $4,520 million, 23% higher than 2010. Within this commodity group, Kumba Iron Ore had a strong performance with a record operating profit of $4,397 million, 29% higher than the previous year.

Metallurgical Coal delivered a record operating profit of $1,189 million, a 52% increase on 2010, primarily due to higher realised export selling prices, which offset the impact of rain on production and sales.

Thermal Coal's record operating profit of $1,230 million was 73% higher as a result of higher export thermal coal prices for both South African and Colombian coal and a strong rail performance in South Africa in the second half of 2011.

Copper delivered an operating profit of $2,461 million, 13% lower, as a result of lower sales volumes and higher operating costs, partly offset by high copper prices during the first half of the year.

Nickel reported an operating profit of $57 million, $39 million lower than 2010, largely due to higher project evaluation and exploration expenditure related to development of the unapproved Nickel project pipeline.

Platinum generated an operating profit of $890 million, a $53 million increase, due to higher metal prices, which were offset by higher costs driven by labour and electricity rate increases.

Diamonds reported a record operating profit of $659 million, 33% higher, owing to significant price increases in 2011.

Other Mining and Industrial generated an operating profit of $195 million, 71% lower, owing to the disposal of a number of businesses during the year and in 2010. Copebrás and Catalão delivered a combined increase in operating profit of 29%. This was driven by an increase in sales volumes and prices at Copebrás owing to high demand for fertilizers.

Group underlying earnings were $6,120 million, a 23% increase on 2010, which reflects the operational results above. Net finance costs, before remeasurements, excluding associates, were $20 million (2010: $244 million). The effective rate of tax, before special items and remeasurements and including attributable share of associates' tax, reduced in the year from 31.9% to 28.3%.

Group underlying earnings per share were $5.06 (2010: $4.13).

Operating profit

$ million	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Iron Ore and Manganese	**4,520**	3,681
Metallurgical Coal	**1,189**	780
Thermal Coal	**1,230**	710
Copper	**2,461**	2,817
Nickel	**57**	96
Platinum	**890**	837
Diamonds	**659**	495
Other Mining and Industrial	**195**	664
Exploration	**(121)**	(136)
Corporate Activities and Unallocated Costs	**15**	(181)
Operating profit including associates before special items and remeasurements	**11,095**	9,763

Reconciliation of profit for the year to underlying earnings

$ million	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Profit for the financial year attributable to equity shareholders of the Company	**6,169**	6,544
Operating special items	**173**	253
Operating remeasurements	**74**	(382)
Net profit on disposals	**(203)**	(1,598)
Financing special items	**9**	13
Financing remeasurements	**(205)**	(106)
Special items and remeasurements tax	**118**	112
Non-controlling interests on special items and remeasurements	**(15)**	140
Underlying earnings[1]	**6,120**	4,976
Underlying earnings per share ($)	**5.06**	4.13

[1] See note 4 to the financial statements.

Summary income statement

$ million	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Operating profit before special items and remeasurements	**9,668**	8,508
Operating special items	**(164)**	(228)
Operating remeasurements	**(65)**	386
Operating profit from subsidiaries and joint ventures	**9,439**	8,666
Net profit on disposals	**183**	1,579
Share of net income from associates (see reconciliation below)	**977**	822
Total profit from operations and associates	**10,599**	11,067
Net finance costs before remeasurements	**(20)**	(244)
Financing remeasurements	**203**	105
Profit before tax	**10,782**	10,928
Income tax expense	**(2,860)**	(2,809)
Profit for the financial year	**7,922**	8,119
Non-controlling interests	**(1,753)**	(1,575)
Profit for the financial year attributable to equity shareholders	**6,169**	6,544
Basic earnings per share ($)	**5.10**	5.43
Group operating profit including associates before special items and remeasurements[1]	**11,095**	9,763
Operating profit from associates before special items and remeasurements	**1,427**	1,255
Operating special items and remeasurements	**(18)**	(29)
Net profit on disposals	**20**	19
Net finance costs (before special items and remeasurements)	**(48)**	(88)
Financing special items and remeasurements	**(7)**	(12)
Income tax expense (after special items and remeasurements)	**(384)**	(315)
Non-controlling interests (after special items and remeasurements)	**(13)**	(8)
Share of net income from associates	**977**	822

[1] Operating profit before special items and remeasurements from subsidiaries and joint ventures was $9,668 million (2010: $8,508 million) and attributable share from associates was $1,427 million (2010: $1,255 million). For special items and remeasurements see note 5 to the financial statements.

Special items and remeasurements

Operating special items and remeasurements, including associates, amounted to a loss of $247 million and included impairment and related charges, restructuring costs and operating remeasurements. Impairment and related charges were $154 million (2010: $122 million). This principally comprised an impairment of Tarmac Building Products of $70 million (Other Mining and Industrial segment) and accelerated depreciation of $84 million (2010: $97 million), mainly arising at Loma de Níquel (Nickel segment). The accelerated depreciation charge at Loma de Níquel has arisen due to ongoing uncertainty over the renewal of three concessions that expire in 2012 and over the restoration of 13 concessions that have been cancelled. Restructuring costs in 2011 principally relate to retrenchment and consultancy costs within the Platinum and Diamond segments (2010: Other Mining and Industrial, Platinum and Diamond segments).

Operating remeasurements reflect a net loss of $74 million (2010: gain of $382 million) principally in respect of non-hedge derivatives of capital expenditure in Iron Ore Brazil. Derivatives which have been realised in the year had a cumulative net operating remeasurement gain since their inception of $383 million (2010: gains of $255 million).

Net profit on disposals, including associates, amounted to a gain of $203 million (2010: $1,598 million). In February 2011, the Group completed the disposal of its 100% interest in the Lisheen operation and its 74% interest in Black Mountain Mining (Proprietary) Limited, which holds 100% of the Black Mountain mine and the Gamsberg project, resulting in a net cash inflow of $499 million, generating a profit on disposal of $397 million. Lisheen and Black Mountain were included in the Other Mining and Industrial segment.

Also included in net profit on disposals is an IFRS 2 *Share-based Payment* charge of $131 million resulting from a community economic empowerment transaction involving certain of Platinum's host communities, which was completed in December 2011.

The Group sold Tarmac's businesses in China, Turkey and Romania in July, October and November 2011 respectively.

Financing remeasurements reflect a net gain of $205 million (2010: gain of $106 million), including associates, and relate to an embedded interest rate derivative, non-hedge derivatives of debt and other financing remeasurements.

Special items and remeasurements tax amounted to a charge of $118 million (2010: charge of $112 million). This related to a credit for one-off tax items of $137 million (2010: nil), a tax remeasurement charge of $230 million (2010: credit of $122 million) and a tax charge on special items and remeasurements of $25 million (2010: charge of $234 million).

The current year credit relating to one-off tax items of $137 million principally related to the recognition of deferred tax assets in Iron Ore Brazil which were originally written off as part of the impairment charges related to the Amapá iron ore system in 2009, and a capital gains tax refund related to a prior year disposal.

Net finance costs

Net finance costs, before remeasurements, excluding associates, were $20 million (2010: $244 million). This reduction was driven by increased interest income due to higher average levels of cash and an increase in interest capitalised.

Tax

IAS 1 *Presentation of Financial Statements* requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within share of net income from associates for the year ended 31 December 2011 is $384 million (2010: $315 million). Excluding special items and remeasurements, this amounted to $385 million (2010: $313 million).

The effective tax rate before special items and remeasurements, including attributable share of associates' tax, for the year ended 31 December 2011 was 28.3% (2010: 31.9%). The decrease was due to a number of non-recurring factors that include the recognition of previously unrecognised tax losses and the reassessment of certain withholding tax provisions across the Group. In future, it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

Special items and remeasurements

	Year ended 31 Dec 2011			Year ended 31 Dec 2010		
$ million	Subsidiaries and joint ventures	Associates	Total	Subsidiaries and joint ventures	Associates	Total
Operating special items	**(164)**	**(9)**	**(173)**	(228)	(25)	(253)
Operating remeasurements	**(65)**	**(9)**	**(74)**	386	(4)	382
Operating special items and remeasurements	**(229)**	**(18)**	**(247)**	158	(29)	129
Net profit on disposals	**183**	**20**	**203**	1,579	19	1,598
Financing special items	**–**	**(9)**	**(9)**	–	(13)	(13)
Financing remeasurements	**203**	**2**	**205**	105	1	106
Special items and remeasurements tax	**(119)**	**1**	**(118)**	(110)	(2)	(112)
Non-controlling interests on special items and remeasurements	**12**	**3**	**15**	(141)	1	(140)

Tax

	Year ended 31 Dec 2011			Year ended 31 Dec 2010		
$ million (unless otherwise stated)	Before special items and remeasure-ments	Associates' tax and non-controlling interests	Including associates	Before special items and remeasure-ments	Associates' tax and non-controlling interests	Including associates
Profit before tax	**10,626**	**401**	**11,027**	9,109	322	9,431
Tax	**(2,741)**	**(385)**	**(3,126)**	(2,699)	(313)	(3,012)
Profit for the financial year	**7,885**	**16**	**7,901**	6,410	9	6,419
Effective tax rate including associates			**28.3%**			31.9%

Balance sheet

Equity attributable to equity shareholders of the Company was $39,092 million at 31 December 2011 (31 December 2010: $34,239 million). This variance was mainly due to the increase in Group operating profit, and the proceeds on the disposal of 24.5% of Anglo American Sur (AA Sur). Investments in associates were $340 million higher than at 31 December 2010, principally as a result of a significant improvement in earnings at De Beers. Property, plant and equipment increased by $739 million compared to 31 December 2010, due to ongoing investment in growth projects. There were no assets classified as held for sale at 31 December 2011 (compared to assets, net of associated liabilities, of $188 million at 31 December 2010) due to the sale of the remaining Zinc assets during the year.

Cash flow

Net cash inflows from operating activities were $9,362 million (2010: $7,727 million). EBITDA was $13,348 million, an increase of 11% from $11,983 million in the prior year, reflecting strong prices across the Group's core commodities.

Net cash used in investing activities was $4,853 million (2010: $2,470 million). Purchases of property, plant and equipment, net of related derivative cash flows, amounted to $5,764 million, an increase of $770 million, reflecting major spend on the Group's strategic growth projects. Proceeds from disposals, principally the Group's remaining Zinc portfolio (net of cash and cash equivalents disposed) were $533 million (2010: $2,795 million).

Net cash inflow from financing activities was $1,474 million compared with net cash used of $2,400 million in 2010. During the year the Group paid dividends of $818 million to company shareholders, and $1,404 million in dividends to non-controlling interests.

Liquidity and funding

Net debt, including related hedges, was $1,374 million, a decrease of $6,010 million from $7,384 million at 31 December 2010. The decrease in net debt reflects strong operating cash flows and proceeds on the disposal of 24.5% of AA Sur.

Net debt at 31 December 2011 comprised $12,873 million of debt, partially offset by $11,732 million of cash and cash equivalents, and the current position of derivative liabilities related to net debt of $233 million. Net debt to total capital[1] at 31 December 2011 was 3.1%, compared with 16.3% at 31 December 2010.

At 31 December 2011, the Group had undrawn committed bank facilities of $8.4 billion.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate the Group's ability to operate within the level of its current facilities for the foreseeable future.

Corporate Activities and Unallocated Costs

Following a reassessment of our estimate of the likely outcome of existing insurance claims and a low number of new claims received, liabilities in the insurance captive have reduced in 2011. This reduction, combined with an increase in insurance premium income, has more than offset the unallocated corporate costs in 2011, resulting in an operating profit recorded within Corporate Activities and Unallocated Costs.

Dividends

Anglo American's dividend policy will provide a base dividend that will be maintained or increased through the cycle. The Group has maintained this policy and recommended a final dividend of 46 US cents per share, giving a total dividend for the year of 74 US cents per share, subject to shareholder approval at the Annual General Meeting to be held on 19 April 2012. As previously stated, taking into account the Group's substantial investment programme for future growth, future earnings potential and the continuing need for a robust balance sheet, any surplus cash will be returned to shareholders.

Analysis of dividends

US cents per share	2011	2010
Interim dividend	**28**	25
Recommended final dividend	**46**	40
Total dividends	**74**	65

[1] Net debt to total capital is calculated as net debt divided by total capital. Total capital is net assets excluding net debt.

Sensitivity analysis in respect of currency and commodity prices

Set out below is the impact on underlying earnings of a 10% fluctuation in certain of the Group's commodity prices and exchange rates

Commodity	Average price[1] 2011	Average price[1] 2010	10%[7] sensitivity US$ million
Platinum[2]	**$1,725/oz**	$1,610/oz	205
Metallurgical Coal[3]	**$251/t**	$177/t	218
Thermal Coal[4]	**$114/t**	$82/t	239
Copper[5]	**400c/lb**	342c/lb	350
Nickel[5]	**1,035c/lb**	989/lb	54
Iron Ore[6]	**$158/t**	$125/t	223
Palladium[2]	**$736/oz**	$527/oz	48
ZAR/USD	**7.26**	7.32	472
AUD/USD	**0.97**	1.09	179
CLP/USD	**484**	510	54

(1) 'oz' denotes ounces, 't' denotes tonnes, 'c' denotes cents, 'lb' denotes pounds.
(2) Source: Johnson Matthey Plc.
(3) Average realised FOB price of export metallurgical coal.
(4) Average realised FOB price of export thermal coal (South Africa).
(5) Being the average LME price.
(6) Average price represents average iron ore (South Africa) export price achieved.
(7) Excludes the effect of any hedging activities. Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and the impact of a 10% change in the average prices received and exchange rates during 2011. Increases in commodity prices increase underlying earnings and vice versa. A strengthening of the South African rand, Australian dollar and Chilean peso relative to the US dollar reduces underlying earnings and vice versa.

Related party transactions

Related party transactions are disclosed in note 36 to the financial statements.

Basis of disclosure

This operating and financial review (OFR) describes the main trends and factors underlying the development, performance and position of Anglo American plc (the Group) during the year ended 31 December 2011, as well as those likely to affect the future development, performance and position. It has been prepared in line with the guidance provided in the reporting statement on the operating and finance review issued by the UK Accounting Standards Board in January 2006.

Forward looking statements

This OFR contains certain forward looking statements with respect to the financial condition, results, operations and businesses of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

EFFECTIVE RISK MANAGEMENT

David Challen
Chairman, Audit Committee

"Understanding our key risks and developing appropriate responses is critical to our future success. We are committed to a robust system of risk identification and an effective response to such risks."

HOW DO WE MANAGE RISK?

The management of risk is critical to the success of Anglo American. The Group is exposed to a variety of risks which can have a financial, operational or reputational impact. Effective management of risk supports the delivery of the Group's objectives and achievement of sustainable growth.

1. Identifying risks
A consistently applied methodology is used to identify key risks at Group business units, operations and projects. The risk management process is undertaken through a series of risk workshops at least annually at business units, sites and at key stages in projects. An update is performed every six months.

2. Analysing risks and controls to manage identified risks
Once identified, the process will evaluate identified risks to establish financial and non-financial impacts, likelihood of occurrence and root causes. Consideration of current controls to mitigate the risks is also undertaken to enable a prioritised register of risks to be created.

3. Determining management actions required
If additional controls are required these will be identified and responsibilities assigned.

4. Reporting and monitoring
Management is responsible for monitoring progress of actions to mitigate key risks and is supported through the Group's internal audit programme, which evaluates the design and effectiveness of controls to mitigate key risks.

The results of the key risk management process are reported to the Audit Committee every six months.

Commodity prices

Commodity prices for all products that Anglo American produces are subject to wide fluctuation.

Impact: Commodity price volatility can result in material and adverse movement in the Group's operating results, asset values, revenues and cash flows.

Falling commodity prices could prevent the Group from completing certain transactions that are important to its business and which may have an adverse affect on its financial position – e.g. inability to sell assets at values or within timelines expected.

If commodity prices remain weak for a sustained period, the ability of the Group to deliver growth in future years may be adversely affected as growth projects may not be viable at lower prices.

Root cause: Commodity prices are determined primarily by international markets and global supply and demand. The demand for commodities will largely be determined by the strength of the global economic environment.

Mitigation: The diversified nature of the commodities that Anglo American produces provides some protection to this risk, and the policy of the Group is not to engage in commodity price hedging.

The Group constantly monitors the markets in which it operates and reviews capital expenditure programmes to ensure supply of product reflects forecast market conditions.

Liquidity risk

The Group is exposed to liquidity risk in terms of being able to fund operations and growth.

Impact: If the Group is unable to obtain sufficient credit due to capital market conditions, it may not be able to raise sufficient funds to develop new projects, fund acquisitions or meet its ongoing financing needs. As a result, revenues, operating results, cash flows or financial position may be adversely affected.

Root cause: Liquidity risk arises from uncertainty or volatility in the capital or credit markets due to perceived weaknesses of the global economic environment or possibly as a response to shock events. Liquidity risk also arises when lenders are insecure about the long term cash generative capacity of the Group.

Mitigation: The Group has an experienced Treasury team who are responsible for ensuring that there are sufficient committed loan facilities in place to meet short term business requirements after taking into account cash flows from operations and holdings of cash, as well as any Group distribution restrictions which exist. The Group limits exposure on liquid funds through a policy of minimum counterparty credit ratings, daily counterparty settlement limits and exposure diversification.

Counterparty risk

The Group is exposed to counterparty risk from customers, certain suppliers and holders of cash.

Impact: Financial losses may arise should those counterparties become unable to meet their obligations to the Group.

Root cause: Severe economic conditions or shock events as experienced in recent years can have a major impact on the ability of financial institutions and other counterparties that the Group has relationships with to meet their obligations.

Mitigation: The Group Treasury team is responsible for managing counterparty risk with banks where Anglo American places cash deposits. However, the Treasury operations of joint ventures and associates are independently managed and may expose the Group to financial risks.

For other counterparty risks the Group's businesses have in place credit management procedures.

Currency risk

The Group is exposed to currency risk where transactions are not conducted in US dollars.

Impact: Fluctuations in the exchange rates of the most important currencies influencing operating costs and asset valuations (the South African rand, Chilean peso, Brazilian real, Australian dollar, and pound sterling) may adversely affect financial results to a material extent.

Root cause: The global nature of the Group's businesses exposes the Group to currency risk.

Mitigation: Given the diversified nature of the Group, the Group's policy is generally not to hedge currency risk. Mitigation in the form of foreign exchange hedging is limited to debt instruments and capital expenditure on major projects.

Inflation

The Group is exposed to potentially higher rates of inflation in the countries in which it operates.

Impact: Higher rates of inflation may increase future operational costs if there is no concurrent depreciation of the local currency against the US dollar, or an increase in the dollar price of the applicable commodity.

This may have a negative impact on profit margins and financial results.

Root cause: Cost inflation in the mining sector is more apparent during periods of high commodity prices as demand for input goods and services can exceed supply.

Mitigation: The Group manages costs very closely through its asset optimisation and supply chain initiatives and, where necessary, through making efficiencies in employee and contractor numbers.

Health and safety		
Failure to maintain the high levels of safety management can result in harm to the Group's employees, contractors, communities near our operations and damage to the environment. Occupational health risks to employees and contractors include noise-induced hearing loss, occupational lung diseases and tuberculosis. HIV/AIDS in sub-Saharan Africa in particular is a threat to economic growth and development.	**Impact:** In addition to injury, health and environmental damage, impacts could include fines and penalties, liability to employees or third parties, impairment of the Group's reputation, industrial action or inability to attract and retain skilled employees. Government authorities may force closure of mines on a temporary or permanent basis or refuse mining right applications. The recruitment and retention of skilled people required to meet growth aspirations can be impacted by high rates of HIV/AIDS.	**Root cause:** Mining is a hazardous industry and working conditions such as weather, altitude and temperature can add to the inherent dangers of mining, whether underground or in open pit mines. **Mitigation:** Anglo American sets a very high priority on safety and health matters. A safety risk management process, global standards and a safety and environment assurance programme form part of a consistently applied robust approach to mitigating safety risk. Anglo American provides anti-retroviral therapy to employees with HIV/AIDS and undertakes education and awareness programmes to help prevent infection or spread of infection.
Environment		
Certain of the Group's operations create environmental risk in the form of dust, noise or leakage of polluting substances from site operations and uncontrolled breaches of tailings dam facilities, generating harm to the Group's employees, contractors, the communities near the Group's operations, air quality, water purity and land contamination.	**Impact:** Potential impacts include fines and penalties, statutory liability for environmental remediation and other financial consequences that may be significant. Governments may force closure of mines on a temporary or permanent basis or refuse future mining right applications.	**Root cause:** The mining process, including blasting and processing orebodies, can generate dust and noise and will require the storage of waste materials in liquid form. **Mitigation:** The Group implements a number of initiatives to monitor and limit the impact of its operations on the environment.
Exploration		
Exploration and development are costly activities, with no guarantee of success, but are necessary for future growth.	**Impact:** Failure to discover new Mineral Resources of sufficient magnitude could adversely affect future results and the Group's financial condition. **Root cause:** Exploration and development are speculative activities and often take place in challenging or remote locations from a climate, altitude or political perspective.	**Mitigation:** The Group invests considerable sums each year in focused exploration programmes to enable resource discovery and development to reserves. This investment includes the use of leading technology in exploration activity.
Political, legal and regulatory		
The Group's businesses may be affected by political or regulatory developments in any of the countries and jurisdictions in which the Group operates, including changes to fiscal regimes or other regulatory regimes.	**Impact:** Potential impacts include restrictions on the export of currency, expropriation of assets, imposition of royalties or other taxes targeted at mining companies, and requirements for local ownership or beneficiation. Political instability can also result in civil unrest, nullification of existing agreements, mining permits or leases. Any of these may adversely affect the Group's operations or results of those operations.	**Root cause:** The Group has no control over local political acts or changes in local tax rates. It recognises that its licence to operate through mining rights is dependent on a number of factors, including compliance with regulations. **Mitigation:** The Group actively monitors regulatory and political developments on a continuous basis.

Climate change

The Group's operations are exposed to changes in climate and the need to comply with changes in the regulatory environment aimed at reducing the effects of climate change.	**Impact:** Potential impacts from climate change are difficult to assess and will depend on the circumstances at individual sites, but could include increased rainfall, flooding, water shortages and higher average temperatures. These may increase costs, reduce production levels or impact the results of operations. Policy developments at an international, national and sub-national level, including those related to the 1997 Kyoto Protocol and subsequent international agreements and emissions trading schemes, could adversely affect the profitability of the Group. Regulatory measures may affect energy prices, demand or the margins achieved for carbon intensive products such as coal.	**Root cause:** The Group is a significant user of energy and one of the key commodities it produces is coal. **Mitigation:** In addition to the initiatives to monitor and limit the impact of operations on the environment, the Group continuously seeks to reduce energy input levels into its operations. The asset optimisation programme seeks to make operations more energy efficient.

Supply risk

The inability to obtain key consumables, raw materials, mining and processing equipment in a timely manner.	**Impact:** Any interruption to the Group's supplies or increases in costs adversely affects the Group's financial position and future performance. **Root cause:** During strong commodity cycles, increased demand can be experienced for such supplies, resulting in periods when supplies are not always available to meet demand. Anglo American has limited influence over manufacturers and suppliers.	**Mitigation:** The Group takes a proactive approach to developing relationships with critical suppliers and improving the effectiveness of the Group's purchasing leverage.

Ore Reserves and Mineral Resources

The Group's Ore Reserves and Mineral Resources estimates are subject to a number of assumptions which may be incorrect.	**Impact:** Deviations from the estimated price of commodities, production costs and mining and processing recovery rates may have an impact on the financial condition and prospects of the Group. **Root cause:** All assumptions related to Ore Reserves and Mineral Resources are long term in nature and are subject to volatility owing to economic, regulatory or political influences.	**Mitigation:** The Group is experienced in managing Ore Reserves and Mineral Resources and has robust procedures in place to reduce the likelihood of significant variation. All factors are consistently monitored by management. The Group's procedure on reporting of Ore Reserves and Mineral Resource estimates is summarised on page 177.

Operational performance and project delivery

Failure to meet production targets or project delivery timetables and budgets.	**Impact:** Increased unit costs may arise from failure to meet production targets affecting the results of operations and financial performance. Failure to meet project delivery timetables and budgets may affect operational performance, delay cash inflows, increase capital costs and reduce profitability, as well as have a negative impact on the Group's reputation.	**Root cause:** Increasing regulatory, environmental, access and social approvals can increase construction costs and introduce delays. Operational performance can be affected by technical and engineering factors as well as events or circumstances impacting other critical inputs to the mining and processing of minerals. **Mitigation:** Management oversight of operating performance and project delivery through regular executive management briefings, a continuous focus on improvement of operations through the asset optimisation programme, and consistent application of the Group's methodology for new projects are key to managing this risk.

Event risk		
Damage to physical assets from fire, explosion, natural catastrophe or breakdown of critical machinery.	**Impact:** The direct costs of repair or replacement combined with business interruption losses can result in financial losses. **Root cause:** Some of the Group's operations are located in areas exposed to natural catastrophe such as earthquake/extreme weather conditions. The impact of climate change may intensify the severity of weather events. The nature of the Group's operations exposes it to failure of mining pit slopes and tailings dam walls, fire, explosion and breakdown of critical machinery, with long lead times for replacement.	**Mitigation:** Specialist consultants are engaged to analyse such event risks on a rotational basis and provide recommendations for management action to prevent or limit the effects of such a loss. Contingency plans are developed within the Group to respond to significant events and recover normal levels of business activity. The Group purchases insurance to protect itself against the financial consequences of an event, subject to availability and cost.
Employees		
The ability to recruit, develop and retain appropriate skills for the Group. A risk of strike or other industrial relations disputes may occur.	**Impact:** Failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay in new projects. Industrial disputes may have an adverse effect on production levels, costs and the results of operations. **Root cause:** The Group is subject to global competition for skilled labour. The location of the Group's assets and development projects can be remote or in countries where it is challenging to recruit suitably skilled employees. Employees in the key countries where the Group operates are unionised. Negotiations over wage levels or working conditions can sometimes fail to result in agreement.	**Mitigation:** Anglo American's objective is to be the Employer of Choice in the mining sector. A comprehensive Human Resources strategy has been devised to support that objective, focused on the attraction, retention and development of talented employees and the effective deployment of talent across the Group. The Group seeks constructive relationships and dialogue with trade unions and employees in all its businesses.
Contractors		
Inability to employ the services of contractors to meet business needs or at expected cost levels.	**Impact:** Disruption of operations or increased costs may arise if key contractors are not available to meet production needs. Delays in start-up of new projects may also occur.	**Root cause:** Mining contractors are used at a number of the Group's operations to develop mining projects, mine and deliver ore to processing plants. In periods of high commodity prices, demand for contractors may exceed supply. **Mitigation:** Effective planning and establishment of effective working relationships with key contractors are utilised to mitigate this risk.
Business integrity		
Failure to prevent acts of fraud, bribery, corruption or anti-competitive behaviour.	**Impact:** Potential impacts include prosecution, fines, penalties and reputation damage. The Group may suffer financial loss if it is the victim of a fraudulent act. **Root cause:** In certain countries where the Group operates the risk of corruption is high, as indicated by indices prepared by independent non-governmental organisations (NGOs).	**Mitigation:** The Group has very clear principles on the manner in which it conducts its business and expects all employees to act in accordance with its values. Policies and awareness programmes are in place to ensure consistent understanding of the Group's expectations. The Group's internal control environment is designed to prevent fraud and is regularly reviewed by an internal audit team to provide assurance that controls are designed and operating effectively.

Joint ventures		
Failure to achieve expected standards of health, safety and environment performance in joint ventures.	**Impact:** If similar standards are not implemented in joint ventures, higher costs or lower production may result and have a bearing on operational results, asset values or the Group's reputation.	**Root cause:** Some of the Group's operations are controlled and managed by joint venture partners, associates or by other companies. Management of non-controlled assets may not comply with the Group's standards. **Mitigation:** The Group seeks to mitigate this risk by way of a thorough evaluation process before commitment to any joint venture and implementation of ongoing governance processes in existing joint ventures.
Acquisitions and divestments		
Failure to achieve expected benefits from any acquisition or value from assets or businesses sold.	**Impact:** Failing to deliver expected acquisitions can result in adverse financial performance, lower production volumes or problems with product quality. The Group could find itself liable for past acts or omissions of the acquired business without any adequate right of redress. Failure to achieve expected values from the sale of assets or delivery beyond expected receipt of funds may result in higher debt levels, underperformance of those businesses and possible loss of key personnel.	**Root cause:** Benefits may not be achieved as a result of changing or incorrect assumptions or materially different market conditions or deficiencies in the due diligence process. Delays in the sale of assets or reductions in value may arise due to changing market conditions. **Mitigation:** Rigorous guidelines are applied to the evaluation and execution of all acquisitions that require the approval of the Investment Committee and Group Management Committee and, subject to size, the Board.
Infrastructure		
Inability to obtain adequate supporting facilities, services and installations (water, power, road, rail and port, etc.).	**Impact:** Failure to obtain supporting facilities may affect the sustainability and growth of the business, leading to loss of competitiveness, market share and reputation. Failure of rail or port facilities may result in delays and increased costs as well as lost revenue and reputation with customers. Failure to procure shipping costs at competitive market rates may reduce profit margins.	**Root cause:** The potential disruption of ongoing generation and supply of power is a risk faced by the Group in a number of countries in which it operates. The Group's operations and projects can be located in countries or regions where power and water supplies are not certain and may be affected by population growth, the effects of climate change or lack of investment by owners of infrastructure. The Group relies upon effective rail and port facilities for its products and will be expected to provide shipment of product in some circumstances to customers' premises. The Group relies on third parties to provide these services. **Mitigation:** The Group seeks to work closely with suppliers of infrastructure to mitigate the risk of failure and has established contingency arrangements. Long term agreements with suppliers are sought where appropriate.
Community relations		
Disputes with communities may arise from time to time.	**Impact:** Failure to manage relationships with local communities, government and NGOs may disrupt operations and adversely affect the Group's reputation as well as its ability to bring projects into production. **Root cause:** The Group operates in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. The Group's operations can have an impact on local communities including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services.	**Mitigation:** The Group has developed comprehensive processes to enable its business units to effectively manage relationships with communities and actively seeks engagement with all communities impacted by the Group's operations.

IRON ORE AND MANGANESE

Chris Griffith
CEO – Kumba

Paulo Castellari-Porchia
CEO – Iron Ore Brazil

OPERATING PROFIT
(2010: $3,681m)

$4,520m

SHARE OF GROUP OPERATING PROFIT
(2010: 38%)

41%

EBITDA
(2010: $3,856 m)

$4,733m

Financial highlights

$ million (unless otherwise stated)	2011	2010
Operating profit	**4,520**	3,681
Kumba Iron Ore	**4,397**	3,396
Iron Ore Brazil	**(42)**	(97)
Samancor	**165**	382
EBITDA	**4,733**	3,856
Net operating assets	**13,069**	11,701
Capital expenditure	**1,732**	1,195
Share of Group operating profit	**41%**	38%
Share of Group net operating assets	**30%**	27%

01

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
At our Minas-Rio iron ore project in Brazil, more than 200 km of pipeline that will transport iron ore slurry from the mine in the state of Minas Gerais to the port of Açu has been installed.

Organising – efficiently and effectively
In our manganese businesses, a change in product mix, to focus on less energy intensive FeMn production, has helped offset the high cost environment experienced in the year.

Operating – safely, sustainably and responsibly
Kumba had an outstanding safety performance in the year, ending 2011 fatality-free and with an LTIFR 33% below 2010.

Employing – the best people
Envision, Kumba's broad-based employee share participation scheme, which includes over 6,000 permanent employee members, reached its first maturity in 2011. At the conclusion of its first five year phase it was valued at $319 million.

01 Construction of a pump station at the mine site of Minas-Rio iron ore project in Minas Gerais state, Brazil.

BUSINESS OVERVIEW

Our Iron Ore portfolio principally comprises a 65.2% shareholding in Kumba Iron Ore Limited (Kumba), a leading supplier of seaborne iron ore, and Iron Ore Brazil's 100% interest in Anglo Ferrous Minas-Rio Mineração S.A., a 49% shareholding 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 (together, the Minas-Rio project), and a 70% interest in the Amapá iron ore system.

Kumba, listed on the Johannesburg Stock Exchange, produces a leading quality lump ore. Export ore is transported via the Sishen-Saldanha Iron Ore Export Channel to Saldanha Port. The rail and port operations are owned and operated by the South African parastatal Transnet. Kumba is well positioned to supply the high growth Asia-Pacific and Middle East markets and European steel markets in light of an expected decline in lump ore supplies from other sources.

Kumba operates three mines – Sishen mine in the Northern Cape, which produced 38.9 Mt of iron ore in 2011, Thabazimbi mine in Limpopo, with an output of 0.9 Mt, and Kolomela mine, also in the Northern Cape, which was brought into production during 2011 and produced 1.5 Mt during the year. In 2011, Kumba exported more than 85% of its total iron ore sales volumes of 43.6 Mt, with 68% of these exports destined for China and the remainder for Europe, Japan, South Korea and the Middle East.

Our Minas-Rio iron ore project is located in the states of Minas Gerais and Rio de Janeiro and will include open pit mines and a beneficiation plant in Minas Gerais producing high grade pellet feed. On completion of Phase 1, ore will be transported through a 525 kilometre slurry pipeline to the port of Açu in Rio de Janeiro state. Amapá, in Amapá state in northern Brazil, continues to ramp up its pellet feed and sinter feed production, which reached 4.8 Mt in 2011, and is expected to produce 5.5 Mt in 2012.

Our Manganese interests consist of a 40% shareholding in Samancor Holdings, which owns Hotazel Manganese Mines and Metalloys, both in South Africa, and a 40% shareholding in each of the Australian-based operations Groote Eylandt Mining Company (GEMCO) and Tasmanian Electro Metallurgical Company (TEMCO), with BHP Billiton owning 60% and having management control. Samancor is the world's largest producer of seaborne manganese ore and is among the top three global producers of manganese alloy. Its operations produce a combination of ores, alloys and metal from sites in South Africa and Australia.

INDUSTRY OVERVIEW

Demand for iron ore globally is linked primarily to the state of the global steel industry and, more specifically, to the steel manufacturing sector in China. The country is the largest steel producer and consumer in the world and accounts for more than two-thirds of global seaborne iron ore imports.

In 2011, global steel production increased 6% to 1.5 billion tonnes (2010: 1.4 billion tonnes), of which 685 Mt were produced in China (2010: 627 Mt), an increase of 9% (2010: 10%). China's seaborne iron ore imports rose by 11% to 684 Mt (2010: 619 Mt). The balance of China's iron ore needs was met by domestic iron ore production, which rose by approximately 7% to 305 Mt.

STRATEGY AND GROWTH

Anglo American's core strategy is to grow our position in iron ore and to supply premium iron ore products against a background of declining quality global iron ore supplies. We have a unique iron ore resource profile, with extensive, high quality resource bases in South Africa and Brazil. Significant future growth will come from Minas-Rio (including expansion potential) and expansion at Kolomela.

Kumba seeks to sustainably maximise total shareholder value by enhancing the value of its current operations through the implementation of its asset optimisation programmes, capturing value across the value chain through its commercial and logistics strategy, executing its growth projects and ensuring that it has the organisational resources and capabilities to execute its strategy.

Kumba plans to grow its business organically in order to achieve production of 80 to 90 Mtpa of iron ore by 2020, 70 Mtpa from South Africa and the remainder from other countries in Africa.

Minas-Rio will capture a significant part of the high growth pellet feed market with its premium product featuring high iron content and low contaminants. Phase 1 of the Minas-Rio project will produce 26.5 Mtpa, with first production scheduled after completion and commissioning of the project, which is anticipated in the second half of 2013. During the year, civil works

2011 Iron ore production[1]

Total 1,825 Mt

- Western Europe 1.5%
- Other Europe and CIS 10.6%
- North America 5.9%
- South America 19.4%
- Africa 4.0%
- Asia 32.9%
- Oceania 25.7%

Source: CRU

[1] Apparent production of iron ore pellets, sinter fines and lump.

2011 Iron ore consumption[1]

Total 1,825 Mt

- Unaccounted imports/stock changes 2.6%
- Western Europe 6.7%
- Other Europe and CIS 9.1%
- North America 4.2%
- South America 3.5%
- Africa 0.8%
- Asia 72.5%
- Oceania 0.6%

Source: CRU

[1] Apparent consumption of iron ore pellets, sinter fines and lump.

Kolomela, which was brought into commercial production during December 2011, is expected to produce at design capacity 9 Mtpa of iron ore.

Iron ore price (FOB Australia)

(1) QAMOM is a pricing mechanism based on average quarter in arrears minus one month.

Source: Anglo American Commodity Research

commenced at the beneficiation plant, tailings dam earthworks progressed in line with the project schedule, while good progress was made in installing the 525 kilometre slurry pipeline. Further expansion potential is supported by the 2011 resource estimate of 5.8 billion tonnes (Measured, Indicated and Inferred), and further resource potential is considered to exist. While focus has been on Phase 1 construction, studies for the expansion of the project, including consideration of the optimal production profile, continue to be evaluated.

Kolomela, which was brought into commercial production during December 2011, is expected to produce at design capacity 9 Mtpa of iron ore. With initial production of 1.5 Mt during 2011, the mine is on track to produce between 4 and 5 Mt in its ramping-up phase in 2012, before producing at full design capacity in 2013.

FINANCIAL OVERVIEW

Operating profit before special items and remeasurements increased by 23% from $3,681 million to $4,520 million, principally owing to stronger export prices, a year-on-year weighted average price increase of 26% in export iron ore for Kumba and an increase of 3% in export sales volumes.

Markets

Global steel demand growth continued to be driven by ongoing urbanisation and industrialisation in China. China is now the biggest steel producing country, accounting for approximately 45% of the global steel market. In early 2011, steel production in China reached record levels. However, the tightening in monetary policy to manage the inflationary pressures experienced in China since October 2010, led to credit liquidity constraints and a slower GDP growth rate in the second half of the year. This, coupled with margin compression as a result of higher raw material input costs and lower steel prices, led to a reduction in steel production rates and downstream steel destocking by end-users.

Steel demand and pricing in Europe has been subdued since April 2011, following concerns around the European sovereign debt crisis. Japanese steel production and prices were initially impacted by the earthquake and tsunami during the first quarter but recovered during the third quarter. However, as macro-economic uncertainty increased, this also weighed heavily on steel prices and demand in Japan towards the end of the year. As a result, European and Japanese steel producers started to implement production slowdowns in an attempt to stabilise steel markets. Consequently, iron ore offtake in these regions has slowed and China has been the target of diverted contractual tonnages from a number of suppliers. The combination of higher seaborne ore supplies and lower crude steel production during the second half of 2011, resulted in a sharp fall in index prices in the fourth quarter. Steel producers resumed sourcing of iron ore during November 2011, following a period of destocking, particularly in China. Index and spot iron ore pricing has now reached a support level provided by high cost Chinese domestic iron ore production.

Underpinned by global steel production, prices for manganese ores have been under considerable pressure, particularly in the second half of 2011 on the back of a general oversupply in the market and a build-up of port inventories in China. Alloy conversion capacity continued to grow through the year, placing additional pressure on margins for all alloys, with some higher cost producers eventually idling capacity so as to cut losses.

Operating performance

Kumba Iron Ore

The total material mined at Sishen mine increased by 8% from 153.2 Mt in 2010 to 165.0 Mt, of which waste mined was 119.0 Mt, an increase of 17% from 2010. This planned increase in mining activity was negatively affected by wet pit conditions resulting from excessive rainfall during the first half of 2011. As a consequence, the availability of run-of-mine material supplied to the dense media separation (DMS) plant reduced, causing total production at Sishen mine to decrease by 6% from 41.3 Mt in 2010 to 38.9 Mt. The jig plant achieved a run rate in excess of design capacity, producing 13.5 Mt for the year (2010: 13.3 Mt) as a result of an improved yield brought about by moderating the quality of the ore produced by the plant. Kolomela was brought into production ahead of schedule. Waste material stripped in the year amounted to 30.3 Mt (2010: 18.6 Mt) as two open pits were developed at a cost of $131 million (2010: $108 million), all of which was capitalised. The plant was successfully commissioned during 2011, delivering 1.5 Mt of production in the year.

Kumba's total sales volumes increased by 0.4 Mt to 43.5 Mt in 2011 (2010: 43.1 Mt). Total export sales volumes increased by 1.0 Mt to a record 37.1 Mt. Export sales volumes to China increased to 68% of total export volumes for the year, compared with 61% in 2010. The company's traditional markets accounted for about 22% of export sales, while Kumba sold a small portion of its total exports into the Middle East and North Africa, and South America. Approximately 73% of exports were sold to long term and annual contractual customers and 27% at prices derived from index.

Iron Ore Brazil

Iron Ore Brazil generated an operating loss of $42 million, largely reflecting the pre-operational state of the Minas-Rio project.

The Amapá operation contributed an operating profit of $120 million for the year, compared with an operating profit of $16 million in 2010, reflecting a strong production performance and continued cost containment during a period of elevated prices. Production in 2011 totalled 4.8 Mt, a 20% increase over the previous year.

Samancor

Operating profit declined by 57% to $165 million (2010: $382 million), driven mainly by lower prices and stronger average local currencies in South Africa and Australia.

01 Minas-Rio's pump station No. 2 under construction.

02 The iron ore export port of Açu in Rio de Janeiro state is currently under construction and is planned to open in the second half of 2012.

03 Safety technician Daniel Cardoso Espindola (left) and security technician Wagno Luis Oliverira Assis, inspect a section of the Minas-Rio pipeline. At the end of 2011, more than 200 km of the 525 km pipeline that will carry iron ore to the port at Açu had been installed.

01

02

03

Production was lower at the South African mines owing to safety related downtime, issues concerning sinter plants and higher stripping ratios. In addition, production was lower at GEMCO in Australia as a result of concentrator downtime and unusually heavy rainfall in early and late 2011. Anglo American's share of ore production at 2.8 Mt was 6% lower than in the prior year, while alloy production of 300,500 tonnes was only marginally lower.

Manganese ore sales prices softened by 19% in 2011, due to an oversupplied market and a build-up of port inventories in China.

Projects

Excellent progress was made at Kolomela mine, which was delivered five months ahead of schedule and within budget. Kolomela is ramping up well and is on track to produce between 4 Mt and 5 Mt in 2012, before producing at full design capacity of 9 Mtpa in 2013.

Kumba's stated South African growth target of producing 70 Mtpa by 2019 is intact:

- 9 Mtpa will come from Kolomela in 2013
- 15 Mtpa to be delivered from other projects in the Northern Cape Province
- 5 Mtpa potential from projects in the Limpopo Province.

The Minas-Rio iron ore project in Brazil is expected to produce 26.5 Mtpa of iron ore in its first phase and has made good progress during the year. Minas-Rio secured a number of major licences and permits during the year; the offshore and onshore works at the port are on schedule; more than 90% of land access has been secured along the 525 km pipeline route and more than 200 km of pipe has been installed; and the civil works at the beneficiation plant are well under way. As with other complex greenfield mining projects, a number of unexpected issues, such as the discovery of caves at the beneficiation plant site which require specialised assessment, continue to cause delays to the work scheduling, in addition to outstanding land access and an evolving permitting environment. Minas-Rio is assessing various options to manage these challenges in a high inflationary Brazilian mining environment, including acceleration activities within the previously announced 15% capital increase, to target first ore on ship in the second half of 2013.

Pre-feasibility studies for the second phase of the Minas-Rio iron ore project commenced during 2011 and, although still under way, the studies, together with the 2010 resource statement (total resource volume (Measured, Indicated and Inferred)) of 5.8 billion tonnes, support the expansion of the project.

The second expansion of the GEMCO operation in the Northern Territory of Australia (GEEP2 project) was approved in May 2011. This follows the successful completion of the GEMCO Expansion Phase 1 (GEEP1) project in January 2010.

The first phase expansion confirmed GEMCO's status as the world's largest and lowest cost producer of manganese ore. This second expansion, which is expected to be completed in late 2013, will further enhance GEMCO's competitive advantages and create additional options for growth. The $280 million GEEP2 project (Anglo American's 40% share: $112 million) will increase GEMCO's beneficiated product capacity from 4.2 Mtpa to 4.8 Mtpa through the introduction of a dense media circuit by-pass facility. The expansion will also address infrastructure constraints by increasing road and port capacity to 5.9 Mtpa, creating 1.1 Mtpa of latent capacity for future expansions.

Outlook

Continuing macro-economic uncertainty has undermined the short term outlook for the global seaborne iron ore market. Monetary tightening to control inflation in emerging economies such as China has restrained economic growth. In addition, an uncertain policy response to tackle the European sovereign debt crisis has also weakened economic activity. Despite the short term uncertainty, medium to long term prospects for iron ore demand remain robust as China's living standards continue to 'catch up' with those in developed economies. Nevertheless, as China shifts from an investment intensive to a consumption driven economy, the rate of growth for steel materials is expected to moderate to a more sustainable level.

While demand is a key driver for pricing, supply constraints also play a crucial role. In the short term, iron ore supply is anticipated to remain tight amid seasonal weather impacts in Brazil and Western Australia, and the government's moves in India to control exports of iron ore. The ongoing challenges faced by producers to deliver new supply is expected to lead to increased capital intensity and will, therefore, underpin the long term pricing outlook. Anglo American's ability to supply iron ore to the market will be enhanced by the ramping up of Kolomela during 2012 and the delivery of the Minas-Rio project in the second half of 2013.

A general state of oversupply in the global manganese ore market and high port stocks in China have pushed prices to lower levels of approximately $4.80/mtu CIF China. Demand is expected to slow even further owing to stock rebuilds, and short term macro-economic uncertainty.

Alloy prices have also been affected by ongoing macro-economic uncertainty and steel producers minimising stock in the pipeline. This trend is expected to continue in 2012. Prices of manganese ore and alloy are expected to decline further from current levels, with a recovery anticipated towards the latter part of 2012.

Kumba Iron Ore update

Sishen supply agreement arbitration

Sishen Iron Ore Company (SIOC) notified ArcelorMittal South Africa Limited (ArcelorMittal) on 5 February 2010 that it was no longer entitled to receive 6.25 Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining rights. This contract mining agreement, concluded in 2001, was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen mine. As a result of ArcelorMittal's failure to convert its old order mining right, the contract mining agreement automatically lapsed and became inoperative in its entirety as of 1 May 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. During 2011, three arbitrators were appointed and May 2012 was set as the date for the arbitration to begin. On 9 December 2011, SIOC and ArcelorMittal agreed to postpone the arbitration until the final resolution of the mining right dispute.

SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from the Sishen mine. This interim arrangement endured until 31 July 2011. SIOC and ArcelorMittal agreed to an addendum to the interim supply agreement which extended the terms and conditions of the current interim agreement. The new interim pricing agreement, which is on the same terms and conditions as the first interim pricing agreement, commenced on 1 August 2011 and will endure to 31 July 2012.

01 Flotation plant at the Amapá iron ore system in north-east Brazil.

02 Looking out from Kolomela's primary crusher over the rest of the plant, with the blending beds on the left.

01

02

21.4% undivided share of the Sishen mine mineral rights

After ArcelorMittal failed to convert its old order rights, SIOC applied for the residual 21.4% mining right previously held by ArcelorMittal and its application was accepted by the Department of Mineral Resources (DMR) on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 (Pty) Limited (ICT). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT.

The High Court Review, in which SIOC challenged the award of the 21.4% prospecting right over Sishen mine by the DMR to ICT, was presided over by Judge Raymond Zondo in the North Gauteng High Court in Pretoria, South Africa, from 15 to 18 August 2011.

On 21 December 2011, judgement was delivered in the High Court regarding the status of the mining rights at Sishen mine. The High Court held that, upon the conversion of SIOC's old order mining right relating to the Sishen mine properties in 2008, SIOC became the exclusive holder of a converted mining right for iron ore and quartzite in respect of the Sishen mine properties. The High Court held further that as a consequence, any decision taken by the DMR after such conversion in 2008 to accept or grant any further rights to iron ore at the Sishen mine properties was void. Finally, the High Court reviewed and set aside the decision of the Minister of Mineral Resources or her delegate to grant a prospecting right to ICT relating to iron ore as to a 21.4% share in respect of the Sishen mine properties. On 3 February 2012, both the DMR and ICT submitted applications for leave to appeal against the High Court judgment.

The High Court order does not affect the interim supply agreement between ArcelorMittal and SIOC, which will endure until 31 July 2012 as indicated above.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

METALLURGICAL COAL

Seamus French
CEO

OPERATING PROFIT
(2010: $780 m)
$1,189 m

SHARE OF GROUP OPERATING PROFIT
(2010: 8%)
11%

EBITDA
(2010: $1,134 m)
$1,577 m

Financial highlights

$ million (unless otherwise stated)	2011	2010[1]
Operating profit	**1,189**	780
EBITDA	**1,577**	1,134
Net operating assets	**4,692**	4,332
Capital expenditure	**695**	235
Share of Group operating profit	**11%**	8%
Share of Group net operating assets	**11%**	10%

[1] Following a strategic review during the year, Peace River Coal is now managed as part of the Metallurgical Coal business unit and accordingly is presented as part of the Metallurgical Coal segment. It was previously reported within the Other Mining and Industrial reporting segment. Comparatives have been reclassified to align with current year presentation.

01

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
In December 2011, we took an important step in our investment programme to triple our hard coking production by 2020 by approving the $1.7 billion, 5 Mtpa Grosvenor Phase 1 project.

Organising – efficiently and effectively
Successful mitigation actions to recover from lost volumes following exceptional heavy rain in late 2010 and early 2011, combined with asset optimisation improvements, led to record run-of-mine production at the open cut operations.

Operating – safely, sustainably and responsibly
In 2011, Metallurgical Coal recorded a 24% fall in its lost time injury frequency rate, and there were no deaths at any of its operations.

Employing – the best people
Initiatives such as our employees' passionate commitment to rebuilding the local community's infrastructure following the floods, working with government to bring fresh talent into the business, and developing sector leading operations management systems are examples of a company that is really making a difference.

01 Looking over the thickener at Moranbah North's coal handling preparation plant (CHPP). The thickener separates the fine tailings (solids) from the water, enabling the process water to be recycled back through the CHPP.

BUSINESS OVERVIEW

Anglo American is Australia's second largest metallurgical coal producer and third largest global exporter of metallurgical coal.

Our coal operations in Australia are based on the east coast, from where Metallurgical Coal serves a range of customers throughout Asia and the Indian sub-continent, Europe and South America. Our metallurgical coal operation in Canada, Peace River Coal, mainly serves customers in Europe, Japan and South America.

Metallurgical Coal operates six mines in Australia: one wholly owned, and five in which it has a controlling interest. Five of the mines are located in Queensland's Bowen Basin: Moranbah North (metallurgical coal), Capcoal (metallurgical and thermal coal), Foxleigh (metallurgical coal), Dawson (metallurgical and thermal coal) and Callide (thermal coal). Drayton mine (thermal coal) is in the Hunter Valley, New South Wales. All of the mines are in well established locations and have direct access to rail and port facilities at Dalrymple Bay and Gladstone in Queensland and Newcastle in New South Wales.

Moranbah North is an underground longwall mining operation with a mining lease covering 100 km^2. Coal is mined from the Goonyella Middle Seam, approximately 200 metres below the surface. The mine produces around 4.5 Mt (attributable) of high fluidity, hard coking coal for steel manufacturing. Production in 2011, however, was 2.5 Mt (attributable), primarily due to the effect that flooding had on the site early in the year. Methane-rich seam gas is supplied to a power station at Moranbah North, thereby reducing the mine's carbon dioxide equivalent (CO_2e) emissions by around 1.3 Mtpa.

Capcoal operates two underground mines and an open cut mine. Together, they produced around 5.0 Mt (attributable) of hard coking coal, pulverised coal injection (PCI) and thermal coal in 2011. Capcoal also supplies methane-rich seam gas to Energy Developments Limited's power station, contributing to Queensland's power grid, while reducing the mine's CO_2e emissions by 0.8 Mt.

Foxleigh is an open cut operation and produced 1.4 Mt (attributable) of high quality PCI coal in 2011. The mine is engaged in an asset optimisation process to increase production.

Dawson is an open cut operation, which in 2011, produced 7.7 Mt in total (3.9 Mt attributable) of coking and thermal coal.

Peace River Coal is an open cut operation, which produced 0.9 Mt of metallurgical coal in the year. In 2011, Anglo American acquired the remaining minority interests in Peace River Coal in British Columbia, Canada. Currently the Trend mine is operational with significant growth opportunities being explored for the complex.

Metallurgical Coal owns an effective 23% interest in the Jellinbah and Lake Vermont mines in Queensland; both are metallurgical coal producers.

In 2011, Metallurgical Coal's mines produced an attributable 14.2 Mt of metallurgical coal, all for export, and 13.4 Mt of thermal coal, of which 46% was exported.

Metallurgical Coal's resource base totals some 3.6 billion tonnes of coal. This includes high quality greenfield metallurgical coal resources close to existing infrastructure.

INDUSTRY OVERVIEW

Metallurgical coal, composed of coking coal and PCI coal, is a key raw material for blast furnace steel production. Blast furnace-produced hot metal represents approximately 70% of global crude steel production[1], making metallurgical coal an important raw material.

Global metallurgical coal supply of around 1 billion tonnes is mainly consumed in the country of origin. China is the biggest consumer of metallurgical coal, consuming approximately 700 Mt in 2010[2]. As a result of its substantial domestic production, however, China only relies on imported coal for approximately 8% of its total requirement. In 2011, the international seaborne metallurgical coal market comprised some 250 Mt, the major destinations being Japan, China, India, South Korea, Brazil and Taiwan, as well as many countries in Europe. Historically, Australia has supplied two-thirds of the seaborne metallurgical coal market; flood related constraints, however, limited the country's global contribution to below 60% in 2011.

The market has traditionally comprised predominantly long term annually priced contracts. A shift to shorter term pricing in 2011, however, saw the majority of contracts priced on a quarterly basis, with a growing volume being priced monthly.

[1] World Steel association, Steel Statistical Yearbook, July 2011.
[2] CRU Metallurgical Coke Outlook – November 2011.

Global seaborne metallurgical coal exports

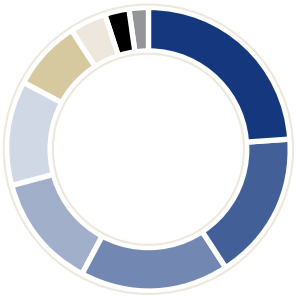
(Total 249.5 Mt)

Australia 55%
USA 24%
Canada 12%
Russia 3%
Indonesia 2%
China 1%
Other 3%

Source: GTIS, CRU, Wood Mackenzie and AME

Global seaborne metallurgical coal imports

(Total 249.5 Mt)



Japan 24%
Europe 17%
China 17%
India 13%
South Korea 12%
Brazil 8%
Taiwan 4%
Other 3%
Turkey 2%

Source: GTIS, CRU, Wood Mackenzie and AME

STRATEGY AND GROWTH

Emerging markets, particularly in the Asia-Pacific region, are likely to remain the driving force behind metallurgical coal demand, both in the short and long term. In light of this, Metallurgical Coal's strategy is to significantly increase the value of the business by optimising existing operations and to develop new operations to supply mainly high margin export metallurgical coal. Four specific programmes have been developed to implement this strategy:

- A structured programme of asset optimisation is designed to deliver industry-best operational performance over the existing asset base.
- An attractive and well developed organic growth pipeline aims to triple high value metallurgical coal production over the next decade. Growth opportunities include several advanced projects at the feasibility or pre-feasibility stage, as well as a long pipeline of additional opportunities. The high quality hard coking coal advanced opportunities include the Grosvenor Phase 1 and Phase 2 and Moranbah South projects in Queensland and the Roman expansion project in British Columbia. The export thermal advanced projects include Drayton South and Dartbrook in New South Wales. Anglo American has also received preferred respondent status of 30 Mtpa dedicated port capacity at Abbot Point in Queensland, with several other logistics options secured, such as dedicated trains, to underpin its industry leading growth plans.
- We are exiting from low margin domestic thermal coal production. The operations at Drayton in New South Wales have been upgraded and, since September 2011, all production has been converted to higher margin export products. A process is under way to divest the Callide mine. Once Callide has been disposed of, Metallurgical Coal will be solely an export business.
- In line with increasing demand from the steelmaking industry in both existing and emerging markets, Metallurgical Coal is realising increased value from developing superior specialised product offerings tailored to individual customers in the steel sector.

Methane is highly concentrated at many of our metallurgical coal mines in Australia. Our coal business in Australia has invested more than $120 million over the last five years to abate 8 Mt of emissions using available commercial scale technologies.

01 Anglo American Board visit to Moranbah North in October 2011: the mine's highly automated control room.

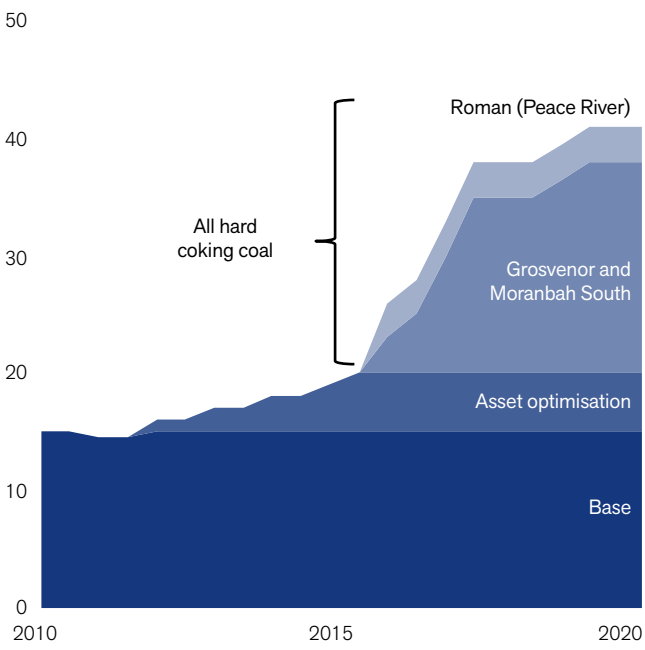
02 Excavator loading coal on to a load haul truck in the open pit at Foxleigh mine.

01

02

Metallurgical coal growth

Advanced stage projects only
Mt



Source: Anglo American. All figures on Anglo American equity basis.

These include initiatives such as the Moranbah North and Capcoal power stations. By capturing methane, which would otherwise be vented, these power stations prevent 2.1 Mt of CO_2e emissions from entering the atmosphere each year and generate 75 MW of electricity (equivalent to taking about 580,000 cars off the road).

Furthermore, Metallurgical Coal is a cornerstone investor in Australia-based MBD Energy, which is expected to commence trials of its leading-edge carbon capture and conversion technology, using algal synthesisers, at three of Australia's biggest greenhouse gas-emitting, coal fired power plants.

FINANCIAL OVERVIEW

Metallurgical Coal's operating profit increased by 52% to a record $1,189 million. Higher realised export selling prices and a strong production recovery in the second half of the year more than offset the impact of rain on production and a strong Australian dollar. Production at the Queensland operations was affected by heavy rainfall and subsequent flooding in late 2010 and in the first quarter of 2011, which resulted in *force majeure* declarations being in effect until June 2011. Export metallurgical coal production decreased by 9% compared to the prior year, primarily as a result of the impact of these adverse weather conditions, although the business made a strong recovery in the second half of the year, particularly at the open cut operations. Unit costs increased as a result of lower production, the additional costs associated with flood recovery initiatives, and the strong Australian dollar.

Markets

Anglo American weighted average achieved FOB price ($/tonne)	2011	2010
Export metallurgical coal	**251**	177
Export thermal coal	**101**	87
Domestic thermal coal	**34**	33

Attributable sales volumes ('000 tonnes)	2011	2010
Export metallurgical coal	**13,983**	15,729
Export thermal coal	**6,274**	6,384
Domestic thermal coal	**7,455**	8,342

Despite short term macro-economic uncertainties and monetary tightening measures in China impacting steel production in the second half of the year, metallurgical coal supply shortages due to wet weather and industrial disruptions resulted in a strong metallurgical coal market for most of 2011. Record quarterly prices were settled across all metallurgical coal categories in the April to June 2011 quarter, resulting in overall 2011 average prices being well above historical levels.

Anglo American led the industry's metallurgical coal quarterly price settlements in three consecutive quarters during 2011, providing a well-supported market reference for premium hard coking coals and PCI coals. The majority of Anglo American's metallurgical coal sales were placed against term contracts with quarterly negotiated price settlements.

Operating performance

Attributable production ('000)	2011	2010
Export metallurgical coal	**14,190**	15,570
Thermal coal	**13,426**	14,461

Production declined following Queensland's record rainfall, with floods affecting both the open cut and underground operations. As a consequence, sales of high quality metallurgical coal decreased by 11% to 14.0 Mt for the year. However, successful mitigation actions taken early in the year to recover lost volumes and ongoing asset optimisation improvements led to record run-of-mine production at the open cut operations. For the second half of the year, all metallurgical coal open cut operations set new production records, demonstrating the strong effort to recover from the flooding events. A mitigation programme aimed at reducing the impact of rain at the open cut operations has been completed, which will significantly reduce the impact of such events in the future.

At the underground operations, productivity improvement was a major focus during the year, with the implementation of a structured internal programme to raise the longwall operations' productivity to benchmark levels. The programme also involved partnership agreements with equipment suppliers to establish best-in-class practices. New weekly production records have since been set at both longwall underground operations. Scheduled longwall moves in the second half of the year reduced production below prior year levels, however, a partial drift failure at Moranbah delayed the restart of the longwall following its move.

Optimisation of the entire coal supply chain through streamlined logistics management and new product offerings to customers through blending, continue to deliver significant benefits and value to our customers.

Projects

In December 2011, the development of the $1.7 billion, 5 Mtpa Grosvenor Phase 1 metallurgical coal project was approved. This represents the first phase of our investment programme in Australia to grow our high margin, hard coking coal production. Grosvenor's first development coal will be produced in 2013, with full commercial production expected in 2016. Advanced stage project studies continue at Moranbah South, Dartbrook and Drayton South in Australia, and also at Roman in Canada to achieve our objective of tripling hard coking coal production by 2020 to meet expected growth in demand for both metallurgical and thermal coal. Negotiations continue on the proposed divestment of the Callide mine as part of Metallurgical Coal's strategy to exit the low margin domestic thermal coal business. Callide primarily supplies domestic power stations in Queensland, producing 8.0 Mt of thermal coal in 2011, with expansion potential from its resource base of more than 800 million tonnes.

Outlook

Metallurgical Coal will be a 100% exporter, with a focus on high margin hard coking coal growth, following the planned divestment of Callide. Sustained productivity increases at both the underground and open cut operations, together with the industry leading expansion plans already announced, will position Anglo American as a leading producer of premium products in a highly attractive market.

In the short term, continuing global economic uncertainty is expected to challenge the recovery of the steel market during 2012. Measures to control inflation in emerging economies such as China and India have restrained economic growth. In addition, an uncertain policy response to tackle the European sovereign debt crisis has also weakened economic activity. Despite the short term macro-economic uncertainty, the medium to long term prospects for metallurgical coal demand remain robust as China and India continue to grow strongly.

In the absence of weather related disruptions, Australian supply is expected to continue to recover to pre-flooding levels. However, persistent industrial disruptions may impact the full recovery of supply in Australia.

THERMAL COAL

Norman Mbazima
CEO

OPERATING PROFIT
(2010: $710m)
$1,230 m

SHARE OF GROUP OPERATING PROFIT
(2010: 7%)
11%

EBITDA
(2010: $872 m)
$1,410 m

Financial highlights

$ million (unless otherwise stated)	2011	2010
Operating profit	**1,230**	710
South Africa	**775**	426
Colombia	**482**	309
Projects and corporate	**(27)**	(25)
EBITDA	**1,410**	872
Net operating assets	**1,886**	2,111
Capital expenditure	**190**	274
Share of Group operating profit	**11%**	7%
Share of Group net operating assets	**4%**	5%

01 In South Africa, Greenside colliery supplies thermal coal to both the domestic and export markets. In 2011, the mine produced 2.85 Mt of coal.

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
In South Africa our 6.6 Mtpa Zibulo mine reached commercial operating levels in the fourth quarter of 2011, ahead of schedule, while in Colombia the Cerrejón P500 Phase 1 expansion to increase production by 8 Mtpa (100% basis) has also been given the go-ahead.

Organising – efficiently and effectively
Asset optimisation and supply chain initiatives yielded benefits well above budget, with an 80% increase in procurement from China.

Operating – safely, sustainably and responsibly
In 2011, Thermal Coal experienced two deaths across its operations, though its lost-time injury rate reached a record low. The business also won a Green award for its methane flaring project.

Employing – the best people
Thermal Coal is continuing with its drive to make the workplace a more diverse one. It continues to steadily grow the number of 'historically disadvantaged South Africans' in its management ranks.

BUSINESS OVERVIEW

Thermal Coal operates in South Africa and is a joint partner in Cerrejón, Colombia. In South Africa, Thermal Coal wholly owns and operates nine mines and has a 50% interest in the Mafube colliery and Phola washing plant. Six of the mines collectively supply 22 Mtpa of thermal coal to both export and local markets. New Vaal, New Denmark and Kriel collieries are domestic product operations supplying 30 Mtpa of thermal coal to Eskom, the state-owned power utility. Isibonelo mine produces 5 Mtpa of thermal coal for Sasol Synthetic Fuels, the coal-to-liquids producer, under a 20 year supply contract.

Anglo American Inyosi Coal, a broad-based black economic empowerment (BEE) company valued at approximately $1 billion, is 73% held by Anglo American; the remaining 27% is held by Inyosi, a BEE consortium led by the Pamodzi and Lithemba consortia (66%), with the Women's Development Bank and a community trust holding the remaining equity. Anglo American Inyosi Coal, in turn, owns Kriel colliery, the new Zibulo multi-product colliery and the greenfield projects of Elders, New Largo and Heidelberg.

Thermal Coal's South African operations currently route all export thermal coal through the Richards Bay Coal Terminal (RBCT), in which it has a 24.17% shareholding, to customers throughout the Med-Atlantic and Asia-Pacific regions. Within South Africa, 62% of total sales tonnes are made to the Eskom power utility, of which the majority are on long term (i.e. life of mine) cost-plus contracts. A further 8% is sold to Sasol and 2% supplied to industrial sector consumers. The remaining 28% is exported through RBCT.

In South America, Anglo American, BHP Billiton and Xstrata each own a one-third shareholding in Cerrejón, Colombia's largest thermal coal exporter. This opencast operation currently has a 32 Mtpa production capacity (10.7 Mtpa attributable). In 2011, an expansion was approved to increase this capacity to 40 Mtpa (13.3 Mtpa attributable). Cerrejón owns and operates its own rail and deep water port facilities and sells into the export thermal and pulverised coal injection (PCI) coal markets.

INDUSTRY OVERVIEW

Coal is the most abundant source of fossil fuel energy in the world, considerably exceeding known reserves of oil and gas. The bulk of all coal produced worldwide is thermal coal, which is used as a fuel for power generation and other industries, notably the cement sector. In 2011, seaborne thermal coal demand accounted for approximately 790 Mt and was supplied from many countries, with coal producers operating in a highly competitive global marketplace.

Thermal coal usage is driven by the demand for electricity and is influenced by the price of competing fuels, such as oil and gas and, increasingly, the cost of carbon. Global thermal coal demand is also affected by the availability of alternative generating technologies, including gas, nuclear, hydro-electricity and renewables. The market for export thermal coal is further impacted by the varying degrees of privatisation and deregulation in electricity markets, with customers focused on securing the lowest cost fuel supply in order to produce power at a competitive price. This has resulted in a move away from longer term towards shorter term contracts priced against various coal price indices, which has given rise to the development of an increasingly active financial market for hedging and derivative instruments. The extent to which these pricing instruments are used, however, varies from region to region.

STRATEGY AND GROWTH

Thermal Coal is focused on supplying the electricity generation and industrial sectors from large, low cost coal basins, with a global growth strategy that targets participation in the most attractive export markets. We have a diverse, high quality asset portfolio in South Africa and Colombia and aim to continue being a long term, reliable supplier. We also actively participate in the pursuit of cleaner coal solutions for the world's energy needs through the development of new technologies in areas such as clean coal, carbon capture and storage, algal sequestration and methane-drainage flaring.

Thermal Coal is expanding its current position in the export market, while maintaining a significant position in the domestic market in South Africa. We plan to deliver on this ambition through our extensive portfolio of expansion projects, supported by targeted acquisitions.

2011 Thermal coal supply[1]

Total 790.5 Mt

- Western Europe 0.4%
- Other Europe and CIS 12.8%
- North America 5.3%
- South America 10.6%
- Africa and Middle East 8.4%
- Asia 41.9%
- Oceania 20.6%

Source: Wood Mackenzie

[1] Seaborne, traded.

2011 Thermal coal demand[1]

Total 790.5 Mt

- Western Europe 19.5%
- Other Europe and CIS 0.3%
- North America 2.4%
- South America 1.5%
- Africa and Middle East 2.7%
- Asia 73.5%
- Oceania 0.1%

Source: Wood Mackenzie

[1] Seaborne, traded.

Anglo American has approved investment into the expansion at Cerrejón Phase 1 to increase the port and logistics chain capacity to reach 40 Mtpa (100% basis). Phase 2 of this expansion project has the potential to increase production to 50 to 60 Mtpa, which may require a river diversion in order to access additional reserves. Thermal Coal is currently completing its feasibility study on New Largo, identified by Eskom as a primary coal supplier to its Kusile power station, now under construction.

In 2010, there was a marked swing from the Med-Atlantic to the Asia-Pacific market, resulting in India boosting its status as a substantial and growing market for South Africa-sourced coal. Close to 70% of South Africa's coal exports were destined for the Asia-Pacific market in 2011. In the longer term, growth in global thermal coal demand is expected to outpace growth in world energy demand. According to BP's 2011 Statistical Review of World Energy, thermal coal's share of the global energy mix rose to 29.6% in 2010, up from 25.6% in 2001 and the highest since 1970.

In October 2010, Anglo American announced that it planned to dispose of its Kleinkopje colliery in Mpumalanga, South Africa. Thermal Coal then conducted a rigorous and competitive disposal process, which took more than 10 months to complete. Despite significant initial interest in the asset, this did not translate into any acceptable offers being received by the closing date of June 2011. As a result, in August 2011, Anglo American announced its decision to terminate the sale process, and established a high-level project team to optimise the configuration of the mine to ensure its continued operation and improve performance.

In addition to developing operations in its existing geographies, Thermal Coal is constantly evaluating potential opportunities in new regions which are well placed to service its growing markets.

FINANCIAL OVERVIEW

Thermal Coal generated an operating profit of $1,230 million, representing a 73% increase on 2010, driven by stronger average export thermal coal prices. This was in part offset by industry-wide cost pressures, primarily in labour, fuel and power.

Markets

Anglo American weighted average achieved FOB price ($/tonne)	2011	2010
RSA export thermal coal	**114.27**	82.49
RSA domestic thermal coal	**21.36**	18.42
Colombian export thermal coal	**101.01**	72.69

Attributable sales volumes ('000 tonnes)	2011	2010
RSA export thermal coal	**16,532**	16,347
RSA domestic thermal coal	**40,136**	41,323
Colombian export thermal coal	**10,685**	10,461

The Asia-Pacific region started the year with severe weather interruptions in Australia and Indonesia, disrupting coal exports and driving Newcastle thermal coal FOB[1] prices to a post-2008 high of $136/t during January and averaging $121/t for the year (2010: $99/t). The earthquake and tsunami which struck Japan in March 2011 damaged the country's Pacific coast coal-fired power plants and transmission infrastructure. Although this event immediately reduced Japan's thermal coal requirements, India and China imported significantly more thermal coal during 2011, some 25% and 15% respectively above 2010 volumes, which increased overall demand in the Asia-Pacific region by approximately 8%. During the final quarter of 2011, the market weakened, as the earlier upsurge in international thermal coal prices and increased exports from Indonesia softened demand. Australian FOB prices subsequently stabilised in December at $110/t.

The Med-Atlantic region was impacted by the political upheaval and ensuing geo-political tensions that affected several North African and Middle Eastern countries, which led to an increase in global energy prices and improved thermal coal's competitiveness compared with gas-powered electricity generation. This was a contributing factor to a forecast 8% increase in thermal coal imports into the Atlantic region during 2011 and added support to South African FOB[2] export prices, which averaged $116/t in the year (2010: $92/t).

A warm start to the northern hemisphere winter, continued economic uncertainty within Europe and increased exports from the US, Colombia and South Africa adversely affected market sentiment during the fourth quarter. This placed pressure on seaborne thermal coal prices, which for South African exports settled at $104/t (FOB) during December.

Operating performance

Attributable production ('000)	2011	2010
RSA thermal coal	**21,388**	21,612
RSA Eskom coal	**35,296**	36,403
Colombian export thermal coal	**10,752**	10,060

South Africa

Operating profit from South African operations increased by 82% to $775 million, driven by higher export thermal coal prices, although partly offset by the impact of the stronger rand, particularly in the first half of the year. Costs were impacted by industry-wide increases in labour, power and fuel, as well as additional stock management costs following train derailments during the first quarter. These were compounded by a 20 day extended maintenance stoppage during May and June 2011 on the railway line to RBCT. Export sales volumes were also similarly affected in the first half. However, export sales recovered during the second half of the year as optimised load out efficiencies on the operations complemented improved Transnet Freight Rail performance.

Production for the year decreased by 2% to 57 Mt. Zibulo moved from project to operational phase during the fourth quarter of 2011 as a result of some sections opening ahead of schedule. These gains were offset, however, by heavy rainfall in the first quarter that hampered the opencast operations as well as geological issues at certain underground operations. In addition, production was impacted by industrial action in the third quarter.

Colombia

At Cerrejón, operating profit of $482 million was 56% higher, primarily due to higher thermal coal prices and production offsetting the impact of above inflation cost increases and a strong local currency. Record production was achieved despite the continuation of the rain-related stoppages associated with the La Niña weather phenomenon. Although rain related stoppages were approximately double the

[1] GlobalCoal's NEWC index price.
[2] Argus/McCloskey API4 Index.

forecast, there was an improvement on 2010. This improvement, in combination with mining efficiencies and scheduling, enabled Cerrejón to exceed its theoretical production capacity of 32 Mtpa for the first time, resulting in a 7% increase in production year-on-year.

Projects

The 6.6 Mtpa Zibulo mine in South Africa reached commercial operating levels in the fourth quarter of 2011, ahead of schedule.

Also in South Africa, the New Largo project, currently at feasibility stage, has two main elements: a new opencast mine and a conveyor which will run from an existing coal plant to an Eskom power station. The operation plans to mine domestic thermal coal and Thermal Coal is currently negotiating a coal supply agreement with Eskom for delivery into its Kusile power station. Initial coal from the mine is expected in 2015.

In Colombia, Phase 1 of the Cerrejón P500 expansion project, to increase production by 8 Mtpa, was approved by Cerrejón's three shareholders in the third quarter of 2011. First coal is targeted during the fourth quarter of 2013, with the project expected to achieve full production at the end of 2015. As at the end of 2011, the project was on schedule and on budget.

Outlook

The international seaborne thermal coal market is expected to remain in balance during 2012, as increased supply from the main exporting countries of Australia, Indonesia and Colombia is consumed by the developing Asia-Pacific economies, aided by Japan's recovery from the recent natural disasters. Growth in thermal coal consumption is expected to continue in both China and India, reflecting rising energy demand as their economies grow strongly.

In Europe, demand for thermal coal is expected to be consistent with 2011, with minimal demand growth in line with forecast weak GDP growth in the region.

The Atlantic market is expected to continue to see the impact of strong US thermal coal exports in reaction to the increasing supply of US domestic gas and low US gas prices.

01 The incline conveyor and 6,000 tonne silo at the newly commissioned Zibulo mine.

02 Load haul vehicle operator Tami Xaba at Isibonelo colliery.

03 The coal plant at Cerrejón in Colombia. During the year investment plans were approved to increase Cerrejón's port and logistics chain capacity to 40 Mtpa.

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COPPER

John MacKenzie
CEO

OPERATING PROFIT
(2010: $2,817 m)
$2,461 m

SHARE OF GROUP OPERATING PROFIT
(2010: 29%)
22%

EBITDA
(2010: $3,086 m)
$2,750 m

Financial highlights

$ million (unless otherwise stated)	2011	2010
Operating profit	**2,461**	2,817
EBITDA	**2,750**	3,086
Net operating assets	**7,643**	6,291
Capital expenditure	**1,570**	1,530
Share of Group operating profit	**22%**	29%
Share of Group net operating assets	**17%**	14%

01 SAG mill under construction in the new Confluencia grinding plant that forms part of the Los Bronces expansion project in Chile.

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
A key focus in 2012 will be in progressing the Quellaveco project in Peru to the approval stage, while a pre-feasibility study is under way to examine options for expansion at our 44% owned Collahuasi mine in Chile.

Organising – efficiently and effectively
Significant steps were taken during the year to upgrade the business' risk management profile: this included more comprehensive risk management training, as well as the progressive implementation of risk standards and of a new set of leading risk indicators.

Operating – safely, sustainably and responsibly
Copper's managed operations resumed a downward trend in lost time injuries, though one death was recorded at Los Bronces. The business continues to assess its safety performance and has set new and more demanding targets around risk management improvement.

Employing – the best people
Our Copper team aims to raise the bar in terms of both its commitment to the business and its wider community outreach, as exemplified in its multi-stakeholder dialogue and financing initiatives around its new projects.

BUSINESS OVERVIEW

We have interests in six copper operations in Chile. The Mantos Blancos and Mantoverde mines are wholly owned and we hold a 75.5% interest in Anglo American Sur (AA Sur), which includes the Los Bronces and El Soldado mines and the Chagres smelter. We have a 44% shareholding in the Collahuasi mine (the other shareholders are Xstrata, with 44%, and a Mitsui consortium, holding the balance of 12%). The mines also produce associated by-products such as molybdenum and silver.

In addition, we have a controlling interest in the Quellaveco and Michiquillay projects in Peru and a 50% interest in the Pebble project in Alaska, with Northern Dynasty Minerals holding the balance.

INDUSTRY OVERVIEW

Copper's principal use is in the wire and cable markets because of the metal's electrical conductivity and corrosion resistance. Applications that make use of copper's electrical conductivity, such as wire (including the wiring used in buildings), cables and electrical connectors, make up approximately 60% of total demand. Copper's corrosion-resistant qualities find numerous applications, particularly plumbing pipe and roof sheeting, in the construction industry, which accounts for a further 20% of demand. Copper's thermal conductivity also makes it suitable for use in heat transfer applications such as air conditioning and refrigeration, which constitute some 10% of total demand. Other applications include structural and aesthetic uses.

Copper mining is an attractive industry, with a moderate concentration of customers and suppliers, and relatively good average profitability over the long term. Producers are price-takers; hence, opportunities for product differentiation are limited, either at the concentrate or metal level. Access to quality orebodies, located in regions providing stable political, social and regulatory support for responsible, sustainable mining, should continue to be the key factor distinguishing project returns and mine profitability. With no fundamental technological shifts expected in the short to medium term, forecast long term demand is likely to be underpinned by robust growth in copper's electrical uses, particularly wire and cable in construction, automobiles and electricity infrastructure. The key growth area will continue to be the developing world, led by China and, in the longer term, India, where industrialisation and urbanisation on a huge scale continue to propel copper demand growth, and where copper consumption per capita is still well below that of the advanced economies.

What has really distinguished copper in recent times – as reflected in its strong price performance – has been its underperformance on the supply side, which is supporting more robust fundamentals for the metal. Copper mine output has suffered disproportionately from a range of constraints on output, including a long term decline in ore grades, slow ramp-ups at new projects, strikes, technical failures and adverse weather.

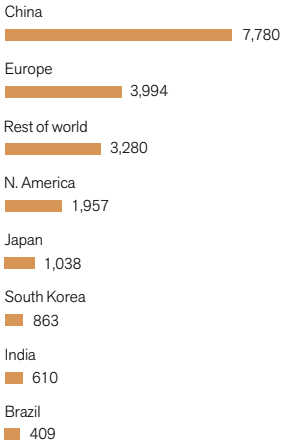
Constraints on the supply side are likely to prove a structural feature of the market, driven by continuing declines in ore grades at maturing existing operations and new projects, a lack of capital investment and under-exploration in the industry, as well as political and environmental challenges in many current and prospective copper areas.

The industry is capital intensive and is likely to become more so as high grade surface deposits are exhausted and deeper and/or lower grade deposits are developed. This, combined with the need to develop infrastructure in new geographies, requires greater economies of scale in order to be commercially viable. Scarcity of water in some countries, for example in Chile and Peru, is also necessitating the construction of capital and energy intensive desalination plants.

During the period 2000–2008, China increased its share of first-use refined metal consumption from 12% to an estimated 28% and grew further to approximately 37% in 2009 and 2010. Growth in Chinese consumption continued in 2011, while demand elsewhere fell sharply.

Leading copper consumers

(2011 estimated refined copper consumption)
2011 estimated World total: 19,931kt
Kt



Source:
Brook Hunt – a Wood Mackenzie company

01 In the Confluencia area of Los Bronces, this overland conveyor transports new coarse ore to a stockpile, from where the ore is fed to the SAG mill.

02 Taking topographical measurements at Confluencia, with the new stockpile building in the background.

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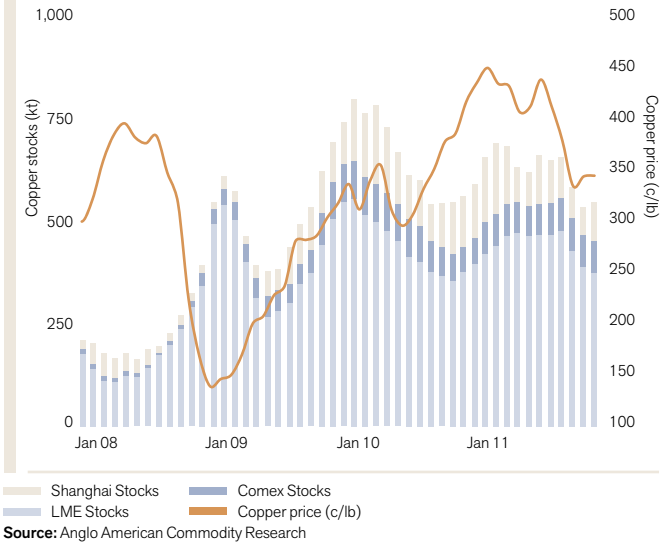
02

Copper stocks and price



Source: Anglo American Commodity Research

STRATEGY AND GROWTH

The Los Bronces expansion project successfully delivered first production in the fourth quarter of 2011. Following the forecast 12 month ramp-up, the Group's copper production, including the attributable share of the Collahuasi joint venture, will increase to more than 900,000 tpa. Additional growth in the medium term will come from the Quellaveco project, and from Collahuasi, where a pre-feasibility study into further expansion continues. We are also continuing to evaluate development options for the Michiquillay resource and Pebble, with concept and pre-feasibility studies under way at both projects.

In Chile, we are conducting extensive exploration in the prospective Los Bronces district and at the West Wall project in the Valparaíso region, in which Anglo American and Xstrata each has a 50% interest.

In November 2011, entirely in accordance with its rights, Anglo American announced the completion of the sale of a 24.5% stake in AA Sur, comprising a number of the Group's copper assets in Chile, to Mitsubishi Corporation LLC (Mitsubishi) for $5.39 billion in cash. This transaction highlighted the inherent value of AA Sur as a world class, tier one copper business with extensive reserves and resources and significant further growth options from its exploration discoveries, valuing AA Sur at $22 billion on a 100% basis.

There is continuing litigation between Anglo American and Codelco in respect of the option agreement between them relating to AA Sur (described fully in note 34 to the financial statements). Anglo American will continue to defend its rights vigorously, while remaining open to working with Codelco to reach a settlement that recognises the strength of Anglo American's legal position and protects the interests of Anglo American's shareholders.

The sale demonstrated our commitment to delivering value for shareholders. Anglo American remains fully committed to its major inward investment programme in its Chilean business and to continuing its significant social and community investment programme in Chile.

As announced in September 2011, we are participating in a sales process to dispose of our effective 16.8% interest in Palabora Mining Company. A review of this investment in the second half of 2011 concluded that the asset was no longer of sufficient scale to suit the Group's investment strategy.

FINANCIAL OVERVIEW

Copper generated an operating profit of $2,461 million, 13% lower than in 2010. The higher average copper price for the year was more than offset by lower sales volumes and higher operating costs. Higher power and fuel-related costs affected all operations, particularly Los Bronces due to a period of exposure to the elevated marginal cost of power on the central Chilean grid. At Collahuasi, the decision to incur additional logistics costs in order to maximise sales while the Patache port shiploader was being repaired also had an adverse effect on unit costs.

Markets

Average price	2011	2010
Average market prices (c/lb)	**400**	342
Average realised prices (c/lb)	**378**	355

Copper prices increased strongly during the first half of the year, and reached a record (nominal) high of 460c/lb as demand increased and supply remained constrained. However, as concerns grew over the outlook for the world economy, the price moved off this peak and was more volatile in the second half of the year as Europe's sovereign debt crisis continued to affect sentiment.

After dropping sharply in September, the copper price recovered during subsequent months to end the year at 343c/lb, representing a decrease of 25% from its February high. For the full year, the realised price averaged 378c/lb, a 6% increase compared with 2010. This included a negative provisional price adjustment for 2011 of $278 million, versus a net positive adjustment in the prior year of $195 million.

Operating performance

Attributable production (tonnes)	2011	2010
Copper	**599,000**	623,300

Total attributable copper production of 599,000 tonnes was 4% lower than in 2010. This was mainly due to lower production from Collahuasi, Mantos Blancos and Mantoverde.

Attributable production at Collahuasi was 10% lower at 199,500 tonnes. The decrease was due to expected lower grades, abnormally high rainfall and heavy snow affecting throughput, and an illegal strike during November. Output at Mantos Blancos and Mantoverde was 8% and 4% lower at 72,100 tonnes and 58,700 tonnes respectively, due to lower grades.

Production at Los Bronces was marginally higher at 221,800 tonnes, the operation benefiting from 19,000 tonnes achieved from the start-up of the expansion project and higher throughput as a result of asset optimisation initiatives. This increase in production was offset by anticipated lower grades, a temporary failure in a return solutions pipeline impacting copper cathode production, and safety stoppages following a fatal accident in September. Production at El Soldado also increased by 16%, to 46,900 tonnes, owing to higher ore grades following a period of mine development.

The impact on Collahuasi's sales volumes arising from the December 2010 shiploader failure at the Patache port, was successfully overcome in the first half of the year through the implementation of a contingency plan that included shipping copper concentrate through the ports at Arica, Iquique and Antofagasta. The shiploader was repaired and fully operational by July 2011.

Projects

The delivery of first copper production from the Los Bronces expansion was achieved on schedule in the fourth quarter of 2011. The ramp-up period is expected to take 12 months before full production is reached, during which time processing plant throughput will increase from 61,000 tonnes to 148,000 tonnes of ore per day. The expansion will increase the mine's output by an average of 200,000 tonnes of copper per annum over the first 10 years.

At Collahuasi, an expansion project to increase concentrator plant capacity to 150,000 tonnes of ore per day, to yield an additional 19,000 tonnes of copper a year over the estimated life of mine, was commissioned in the fourth quarter of 2011.

A further project to raise throughput to 160,000 tonnes of ore per day, resulting in an annual average copper production increment of 20,000 tonnes of copper over the mine's estimated life, is under way and is expected to be commissioned in 2013. A pre-feasibility study is also in progress to evaluate options for the next phases of major expansion at Collahuasi, with potential to increase production up to 1 Mt of copper a year.

In Peru, Anglo American is focused on obtaining the necessary permits for the Quellaveco project to progress to Board approval. Early-stage work is continuing at the Michiquillay project and drilling relating to the geological exploration programme has recommenced after completion of discussions with the local communities. It is envisaged that the Michiquillay project will move to the pre-feasibility stage following the completion of drilling analysis and orebody modelling.

Activity at the Pebble project in Alaska continues with the focus on completing the pre-feasibility study by late 2012 and targeting production early in the next decade. An environmental baseline document highlighting key scientific and socio-economic data was delivered to government agencies in late 2011.

Outlook

The ramp-up of the Los Bronces expansion to full capacity over the next 12 months will lead to significantly higher production levels. However, this will be partly offset by the lower ore grades expected at Collahuasi in 2012.

Industry-wide input cost pressures are expected to continue over the short term, particularly in relation to power and fuel related costs. However, these will be partially mitigated by the increased production from the expanded Los Bronces operation. Our global supply chain network and strong supplier relationships will continue to play a vital role in identifying opportunities to reduce costs and improve the quality and security of the key services and materials that support our operations.

Persistent market concerns arising from uncertainties over the near term outlook for the global economy will continue to lead to relatively pronounced short term volatility in commodity prices, including copper. Robust demand from the emerging economies, the lack of new supply and increasing capital intensity for new supply, however, means that the medium to long term fundamentals for copper remain strong.

NICKEL

Walter De Simoni
CEO

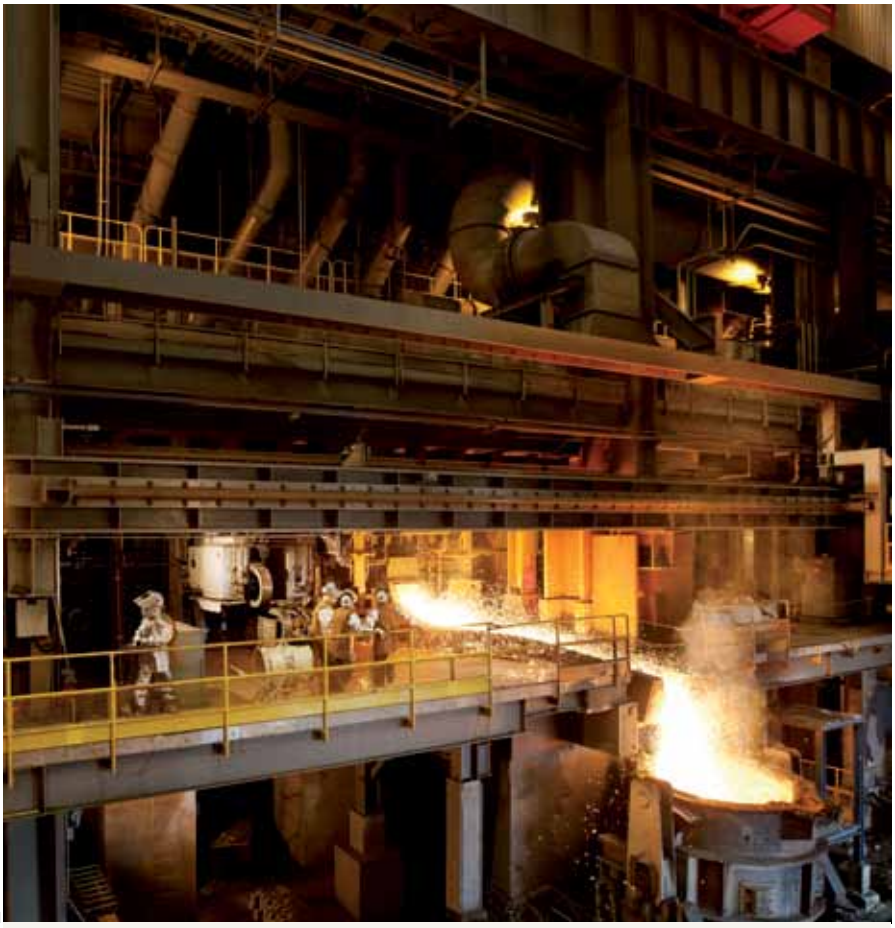
OPERATING PROFIT
(2010: $96 m)
$57m

SHARE OF GROUP OPERATING PROFIT
(2010: 1%)
1%

EBITDA
(2010: $122 m)
$84m

Financial highlights

$ million (unless otherwise stated)	2011	2010
Operating profit	**57**	96
EBITDA	**84**	122
Net operating assets	**2,535**	2,334
Capital expenditure	**398**	525
Share of Group operating profit	**1%**	1%
Share of Group net operating assets	**6%**	5%



01

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
Our Jacaré project in Brazil, with mineral resources of 3.9 Mt (of which 2.6 Mt are Inferred Resources) of contained nickel, will enter the pre-feasibility phase in 2012, and has the potential to significantly strengthen our position in the global nickel market.

Organising – efficiently and effectively
A new marketing strategy has been implemented to leverage Group expertise and to maximise returns on Barro Alto's ferronickel products.

Operating – safely, sustainably and responsibly
In total, 37.4 million man hours were expended on the Barro Alto project, which was completed without a single fatality.

Employing – the best people
Our Nickel business, with a management team that is 100% Brazilian and a record of growing productivity, is determined to increase its contribution to the Group's operating profits.

01 Nickel being poured at the new Barro Alto plant, which produced its first metal in March 2011.

BUSINESS OVERVIEW

Nickel has three ferronickel operations: Codemin and Barro Alto in Brazil and Loma de Níquel in Venezuela. Within the business unit's portfolio there are also two promising unapproved projects, Jacaré and Morro Sem Boné, both in Brazil, and exploration projects in Finland, Canada and Australia.

INDUSTRY OVERVIEW

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 two-thirds of nickel is used to manufacture stainless steel and just over 20% in other steel and non-ferrous alloys. Ferronickel's main use is in the manufacturing of stainless steel, with more than 95% used for this purpose.

There are two main types of nickel deposits: sulphides and laterites. Sulphide ore contains a significant number of by-products such as gold, silver, copper and platinum group metals, which generate processing credits, but the cost of mining this type of ore tends to be higher as underground mining is necessary. Laterites can be mined by open pit methods, with resultant lower mining costs, however, processing costs are higher. Sulphide nickel production has been decreasing in the last two decades; in 2011 almost 50% of global production came from sulphides, down from 70% in 1993. We consider the future of the nickel industry to lie mainly in the economic exploitation of laterite deposits.

In the first half of 2011, the nickel market was in deficit by approximately 33,000 tonnes as demand increased on the back of restocking by the stainless steel industry, while supply remained constrained owing to a series of unexpected mine disruptions and continued delays to new projects. The situation reversed in the second half of the year as supply increased following the ramping-up of several greenfield projects and the reactivation and expansion of existing operations. Uncertainty around the European economic situation and a slowdown in Chinese stainless steel production negatively impacted demand, and the market was broadly in balance for the full year.

Global ferronickel production increased to 378,000 tonnes in 2011 from 336,000 tonnes in 2010 – a 13% increase. Once again, China dominated global nickel demand, accounting for approximately 42%, a 14% increase when compared with the previous year.

Nickel prices fell sufficiently to have a real impact on costly nickel pig iron (NPI) run rates, encouraging stainless steel producers in China to switch back to refined metal and ferronickel. Chinese importers have pushed nickel ore stocks to new historical highs as demand from NPI producers wanes.

STRATEGY AND GROWTH

Nickel's core strategy is to be a major, low cost ferronickel producer by the effective management of existing assets, continued focus on asset optimisation delivery and value maximisation through the development of world class deposits and evaluation of acquisition opportunities.

First metal from the Barro Alto ferronickel operation was produced on schedule in March 2011. Barro Alto has the potential to be one of the top five ferronickel operations in the world and its continued successful ramp-up is a key strategic goal. The new nickel plant will have a competitive cost position and a new marketing strategy has been implemented to leverage Group expertise and take advantage of the increased production.

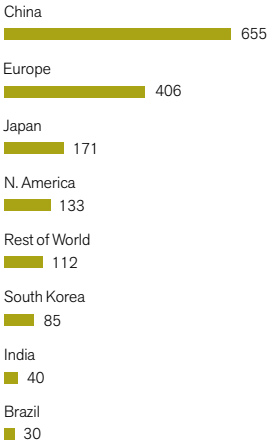
Nickel's commitment to increasing competitiveness is demonstrated by investment in a research project called ARNi. The project is developing a hydrometallurgical process to treat laterite deposits economically.

A pilot plant was commissioned in January 2011, and two leach pilot campaigns were run using ore from the nickel laterite deposit at Jacaré. These campaigns showed that the leach technology worked better than anticipated, and successfully produced a nickel and cobalt intermediate product with very good recoveries. The pilot also produced high quality design data which will enable us to scale up to demonstration and commercial plants.

The technical success during 2011 has laid the foundation for ARNi as a technically and environmentally viable competitor for nickel laterite leaching. The financial viability of the process will be evaluated during the course of 2012.

Leading nickel consumers

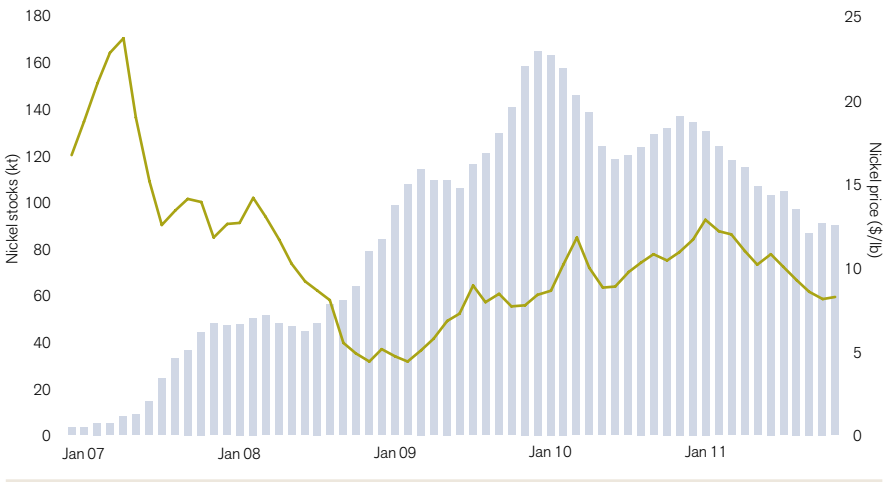
(2011 estimated refined nickel consumption)
2011 estimated World total: 1,633 kt
Kt contained Ni



Source:
Brook Hunt – a Wood Mackenzie company

Our Nickel business' promising unapproved projects in Brazil, Jacaré and Morro Sem Boné, have the potential to increase production by more than 66,000 tpa, with further upside potential.

Nickel stocks and prices



Source: Anglo American Commodity Research

FINANCIAL OVERVIEW

Nickel generated an operating profit of $57 million which was net of $31 million project evaluation operating costs. The financial performance of Loma de Níquel and Codemin was similar to that of the previous year.

Markets

Average nickel price (c/lb)	2011	2010
Average market price (LME, cash)	**1,035**	989
Average realised price (c/lb)	**1,015**	986

The average market nickel price was 5% higher than in 2010. During the first half of the year the nickel price was supported by demand growth from the stainless steel industry and a supply gap owing to mine disruptions and delays to a number of projects. The price peaked in February above 1,310c/lb. However, prices softened considerably in the second half, reflecting ongoing concern around uncertainty over the near term outlook for the global economy, softer summer demand in the northern hemisphere, higher supply from new projects (including Barro Alto) and higher NPI production. As a consequence, the nickel price fell to a low of under 770c/lb in November, before closing the year at 829c/lb.

The market was broadly in balance in 2011; global nickel consumption increased by around 7%, while supply increased by around 12%.

China continued to be a key consumer of nickel in 2011, contributing more than 40% of global stainless steel production in the year. Nickel consumption growth in China is expected to outpace other markets in 2012, although the North American market may surprise on the upside, while demand in Europe and the rest of Asia is expected to decrease.

Operating performance

Attributable production (tonnes)	2011	2010
Nickel	**29,100**	20,200

Nickel production in 2011 increased by 44% to 29,100 tonnes as a result of delivery of the Barro Alto project and higher output at Loma de Níquel and Codemin. Barro Alto was commissioned in March 2011 and produced 6,200 tonnes.

Loma de Níquel produced 13,400 tonnes, an increase of 15% over the prior year, mainly due to an additional two months of production from the electric furnace 2, which was restarted in March 2010. The loss of production in 2010 from general power rationing did not recur in 2011; power rationing, however, continues to pose a threat and stand-by on-site generators have been installed to mitigate production risks.

Owing to ongoing uncertainty over the renewal of three concessions, which expire in 2012, and over the renewal of 13 concessions that have been cancelled, an accelerated depreciation charge of $84 million (2010: $73 million) has been

recorded in relation to Loma de Níquel assets. This has been recognised as an operating special item. Refer to note 5 of the financial statements.

A range of scenarios is being considered in respect of the conditions for renewal of Loma de Níquel's three remaining concessions, due in November 2012, and for access to the cancelled concessions.

Codemin's production of 9,500 tonnes was 12% higher than in 2010, when the operation was impacted by the planned relining of a furnace. The impact of lower grades in 2011 was more than offset by process improvements that increased throughput capacity.

Projects

The Barro Alto project delivered first metal on schedule in March 2011 and is expected to reach full capacity rates at the beginning of 2013.

Our Nickel business' promising unapproved projects in Brazil, Jacaré and Morro Sem Boné, have the potential to increase production by more than 66,000 tpa, with further upside potential, which would leverage the Group's considerable nickel laterite technical expertise. Jacaré, with mineral resources of 3.9 Mt (of which 2.6 Mt are in Inferred Resources) of contained nickel, will enter the pre-feasibility study phase in 2012 and has the potential to significantly strengthen Anglo American's position in the worldwide nickel market.

Outlook

Nickel production from the Nickel business unit is expected to be significantly higher in 2012 as a result of the ramp-up of Barro Alto.

The nickel market is expected to be in surplus in 2012, with increasing supply coming on line from new projects. However, there is a possibility that the surplus could be mitigated by supply falling short of expectations, mainly from projects using new technologies, such as high pressure acid leaching. The nickel price in 2012 is expected to be heavily influenced by the delivery of these new projects and by how the European economic situation develops. High cost NPI supply will continue to support a price ceiling or floor.

The long term outlook for nickel is positive, underpinned by stainless steel demand driven by economic growth and urbanisation in emerging economies.

01 Ladles awaiting installation in the refinery at Barro Alto, which in its first nine months of operation since being commissioned at the end of March 2011 produced 6,200 tonnes of nickel.

02 At Barro Alto, ore is heated at very high temperatures in these two 185 metre rotary kilns in a process known as calcining, which removes moisture and water crystals from the nickel bearing ore and starts the metallurgical process.

01

02

PLATINUM

Neville Nicolau
CEO –
Anglo American
Platinum Limited

OPERATING PROFIT
(2010: $837 m)
$890 m

SHARE OF GROUP OPERATING PROFIT
(2010: 9%)
8%

EBITDA
(2010: $1,624 m)
$1,672 m

Financial highlights

$ million (unless otherwise stated)	2011	2010
Operating profit	**890**	837
EBITDA	**1,672**	1,624
Net operating assets	**11,191**	13,478
Capital expenditure	**970**	1,011
Share of Group operating profit	**8%**	9%
Share of Group net operating assets	**25%**	31%

01 (Left to right) At the Bathopele mine, miner Sydney Mabale explains the safety marking system to LHD operator Phillemon Molemi, sweeper Kenneth Xhantini, and LHD operators Petrick Semalkhe and Annanias Makgala.

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
Platinum has a variety of new and stay-in-business projects designed to keep the company at the forefront of world primary platinum production. In December 2011, approval was given to Phase 5 of the Bathopele project, while during 2012, Phase 4 should reach its nameplate capacity of 65 kozpa of refined platinum. In Zimbawe, Unki is on track to produce 70 kozpa by the second quarter of 2013, about a year ahead of schedule.

Organising – efficiently and effectively
Comprehensive risk management, standards and mechanised mining reviews are being conducted across all of Platinum's managed operations in pursuit of the goal of 'safe profitable platinum'.

Operating – safely, sustainably and responsibly
Against a disappointing safety performance in 2011, we are redoubling our own efforts in the safety field, as well as continuing to work closely with the government and the trade unions, in the pursuit of zero harm.

Employing – the best people
Complementing the renewed thrust on safety training, Platinum is providing training to ensure that all project staff and contractors are steeped in the company's Projects Way of working.

BUSINESS OVERVIEW

Our Platinum business, based in South Africa, is the world's leading primary producer of platinum, and accounts for approximately 40% of the world's newly mined production of the metal. Platinum mines, processes and refines the entire range of platinum group metals (PGMs): platinum, palladium, rhodium, ruthenium, iridium and osmium. Base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to earnings.

Platinum's operations exploit the world's richest reserve of PGMs, known as the Bushveld Complex, which contains PGM-bearing Merensky, UG2 and Platreef ores. Access to an excellent portfolio of ore reserves ensures Platinum is well placed to be the world's major platinum producer for many years to come.

Platinum wholly owns 10 mining operations currently in production, a tailings re-treatment facility, three smelters, a base metals refinery and a precious metals refinery. Concentrating, smelting and refining of the output are undertaken at Rustenburg Platinum Mines' (RPM) metallurgical facilities.

Platinum's 100% owned mining operations now consist of the five mines at Rustenburg Section – Khomanani, Bathopele, Siphumelele, Thembelani and Khuseleka; Amandelbult Section's two mines, Tumela and Dishaba; as well as Mogalakwena and Twickenham mines. Union Mine is 85% held, with a black economic empowerment (BEE) partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder. The Unki mine in Zimbabwe is currently wholly owned pending the outcome of negotiations with the Zimbabwean government in respect of Unki's compliance with the Indigenisation and Economic Empowerment Act.

Platinum also has 50:50 joint ventures with a BEE consortium, led by African Rainbow Minerals, at Modikwa platinum mine; and with XK Platinum Partnership in respect of the Mototolo mine. In addition, Platinum has 50:50 pooling and sharing agreements with Aquarius Platinum covering the shallow reserves of the Kroondal and Marikana mines. Platinum is in partnership with Royal Bafokeng Resources, and has a 33% shareholding in the combined Bafokeng-Rasimone platinum mine (BRPM) and Styldrift properties. Platinum, through RPM, holds 12.6% of RB Plats' issued share capital.

During 2011, Platinum announced a R3.5 billion ($430 million) community empowerment transaction aimed at providing equity ownership to mine host communities that had not previously benefited from other broad-based BEE transactions.

INDUSTRY OVERVIEW

PGMs have a wide range of industrial and high technology applications. Demand for platinum is driven primarily by its use in autocatalysts to control emissions from both gasoline and diesel engine vehicles, and in jewellery. These uses are responsible for 70% of total net platinum consumption. PGMs, however, have a wide range of other applications, predominantly in the chemical, electronic, medical, glass and petroleum industries.

The platinum jewellery market requires constant promotion and development. Our Platinum business is the major funder and supporter of the Platinum Guild International (PGI), which plays a key role in encouraging demand for platinum and in establishing new platinum jewellery markets. Since 2000, China has been the leading platinum jewellery market, followed by Europe, Japan and North America.

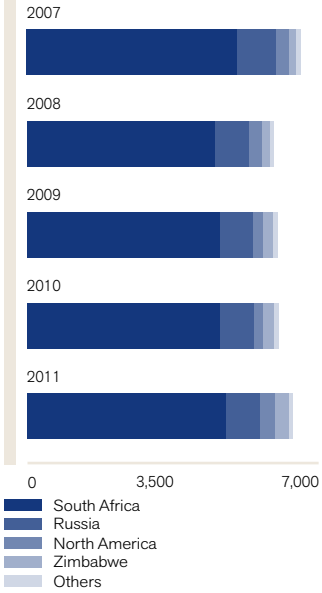
Industrial applications for platinum are driven by technology and, especially in the case of autocatalysts, by legislation. With the rapid spread of exhaust emissions legislation, more than 94% of new vehicles now have autocatalysts fitted. The intensifying stringency of emissions legislation will drive growth in PGM demand.

Palladium's principal application, accounting for about 45% of demand, is in autocatalysts. The metal is also used in electronic components, dental alloys and, more recently, has become an emerging jewellery metal in markets such as China. Palladium demand is expected to continue to increase in 2012, particularly given the volume of gasoline vehicles being produced by emerging market countries such as China, India and Brazil.

Rhodium is an important metal in autocatalytic activity, which accounts for nearly 80% of net demand. Increased stocks of rhodium in the autocatalyst sector, coupled with increased supplies from South Africa, are likely to keep the market in surplus in the short to medium term.

Platinum supply by country

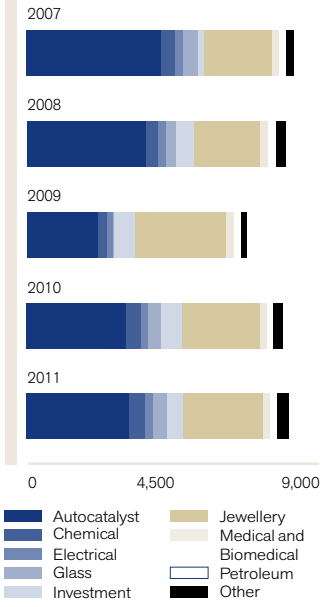
'000 oz



Source: Johnson Matthey Interim Review 2011

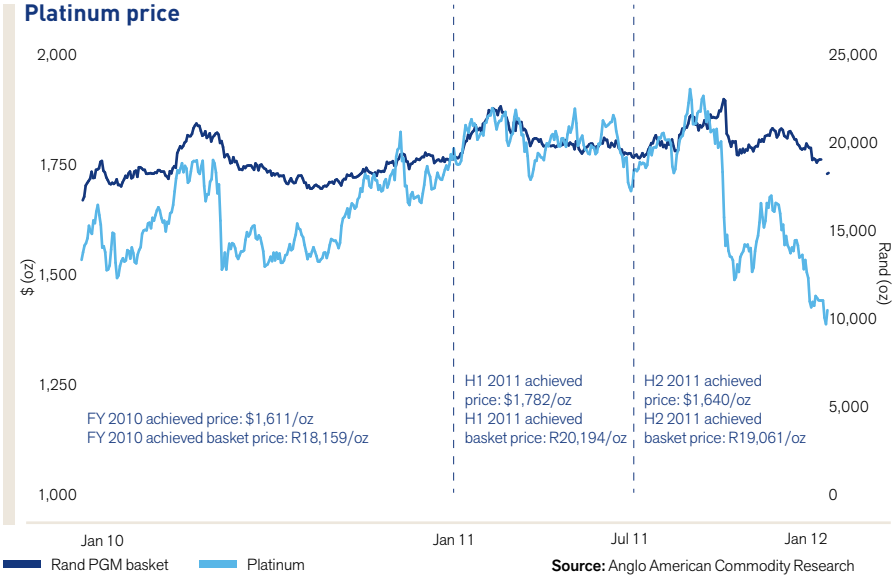
Gross platinum demand by application

'000 oz



Source: Johnson Matthey Interim Review 2011

Platinum's strategic plan, based on our current view that the market will be adequately supplied, should improve the company's cost position, taking it from the upper half to the lower half of the cost curve.



Source: Anglo American Commodity Research

STRATEGY AND GROWTH

Our objective is to maintain Platinum's position as the leading primary producer of platinum. We are doing so in two principal ways: first, through managing costs as a priority, by improving productivity, increasing efficiency and through the effective management of supply chain and procurement costs; secondly, through continuing to develop the market for PGMs and to expand production into that growth opportunity.

During 2011, unit cost management proved to be challenging, though costs were contained at R13,552 per equivalent refined platinum ounce. Unit costs are expected to increase with inflation in 2012. Productivity is expected to increase from 2011 levels of 6.32m^2 to an average of 6.8m^2.

Platinum's strategic plan, based on our current view that the market will be adequately supplied, should improve the company's cost position, taking it from the upper half to the lower half of the cost curve. Platinum is steadily improving the reliability of its production capability and continues to entrench cost management throughout the business as a long term and sustainable culture. This will help ensure that Platinum is well positioned to extract optimal value from its assets as the market recovery continues. At the same time, there will continue to be an unremitting focus on safety as Platinum pursues its zero harm objective.

Project capital spend is now directly related to long term ounce requirements. This has led to a reduction in the rate of spend, and all previously deferred projects have been reviewed and are now incorporated into the business's growth for value strategy. Platinum aims to spend R8.8 billion ($1.1 billion) of capital in 2012, excluding capitalised interest.

Platinum is involved in developing mining activity for PGMs on the Great Dyke of Zimbabwe, the second largest repository of platinum after the Bushveld Complex. We are focusing exploration work in Zimbabwe on new projects in the Great Dyke, as well as establishing extensions to the Unki resource base for potential future projects.

FINANCIAL OVERVIEW

Platinum recorded an operating profit of $890 million, a 6% increase, mainly due to an 8% rise in the average realised basket price. This was offset by above inflation labour and power costs.

Sales volumes of refined platinum were 3% higher than 2010 at 2.6 million ounces.

Markets

The average dollar realised price for platinum was $1,707/oz in 2011, a 6% increase compared with $1,611/oz in the prior year. The average realised prices for palladium and rhodium sales were $735/oz (2010: $507) and $2,015/oz (2010: $2,424), respectively. The average realised price on nickel sales was $10.50/lb (2010: $9.70). The overall average realised dollar basket price was 8.3% higher at $2,698 per platinum ounce sold.

The global platinum market displayed resilience in 2011, with muted growth in autocatalyst and jewellery demand, a strong increase in industrial demand and significantly lower investment demand. Gross platinum demand remained unchanged in 2011, while a small increase in recycling and a 5% increase in mined supply resulted in the platinum market remaining in balance.

The palladium market in 2011, however, saw a 19% supply surplus in the year, as significant declines in jewellery and investment demand were only partly offset by the solid increases in demand for palladium in autocatalysis and industrial applications. The rhodium market saw its fourth consecutive surplus as recycle volumes remained high.

Platinum continued to work with industry partners and stakeholders to develop the platinum markets to maintain existing and develop new industrial applications and, through the PGI, maintain the health of jewellery markets.

Autocatalysts

Demand for light vehicles increased by 1% in 2011 to 75 million units. Vehicle production was constrained by the earthquake and tsunami in Japan and by flooding in Thailand. Vehicle production in Europe increased by 3%, buoyed by Germany and export markets. Gross autocatalyst demand for platinum increased by 2% to 3.15 million ounces and for palladium by 5% to 5.8 million ounces. Autocatalyst demand for rhodium was slightly lower year-on-year at 705,000 ounces.

Industrial
Gross industrial demand for platinum reached a new record high of 1.96 million ounces, largely due to growth in the glass and petroleum industry. Wider application of process catalysts in the chemical industry saw platinum demand increase proportionately higher than the corresponding increase in chemical demand. High growth in fuel cell units continued in 2011, driven by stationary applications. Palladium process catalyst use for plastic bottle feedstock increased as new capacity increased. Rhodium content in rhodium/platinum catalysts for glass manufacturing increased owing to low rhodium price levels.

Jewellery
Platinum jewellery demand increased 2% in 2011, despite higher average prices during the year. Platinum and gold price volatility increased in the last quarter of 2011, and the platinum price fell below that of gold. This resulted in consumers preferring platinum over gold, and in China the increased platinum demand improved retail profits, leading to an increase in the number of new retail stores that, in turn, led to increased platinum stockholdings and sales.

Investment
Ongoing macro-economic uncertainty continues to dampen investment sentiment and in the last quarter of 2011, platinum and gold suffered the consequences of the risk averse trades by global investment and hedge funds. Although there was little change in physical demand for platinum, the increased platinum trading liquidity greatly exaggerated the consequent fall in the platinum price. Since then, reduced investor participation, particularly by gold investors who previously held both metals, continues to keep the platinum price at depressed levels, with the rand basket price currently below the incentive price of the majority of production. Trade in non-visible or over-the-counter metal continues to have a material impact on short term prices while higher levels of price volatility are expected in 2012, with a bias to higher prices if investment sentiment improves.

Operating performance
Safety
Twelve employees lost their lives during the year, a very disappointing performance. We extend our sincere condolences to their families, friends and colleagues. Platinum had 81 Section 54 Department of Mineral Resources safety stoppages in 2011, compared with 36 in 2010. Platinum is continuing to work with government and labour departments towards zero harm.

Production
Equivalent refined platinum production (equivalent ounces are mined ounces expressed as refined ounces) from the mines managed by Platinum and its joint venture partners totalled 2.41 million ounces, a decrease of 3% compared with 2010.

Wholly owned mines (including Union and Western Limb Tailings Re-treatment) produced 1,601,600 equivalent refined platinum ounces, in line with the prior year. A strong performance from Mogalakwena and Unki was offset by lower volumes from the Rustenburg, Tumela and Dishaba mines. Unki was delivered successfully, on schedule and within budget, in January 2011 and contributed 51,600 additional equivalent refined platinum ounces. In addition, Mogalakwena, a low cost open pit mine, continued to perform strongly. Mogalakwena mine increased production by 18% owing to a 12% improvement in 4E built-up head grade, a 4% increase in tonnes milled and a 16% improvement in recoveries at the North concentrator during the second half of 2011.

Refined platinum production of 2.53 million ounces for 2011, was 2% lower than in the prior year.

Projects
Capital expenditure for 2011 was $970 million, of which $451 million was spent on projects, $443 million on stay-in-business capital and $76 million on waste stripping at Mogalakwena.

Project capital expenditure for the year related mainly to the Twickenham project ($95 million), Mortimer furnace upgrade ($58 million), Thembelani 2 shaft replacement project ($57 million), Unki ($40 million), the Base Metals Refinery 33,000 tpa nickel expansion project ($34 million), and the Khuseleka ore replacement project ($25 million).

The Unki platinum mine project was handed over to operations in January 2011, and had reached steady state production of 120,000 tonnes milled per month during the fourth quarter of 2011, a year ahead of schedule. The Base Metal Refinery 33,000 tpa nickel expansion project has produced its first metal in line with expectations and reached steady state production during the fourth quarter of 2011 as planned.

Outlook
Growth in platinum demand is expected to be driven by increased global vehicle production, ongoing tightening of emissions legislation and strengthening jewellery demand. Primary supply challenges are expected to escalate during 2012, with increased risk of supply disruptions from power shortages, industrial actions and safety stoppages in South Africa. The ongoing constraint on capital investment posed by low prices continues to limit South African output growth and 2012 may exhibit the compounding effects of similar capital constraints in recent years.

Consequently, Platinum expects the platinum market to remain in balance in 2012. We believe the expected growth in demand for platinum and the ongoing challenges faced by platinum miners will be key drivers of the recovery in the price in 2012. Platinum plans to refine and sell between 2.5 and 2.6 million ounces of platinum in 2012, subject to market conditions. In 2011, Platinum had forecast growth to 2.7 million ounces in 2012; however, given the current circumstances, the forecast has been reduced. Although the 2012 sales volume target is unchanged from that achieved in 2011, Platinum believes this is an appropriate level to meet forecast demand.

Platinum maintains a relentless focus on mitigating industry-wide cost pressures, primarily through an increase in production volume from our underground mines, and an increase in utilisation of smelting and refining capacity through the introduction of some secondary material. This will be assisted by reducing the labour complement through mechanisms that avoid retrenchment, adjustment of overhead and shared services labour to the needs of the business, freezing of all recruitment in non-production jobs and the continued focus on asset optimisation and supply chain management, benefiting from Anglo American's global initiatives.

Platinum's project ranking and prioritisation to focus on less capital intensive projects in the near term is expected to reduce capital expenditure for 2012 from $1.16 billion to up to $1.10 billion, excluding capitalised interest.

DIAMONDS

Philippe Mellier
CEO – De Beers

Financial highlights

$ million (unless otherwise stated)	2011	2010
Share of associate's operating profit	**659**	495
EBITDA	**794**	666
Share of Group operating profit	**6%**	5%
Group's associate investment in De Beers[1]	**2,230**	1,936

[1] Excludes outstanding loans owed by De Beers, including accrued interest, of $301 million (2010: $355 million).

OPERATING PROFIT
(2010: $495 m)
$659 m

SHARE OF GROUP OPERATING PROFIT
(2010: 5%)
6%

EBITDA
(2010: $666 m)
$794 m

01

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 (representing the Oppenheimer family interests), which beneficially owns 40%, and the Government of the Republic of Botswana (GRB) with a 15% beneficial interest.

De Beers is the world's leading diamond company and, with its joint venture partners, employs approximately 16,000 people around the world. The company produces approximately 35%, by value, of the world's rough diamonds from its mines in Botswana, Canada, Namibia and South Africa.

De Beers is a 50/50 partner with the GRB in the Debswana Diamond Company, and a 50/50 partner with the Government of the Republic of Namibia (GRN) in Namdeb Holdings. Namdeb Holdings owns 100% each of Namdeb (land mining) and De Beers Marine Namibia (marine mining).

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

De Beers owns 100% of De Beers Canada, which operates the company's first two diamond mines outside the African continent.

De Beers owns 100% of The Diamond Trading Company (DTC) – a division of De Beers UK, the rough diamond distribution arm of De Beers. It also has a 50% interest in both DTC Botswana and Namibia DTC, with the GRB and GRN holding matching respective shareholdings.

Diamdel, wholly owned by De Beers, is the market leader in the sale of rough, uncut diamonds using innovative online auction techniques, to small, mid-tier and large manufacturing, retailing and trading businesses

De Beers, through 100% owned Element Six Technologies, is the world's leading supplier of industrial super-materials. Element Six operates internationally, with 10 manufacturing sites worldwide and a global sales network. It is a leading player in the markets in which it operates.

01 The Debmar Atlantic, moored 35 kilometres off the Namibian coastline.

At the consumer end of the value chain, De Beers' proprietary diamond brand Forevermark, offers a differentiated proposition for consumers based on quality and integrity. Forevermark diamonds are available in select jewellers in markets including China, Hong Kong, Japan, India, South Africa and the US.

De Beers and LVMH Moët Hennessy Louis Vuitton are 50/50 partners in the high-end retailer De Beers Diamond Jewellers (DBDJ). DBDJ has stores in the most fashionable areas of some of the world's great cities, including New York, Beijing, Hong Kong, London, Paris, Tokyo and Dubai.

INDUSTRY OVERVIEW

Up to two-thirds of the world's diamonds, by value, originate from 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 is 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 carat, colour, cut and clarity have a large impact on valuation.

De Beers, and its partner DTCs in Botswana and Namibia, supplies its customers – known as 'Sightholders' – with parcels of rough diamonds that are specifically aligned to their respective cutting and polishing needs.

STRATEGY AND GROWTH

De Beers is focused on:

- Capturing price growth
- Driving cost efficiencies
- Delivering upstream mining projects
- Capturing consumer demand.

FINANCIAL OVERVIEW

Anglo American's share of operating profit from De Beers totalled $659 million, an increase of 33%, reflecting De Beers' focus on fulfilling Sightholder demand and capturing the full benefit of significant price growth in 2011.

In May, Nicky Oppenheimer, chairman of the De Beers board, announced that, with effect from July 2011, Philippe Mellier had been appointed chief executive officer.

On 4 November, Anglo American announced its intention to acquire CHL's entire 40% interest in De Beers for $5.1 billion cash. Under the terms of the existing shareholders' agreement between Anglo American, CHL and the GRB, the GRB has a pre-emption right in respect of a pro rata portion of the CHL's interest in De Beers, enabling it to participate in the transaction and to increase its interest in De Beers, on a pro rata basis, to up to 25%. In the event that the GRB exercises its pre-emption rights in full, under the proposed transaction, Anglo American would acquire an incremental 30% interest in De Beers, taking its total interest to 75%, and the consideration payable by Anglo American to CHL would be proportionately reduced.

Markets

In 2011, the DTC achieved its second highest ever level of sales ($6.5 billion), a 27% increase over the prior year (2010: $5.1 billion). The first half of the year saw exceptional consumer demand growth which, when coupled with lower than historical levels of global diamond production, resulted in very strong polished and rough diamond price growth. While reflecting the robust market fundamentals, rough diamond prices in this period included an element of speculative buying in the trading centres.

During the second half of the year, both retail and cutting centre sentiment was impacted by the challenging macro-economic environment, restricted liquidity in the cutting centres and a slowdown in the rate of growth of consumer demand at retail. As a result, De Beers experienced lower levels of demand for its rough diamonds and prices receded slightly from the highs seen in the middle of the year. However, in total, 2011 was a very strong year on the demand side, with record levels of consumer demand growth estimated at between 11% and 13% over the full year, and DTC price growth of 29%.

Consumer demand forecasts

$ Polished wholesale prices

USA 38%
Japan 10%
India 10%
China/Hong Kong 13%
Taiwan 2%
Gulf 7%
Turkey 2%
Rest of world 18%

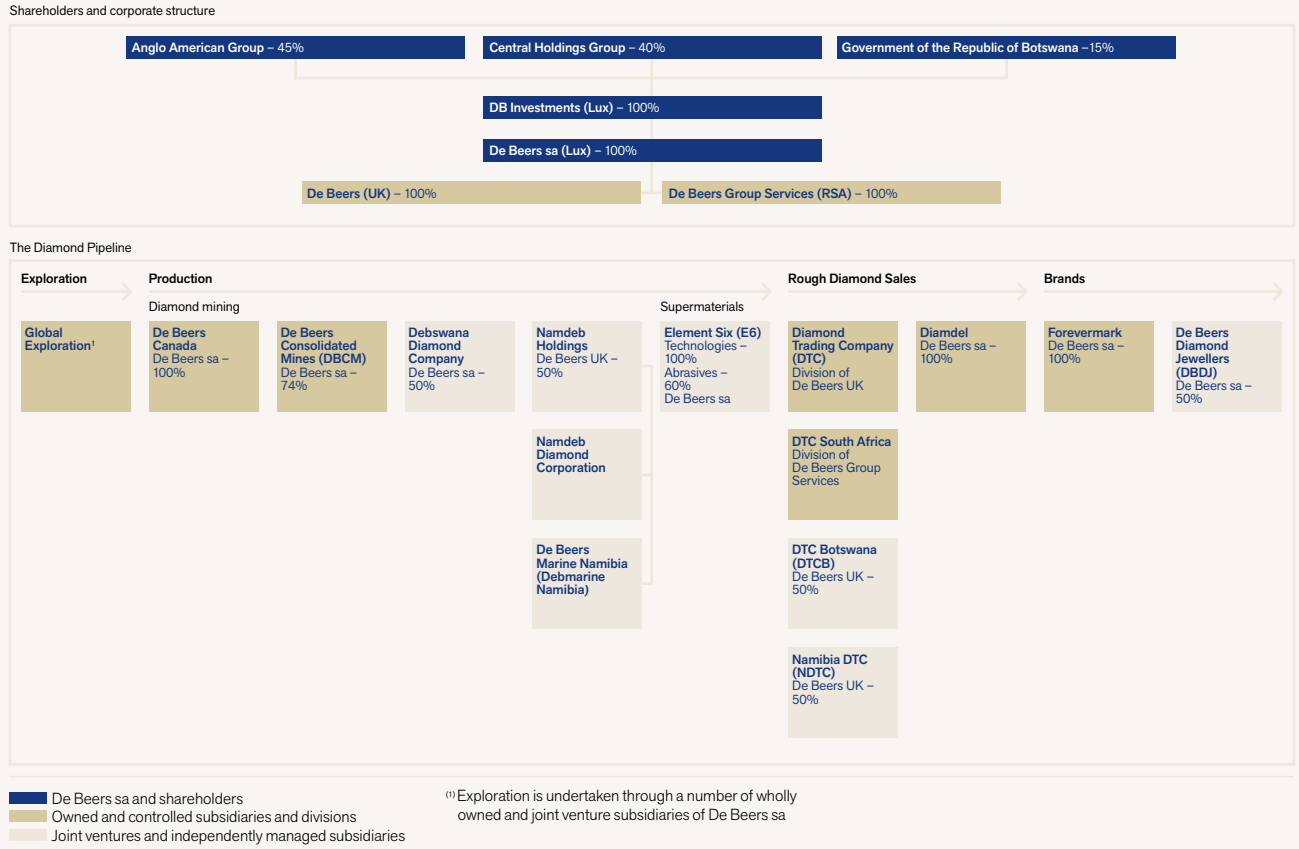
Source: De Beers

USA 34%
Japan 8%
India 15%
China/Hong Kong 18%
Taiwan 2%
Gulf 6%
Turkey 2%
Rest of world 15%

Source: De Beers

Note: These figures provide estimates and forecasts of the size and growth of main diamond consumer markets based on pipeline and consumer research commissioned by De Beers. 2011 results are preliminary.

The De Beers Family of Companies



DBDJ reported good growth in sales across all regions, with Greater China particularly strong. The China opportunity is a priority for De Beers, with further 2012 expansion plans following the opening of stores in Beijing, Tianjin, Dalian and a second Hong Kong store in 2011. Forevermark continued its expansion both in its existing markets of China, Hong Kong and Japan, and in the second half of the year launched in India and the US. Forevermark is now available in 658 retail stores across nine markets, an increase of 89% compared with 2010.

Operating performance

De Beers reported an LTIFR of 0.15 (2010: 0.24) but, regrettably, there were seven loss of life incidents in the year. Comprehensive safety reviews are being carried out at all De Beers operations.

De Beers' production was 5% lower than the prior year at 31.3 million carats (2010: 33.0 million carats). During the first half of the year, in spite of a number of challenges, including heavy rainfall in southern Africa, maintenance backlogs, poor contractor performance, skills shortages, and protracted labour negotiations, De Beers produced 15.5 million carats, in line with the first half of 2010 (15.4 million carats). During the second half of the year, De Beers produced another 15.8 million carats despite a shift in its operational focus, in light of prevailing rough diamond market trends in the fourth quarter. De Beers utilised this period to address maintenance and waste stripping backlogs in order to better position the mines to increase their rate of production as demand from Sightholders increases. This is likely to continue for several months into 2012.

In 2011, De Beers Exploration spent $40 million (2010: $43 million) on work programmes focused on 11,347 km^2 of ground holdings in Angola, Canada, India, Botswana and South Africa, supported by laboratory and technical services centralised in South Africa.

A new $2 billion multi-currency international credit facility was concluded in October, comprising an $800 million term loan and a $1.2 billion revolving credit facility with tenors of March 2015 and October 2016 respectively.

Projects and restructuring

Debswana's Jwaneng Mine Cut-8 extension project is progressing satisfactorily, largely on schedule and on budget. More than 40 million tonnes of waste has been stripped to date, and infrastructure construction is over 90% complete, with the remaining work forecast to be completed during 2012.

The underground feasibility study to extend the life of Venetia Mine in South Africa is under way, and scheduled for consideration by the DBCM board in 2012.

De Beers Canada completed an Optimisation Study at Snap Lake mine in mid-2011, securing a mining solution to economically access this promising long life but challenging orebody, and thereby achieve its forecast 20 year life of mine.

Per the NI 43-101 Technical Report issued by Mountain Province Diamonds Inc. in 2010, Gahcho Kué is identified as commencing in 2013 with production from 2015. The Gahcho Kué Environmental Impact Statement has been submitted and the review process is currently under way and ultimately the final project schedule will be dependent on progress in obtaining environmental permits and regulatory approvals.

In September, DBCM completed the sale of Finsch mine, as a going concern, to a Petra Diamonds-led consortium for a consideration of R1.425 billion ($210 million), plus assumption of rehabilitation liabilities. In May, DBCM announced that it had entered into an agreement to sell Namaqualand Mines to Trans Hex in a transaction valued at R225 million ($33.5 million), subject to the fulfilment of a number of conditions precedent.

In September, a new 10 year contract for the sorting, valuing and sales of Debswana's diamond production was announced by De Beers and its joint venture partner, the GRB. As part of the agreement, De Beers will transfer its London-based rough diamond

aggregation and sales activity to Botswana by the end of 2013. From its new base in Botswana, the DTC will aggregate production from De Beers' mines and its joint venture operations worldwide, and sell to local and international Sightholders.

In November, De Beers and the GRN finalised an agreement to increase the GRN's effective shareholding in De Beers Marine Namibia from 15% to 50% through the establishment of a new 50:50 joint venture holding company. This will not change current marketing arrangements and all diamond production from Namdeb will continue to be sorted, valued and marketed exclusively by the DTC together with Namibia DTC.

In December, the DTC announced the provisional qualification of 72 Sightholder applicants for the upcoming Supplier of Choice sales contract period, which begins on 31 March 2012 and runs to 30 March 2015.

Outlook

In spite of uncertainty, and barring a global economic shock, continued growth in global diamond jewellery sales is expected, albeit at lower levels than the growth experienced in 2011. This will be driven by the overall strength of the luxury goods market, improving sentiment in the US (the largest diamond jewellery market), continuing growth in China, and the positive impact of the 2011 polished price growth on retail jewellery prices.

On the production front, De Beers will continue to prioritise waste stripping and maintenance backlogs, and we therefore do not expect a material increase in carat production in 2012. This focus, which began in the second half of 2011 and will continue during the first quarter of 2012, will position De Beers to ramp up profitable carat production as Sightholder demand dictates. In the medium to longer term, the industry fundamentals remain positive, with consumer demand, fuelled by the emerging markets of China and India, outpacing what will likely be level carat production.

01 The Cut-8 extension will transform Jwaneng into a 'superpit' and extend the life of this pre-eminent diamond mine until at least 2025.

02 Sorting rough diamonds at DTC Botswana's purpose-built facility in Gaborone.

01

02

OTHER MINING AND INDUSTRIAL

Brian Beamish
Group Director of Mining and Technology, currently managing Other Mining and Industrial – Copebrás and Catalão

Duncan Wanblad
Group Director Other Mining and Industrial – Tarmac and Scaw Metals

OPERATING PROFIT
(2010: $664 m)
$195 m

SHARE OF GROUP OPERATING PROFIT
(2010:7%)
2%

EBITDA
(2010: $894 m)
$393 m

Financial highlights

$ million (unless otherwise stated)	2011	2010
Operating profit	**195**	664
Copebrás	**136**	81
Catalão	**54**	67
Tarmac	**(35)**	48
Scaw Metals	**40**	170
Zinc	**20**	321
Other	**(20)**	(23)
EBITDA	**393**	894
Net operating assets	**3,201**	3,393
Capital expenditure	**152**	206
Share of Group operating profit	**2%**	7%
Share of Group net operating assets	**7%**	8%

Note: Catalão and Copebrás, reported in the Other Mining and Industrial segment, are now considered core to the Group. Tarmac and Scaw Metals, which were identified for divestment as part of the restructuring programme announced in October 2009, remain non-core to the Group. The non-core businesses are not considered to be individually significant to the Group and are therefore also presented in the Other Mining and Industrial reporting segment. Until February 2011, this reporting segment also included the zinc operations.

01 Copebrás is the second largest integrated phosphate fertilizer producer in Brazil and is an important supplier of a wide variety of products to the country's agriculture sector.

OTHER MINING AND INDUSTRIAL

COPEBRÁS

Business overview

Copebrás is the second largest integrated phosphate fertilizer producer in Brazil. Copebrás' operations are vertically integrated, covering mining of its own phosphate ore, beneficiation of the ore to produce P_2O_5 concentrate and processing into intermediate and final products.

Copebrás' mine in Ouvidor (in the state of Goiás) currently produces up to 5.9 Mt of ore per annum (dry basis) and is a prime phosphate deposit in Brazil with one of the highest grades of ore available in the country (approximately 13% P_2O_5). The company has approximately 15% of current Brazilian phosphate mineral resources and has a remaining mine life of 41 years at current production rates (excluding the Goiás II brownfield expansion).

The phosphate ore (run of mine) is treated at the co-located beneficiation facility, producing approximately 1.35 Mt of final phosphate concentrate per annum at an average (dry) grade of around 37% P_2O_5. Copebrás operates two chemical processing complexes located in Catalão in the state of Goiás, and Cubatão in the state of São Paulo. Copebrás produces a wide variety of products for the Brazilian agriculture sector, including low analysis (<20% P_2O_5 content) and high analysis (>40% P_2O_5 content) phosphate fertilizers, dicalcium phosphate (DCP) for the animal feed industry, as well as phosphoric and sulphuric acids.

Financial overview

Market

Phosphate sales increased by 24% in 2011, as a result of strong domestic demand early in the year due to the 'mini crop' (a smaller secondary crop, mainly corn, grown in the first half of the year), demand for fertilizers by sugar cane farmers and farmers purchasing fertilizer ahead of the summer crop as a result of competitive fertilizer prices relative to grain prices.

The balance between supply and demand for phosphates tightened further through the year owing to reduced supplies from China and Saudi Arabia; this contributed to the average phosphates price for the year increasing to $700/t (2010: $510/t). From October, however, grain prices started declining from their peak on the back of continuing global economic uncertainty, taking fertilizer prices with them, which led to lower demand for both.

For the year as a whole, fertilizer sales totalled 955,700 tonnes, 4.2% below 2010. DCP sales were 124,500 tonnes, in line with 2010, while phosphoric acid sales were 4.8% higher at 100,200 tonnes.

Operating performance

Copebrás generated an operating profit of $136 million, representing a 68% increase on the previous year. This performance reflected higher international and local market prices, coupled with operational gains from asset optimisation initiatives in particular.

The strong performance was partially offset by increased input costs, particularly sulphur and ammonia, combined with the strengthening of the Brazilian currency.

Projects

A debottlenecking project, designed to increase capacity of Granulated Mono-Ammonium Phosphate by 60,000 tonnes and of DCP by 25,000 tonnes by 2015, is under review. The project is estimated to increase annual EBITDA by more than $35 million, through increased capacity and cost savings.

Given the phosphate market's sound fundamentals, the original Goiás 2 expansion project undertaken in 2008 and designed to increase phosphate production by more than 100%, may be re-assessed from a different product-mix perspective.

Outlook

Prices for agricultural commodities in Brazil remain at healthy levels, resulting in good margins for farmers. Although international fertilizer prices softened towards the end of the year owing to the global economic uncertainty, they remain relatively high.

Nonetheless, the uncertain global economic outlook affected demand in the Brazilian market late in the year, as farmers decided to postpone purchasing fertilizer. Prospects are, however, positive and the current higher inventories of imported fertilizers may preclude further imports early in 2012, improving the overall dynamics for domestic fertilizers later in the year.

CATALÃO

Business overview

Catalão Mining (Mineração Catalão), which is located in the cities of Catalão and Ouvidor, in Goiás state, Brazil, is one of the world's three largest niobium producers.

As an alloying agent, niobium brings unique properties to steels, such as increased formability, corrosion resistance, weldability and strength under tough working environments, including extreme high or low temperatures. Such steels are known as high strength low alloy steels.

Around 90% of total global niobium consumption is used as an alloying element, in the form of ferro-niobium (FeNb) in high strength steels, such steels being used in the manufacture of automobiles, ships, high pressure pipelines, as well as in the petroleum and construction industries. The product is exported to the main steel plants in Europe, the US and Asia.

Financial overview

Markets

Niobium demand and prices have remained generally stable, notwithstanding volatility across world markets and uncertainty around the global economy, particularly the sovereign debt situation in Europe and the lacklustre pace of economic recovery in the US.

In 2011, world crude steel production rose by 6.8% to reach a record 1,527 Mt. Total demand for niobium rose in tandem to more than 70,000 tonnes of Nb content in FeNb form for 2011, which eclipsed the previous record figure of 65,800 tonnes achieved in 2008.

Operating performance

Catalão's operating profit declined by 19% to $54 million. The company's financial performance was negatively affected by lower production and sales volumes, higher costs related to Catalão's reintegration into the Anglo American Group, local inflationary pressures, and the impact of the Brazilian currency's appreciation against the dollar.

Production for the year of 3,900 tonnes represented a 3% decline (2010: 4,000 tonnes) following a significant change of production profile as the mine advanced further into the transition ore between weathered material and unoxidised ore, resulting in lower Nb recoveries. Set against this, improvements in the concentration and metallurgy processes at the Boa Vista plant led to higher recoveries. This, combined with higher average grades, and the inclusion of the Copebrás tailing from Mine 2, with its higher contained Nb grade, allowed Catalão to offset the impact of the transition ore.

Projects

The Boa Vista Fresh Rock project was approved in October 2011. The existing plant will be adapted to process new rock instead of oxidised ore, leading to an increase in production capacity to approximately 6,500 tonnes of Nb per year from the current 3,800 tonnes.

Outlook

Despite the record levels of sales and prices in 2011, growth rates for niobium are likely to remain capped worldwide in the near term. The European sovereign debt crisis is likely to have a significant negative bearing on sales to Europe.

In the short term, additional niobium sales are likely to be diverted on a spot basis to China and, to a lesser extent, the US. Prices are expected to come under pressure from a stronger Brazilian real and the uncertain economic outlook in Europe and the US.

TARMAC

Tarmac reported an operating loss of $35 million, compared to a profit of $48 million in 2010. On a directly comparable basis, however, taking into consideration the impact of European businesses that were sold in 2010, Tarmac's operating profit showed a reduction of $55 million. Tarmac's directly comparable EBITDA performance was 32% lower.

Quarry materials

Asphalt volumes benefited from carry-over of demand resulting from the severe weather at the end of 2010, as well as some continuing government infrastructure investment, particularly in respect of local authority road maintenance. In comparison to 2010, concrete volumes decreased, reflecting a reduction in demand from major projects such as the Olympic Village and Gatwick Airport, and reduced housing and other building expenditure. Cement production levels improved over 2010 as a result of the ongoing efficiency programme. Management efforts continue to be focused on mitigating the significant impact of rising input costs, in particular hydrocarbons, through initiatives such as increasing the use of recycled asphalt materials to recapture bitumen.

The outlook for the year ahead remains uncertain and dependent to a large extent upon the UK government's response to weak domestic growth and wider economic uncertainty across the euro zone. Against this background, volume declines are anticipated across major product categories in 2012, reflecting announced reductions in public sector spending, exacerbated by declining private sector spending.

The UK joint venture discussions with Lafarge are proceeding through the required regulatory processes.

Building products

Performance was severely impacted by the closure of the Precast business, one-off non-recurring separation costs and the continuing decline in housing, retail and commercial markets, which affected all products. Volumes suffered as a consequence of both the general market decline and a competitive pricing environment, where customers and competitors remain more focused on price and less on other value drivers.

Cost-reduction initiatives remain a high priority. Several key projects are also under way to enhance quality and improve customer service.

The underlying market outlook continues to remain challenging in the short term.

SCAW METALS

Scaw Metals generated an operating profit of $40 million, a 76% decrease compared with 2010, largely as a result of the sale of Moly-Cop and AltaSteel that was concluded in December 2010. On a directly comparable basis, however, taking into consideration the impact of the sale of Moly-Cop and AltaSteel in 2010, Scaw Metals' operating profit showed a reduction of $23 million. Scaw Metals' directly comparable EBITDA performance was 24% lower.

A strong performance was recorded by Grinding Media in spite of margin pressure owing to the strong rand. At Wire Rod Products, performance improved on the back of strong demand for offshore and mining products and improved business efficiencies. At Rolled Products, performance was affected by weak demand from the construction sector and selling prices not fully recovering rising input costs, resulting in reduced margins.

At Cast Products, a number of foundries suffered from a lack of demand for larger castings in the year, as well as a strong rand, significantly impacting the business' results. The situation improved towards the end of the year as the demand for railway, power generation and general engineering components saw the securing of important orders for the forthcoming year.

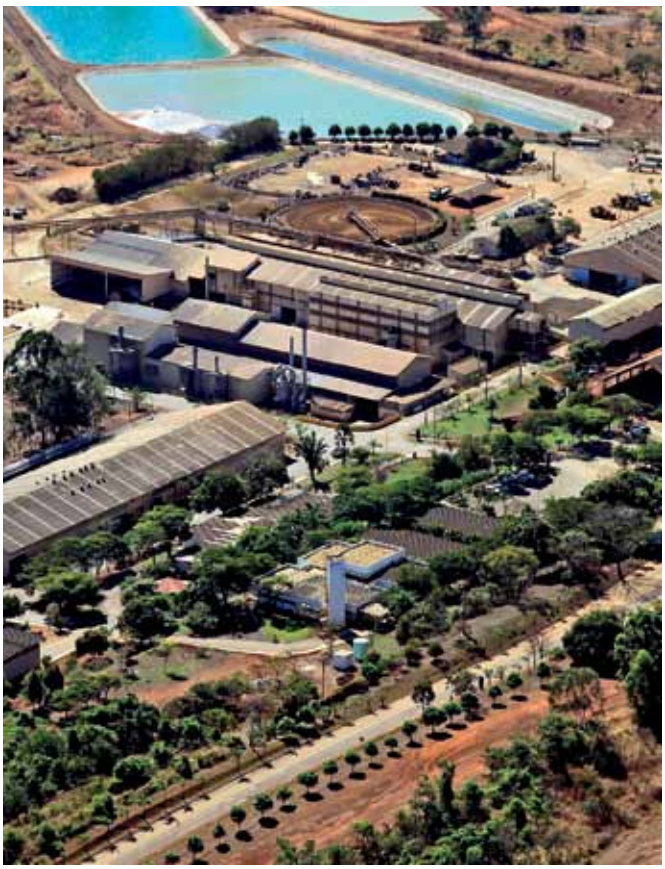
A strong focus by management on cost-saving initiatives in all operations and sales to downstream businesses has mitigated the effects of weak margins. In addition, the closure of lossmaking operations and a focus on pursuing new markets with higher margins has enabled Scaw Metals to lessen the impact of weak economic conditions.

Total production of steel products at Scaw South Africa was 677,400 tonnes, a decrease of 5% over the prior year.

01 A Tarmac National Contracting team during a major night time road resurfacing operation in the UK.

02 Catalão's niobium plant in Goiás state, Brazil. The existing plant is being adapted to process new rock instead of oxidised ore, which will raise annual niobium production capacity from 3,800 tonnes to 6,500 tonnes.

01



02

GOOD GOVERNANCE: LEADERSHIP AND OPENNESS

Sir John Parker

"Good governance is not merely following a set of rules, but ensuring that the highest standards of behaviour begin at board level and flow throughout the organisation."

IN THIS SECTION

CHAIRMAN'S INTRODUCTION

The UK Corporate Governance Code (the Code) states that the purpose of corporate governance is to, 'facilitate effective, entrepreneurial and prudent management that can deliver the long term success of the company'. For us, this means not merely following a set of rules, but ensuring that the highest standards of behaviour begin at board level and flow throughout the organisation. Good governance takes different forms; whether it be adopting best practices early – such as the annual re-election of all directors in 2011, or committing to building a diverse board.

Two key developments in the corporate governance field during 2011 were the publication of the report from Lord Davies on the representation of women in the boardroom and the implementation of the guidance on 'adequate procedures' under the Bribery Act.

We believe that diversity in the boardroom, in terms of background, skills and experience, encourages independent and challenging debate and leads to better decision making. I was privileged to have served on Lord Davies' steering group and therefore welcomed his 'Women on Boards' report, published in February 2011, which states that 'evidence suggests that companies with a strong female representation at board and top management level perform better than those without and that gender diverse boards have a positive impact on performance'. In our 2010 annual report, we already announced our intention to increase the representation of women on the Board from 20% to about 30% (excluding the chairman) by 2013. The Group is also committed to increasing the pipeline of diverse talent within the organisation and specifically increasing gender diversity overall and within the management population. At a Group and business unit level we have established internal targets through to 2014, progress against which is tracked regularly, with Group assisting the spread of best practice in this area.

During the year, Nicky Oppenheimer retired from the Board and in April, we welcomed Phuthuma Nhleko as a non executive director (NED) who has an excellent international business track record. These changes continue our comprehensive refreshment programme.

In 2011, we intensified our Business Integrity training, that commenced in 2009, to ensure that our workforce is fully equipped to manage potential scenarios relating to bribery and corruption – more detail about this is included on page 102.

New to this section on pages 98 to 100 as part of our commitment to disclosure and openness, are detailed reports on items discussed by our Committees during the year.

We are pleased to confirm that we complied with the Code for the period under review. For more information on this, please see the checklist on our website.

For more information visit **www.angloamerican.com**

BOARD EFFECTIVENESS

As chairman, I manage the Board and oversee the operation of its Committees. My aim is to ensure that they should operate effectively via directors with the relevant range of skill sets and experience to ensure they are fit for purpose. In this report I will explain how we cultivate a talented and diverse board whose performance is regularly reviewed and continuously improved.

An external evaluation of the Board by a facilitator with no prior relationship with the Anglo American Group, commenced towards the end of 2011. This involved interviews with the Board members on an individual basis and attendance at a Board meeting by the external facilitator. The results of this review are being analysed as this report is finalised and therefore an update on the results of this externally facilitated assessment will be disclosed in next year's report.

Achievements against 2010 board effectiveness action plan

	Action plan resulting from 2010 board effectiveness review	Action plan update 2011
Relationship between Board and management	Increase contact between directors and management during intervals between board meetings	The flow of management information to the Board was enhanced and the frequency of dissemination of this was improved
	Introduce more 'free flowing' informal discussions outside board meetings – the pre-board meeting dinners will be more 'structured' whilst retaining an informal style	Structured board dinners took place during the year where matters such as strategy and the HR talent review were discussed
Improving Board meeting effectiveness	Enhance the information flow to NEDs between board meetings to allow for a more focused board agenda	Items disseminated such as economics reports
	Introduction of iPads to ensure timely provision of board materials	Successful implementation with a high percentage choosing electronic over paper copies
	Management to consider the optimum level of detail in presentations to the Board	Ongoing – items such as company risks, operational safety and performance will be provided in such detail as is appropriate
Committees	S&SD Committee – outside stakeholders to be invited to address some committee meetings	Implemented during the year – for more information see page 98 relating to the S&SD Committee
	Nomination Committee – talent strategy	Detailed talent strategy presented to NEDs in February
	Remuneration Committee – the Committee will allot more time for 'members only' discussions	More time allocated accordingly
Key focus points highlighted by NEDs	Political and regulatory uncertainty; business integrity processes – Bribery Act 2010	Please see detailed report on page 102
	Safety and the environment	Board papers were amended to show more detail on these issues
	Strategy	Two day strategy meeting held in June
	Project execution	Detailed quarterly project 'dashboards' reviewed by the Board
	Talent development and management succession	Presentations from the chief executive in February and June – see detail on succession on page 99
Performance of NEDs	Site visits	The number of visits was increased in 2011 including a special visit to Moranbah in Australia – see page 95
	Induction of board	A half day exploration seminar took place in February and a full day mining seminar took place at the July board meeting

The achievements against the action plan flowing from the 2010 board effectiveness review are detailed in the table above. As chairman I interviewed each director to review those issues raised during the board evaluation process and on any other issue of concern to them as individual directors. This process also provides an opportunity to review the personal performance of a director on a one-to-one basis. Following that I am happy to confirm that each board member's performance is effective and they each continue to demonstrate full commitment to the role.

In relation to NEDs' involvement in developing the strategy of the Company, we held a two day strategy meeting in June 2011, in which the entire Board and senior management participated. Six key focus areas were agreed upon. The proposed increase in the Company's share in the De Beers Group is but one example of the agreed strategic priorities that are being implemented.

As I said last year, corporate governance is a much abused term – to us, it is much more than simply following a set of guidelines. My aim in this report is to illustrate our commitment to creating value with the right people making the right decisions within a board and committee environment that promotes challenge and debate.

Sir John Parker
Chairman

THE BOARD


Sir John Parker


Cynthia Carroll


René Médori


David Challen


Sir CK Chow


Sir Philip Hampton


Ray O'Rourke


Mamphela Ramphele


Peter Woicke


Phuthuma Nhleko


Jack Thompson

In accordance with the UK Corporate Governance Code, Anglo American will continue to propose the re-election of all its directors on an annual basis.

CHAIRMAN

Sir John Parker

FREng DSc (Eng), ScD (Hon), DSc (Hon), DUniv (Hon), FRINA

69, joined the Board as a non executive director on 9 July 2009 and became chairman of Anglo American plc on 1 August 2009. Sir John is also chairman of the Nomination Committee and is a member of the Safety and Sustainable Development (S&SD) Committee.

Sir John is recognised as a highly experienced and independent chairman, has chaired five FTSE 100 companies and brings a broad range of leadership experience across a variety of industries in many countries.

He is a non executive director of Carnival Corporation, EADS and deputy chairman of DP World. Sir John is President of the Royal Academy of Engineering, and a Visiting Fellow of the University of Oxford.

Sir John recently stepped down as chairman of National Grid plc and as chancellor of the University of Southampton. He was previously senior non executive director and chair of the Court of the Bank of England and joint chair of Mondi and chair of BVT and P&O plc.

CHIEF EXECUTIVE

Cynthia Carroll

BSc, MSc, MBA

55, was appointed chief executive on 1 March 2007, having joined the Board on 15 January 2007. Cynthia Carroll chairs the Group Management Committee (GMC) and the Executive Committee (ExCo) and sits on the S&SD Committee. She is a non executive director of BP plc and De Beers and chairs Anglo American Platinum.

Key achievements:

- comprehensive internal reorganisation, new asset optimisation and supply chain initiatives, while sustaining the project pipeline during the downturn, and laying the foundation for a record financial performance in 2011
- changed the composition of the projects team and introduced greater systematisation into the project evaluation process. In 2011, three major projects were successfully delivered – on, or ahead of schedule
- continues to drive our sustainable development agenda, including leading our corporate participation at the 2011 COP17 Summit.

Cynthia Carroll is the former president and CEO of Alcan's Primary Metals Group and a former director of AngloGold Ashanti Ltd and Sara Lee Corporation.

FINANCE DIRECTOR

René Médori
Doctorate in Economics

54, was appointed to the Board on 1 June 2005, becoming finance director on 1 September 2005. René Médori is a member of GMC and ExCo and chairman of the Investment Committee. He is a non executive director of SSE plc (formerly Scottish and Southern Energy plc) until 25 June 2012, De Beers and Anglo American Platinum. René Médori recently joined the board of Petrofac Limited as a non executive director.

Key achievements:

- has maintained a robust balance sheet, which is well positioned for market volatility
- led the negotiations with Lafarge on the combination of the cement, aggregate, ready mixed concrete, asphalt and contracting businesses in the UK of Lafarge and Tarmac
- ensured funding of De Beers deal without recourse to acquisition financing.

He is a former finance director of The BOC Group plc.

SENIOR INDEPENDENT DIRECTOR

David Challen
MA, MBA

68, joined the Board on 9 September 2002 and was appointed as the senior independent non executive director in April 2008. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. David Challen is currently chairman of the EMEA governance committee at Citigroup and senior non executive director of Smiths Group plc. He is currently a deputy chairman of the UK's Takeover Panel. David Challen continues to demonstrate his independence by challenging and questioning management.

Previously he was chairman of J. Henry Schroder & Co. Limited, where he spent most of his professional career.

NON EXECUTIVE DIRECTORS

Sir CK Chow
DEng (Hon), CEng, FREng, HonFHKIE, FIChemE

61, was appointed to the Board on 15 April 2008 and is a member of the Nomination and Remuneration Committees. He is currently a non executive director of AIA Group Company Limited. Sir CK was knighted in 2000 for his services to industry.

Sir CK recently retired as chief executive officer of the MTR Corporation in Hong Kong, a position he held between 2003 and 2011. He was formerly chief executive of Brambles Industries, GKN PLC and non executive chairman of Standard Chartered Bank (Hong Kong) Limited. Prior to joining GKN PLC he worked for The BOC Group plc for 20 years, joining its board in 1993.

Sir Philip Hampton
MA, ACA, MBA

58, joined the Board on 9 November 2009. He is chairman of the Remuneration Committee and a member of the Audit Committee. Sir Philip is chairman of The Royal Bank of Scotland and brings to Anglo American significant financial, strategic and boardroom experience across a number of industries.

His previous appointments include chairman of J Sainsbury plc, finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc, British Steel plc, an executive director of Lazards and a non executive director of RMC Group plc and Belgacom SA.

Ray O'Rourke
HONFREng, CEng, FICE, FIEI

65, joined the Board on 11 December 2009. He is a member of the Audit and S&SD Committees. Ray O'Rourke has a proven track record in delivering complex and large scale projects around the world, mobilising large numbers of people with great success and applying leading project management practices. As a member of the S&SD Committee, he has a keen interest in safety.

He founded the O'Rourke Group in 1977, having begun his career at Kier and J Murphy & Sons. In 2001, the O'Rourke Group acquired John Laing, to form Laing O'Rourke, now Europe's largest privately owned construction company, of which Ray O'Rourke is chairman and chief executive.

Phuthuma Nhleko
BSc, MBA

51, joined the Board on 9 March 2011 and is a member of the Audit Committee. Phuthuma Nhleko is a non executive director of BP plc and an executive director of Pembani Group (Pty) Limited. Phuthuma Nhleko's extensive international business experience has lent further strength to our Board.

In his former position as President and CEO of MTN, Phuthuma Nhleko showed impressive leadership and vision in transforming MTN from a highly successful South African mobile operator into a considerable force in mobile telecommunications services in emerging markets. He previously served as a director on a number of boards in South Africa, including Nedbank Group, Alexander Forbes, Bidvest and Old Mutual (SA).

Mamphela Ramphele
PhD, BComm, MB Ch B

64, joined the Board on 25 April 2006. She is a member of the Nomination and S&SD Committees. Mamphela Ramphele is the founder of Letsema Circle, a specialist transformation advisory company and the chair of Gold Fields Limited and the Technology & Innovation Agency of South Africa. She is a non executive director of Mediclinic and Remgro, a trustee of the Nelson Mandela Foundation, and an adviser to the Veolia Institute. She is the chair of Eduloan. Her experience in international financial institutions and of South African social issues is of great value to the Company.

Mamphela Ramphele was formerly co-chair of the Global Commission on International Migration, a World Bank managing director and vice chancellor at the University of Cape Town. She was also the chair of Circle Capital Ventures, a Black Economic Empowerment Company.

Jack Thompson
BSc, PhD

61, joined the Board on 16 November 2009 and is a member of the Remuneration and S&SD Committees. He is currently a non executive director of Molycorp Inc. and Tidewater Inc. Jack Thompson brings experience gained at all levels of the mining industry and has received wide recognition as a mining executive. He also has extensive boardroom experience in both executive and non executive roles.

Jack Thompson was previously chairman and CEO of Homestake Mining Co., vice chairman of Barrick Gold Corp. and has served on the boards of Centerra Gold Inc., Century Aluminum Co., Phelps Dodge Corp., Rinker Group Ltd and Stillwater Mining.

Peter Woicke
MBA

69, joined the Board on 1 January 2006, chairs the S&SD Committee and is a member of the Nomination and Remuneration Committees.

He is currently chair of the trustees of the Ashesi University Foundation and a member of the boards of Saudi Aramco, the Institute for Human Rights and Business and the Chesapeake Bay Foundation.

From 1999 to 2005, Peter Woicke was Executive Vice President of the International Finance Corporation (IFC) and under his leadership, the IFC expanded the provision of environmental and social know how to its clients through its Sustainability Initiative. Prior to joining the IFC, Peter Woicke held numerous positions over nearly 30 years with J.P. Morgan and he was also a managing director of the World Bank.

EXECUTIVE MANAGEMENT

The Company has two principal executive committees. The Group Management Committee (GMC) (which meets fortnightly) is responsible for formulating strategy for discussion and approval by the Board, monitoring performance and managing the Group's portfolio. The Executive Committee (ExCo) (which meets at least every two months for a two day session) is responsible for developing and implementing Group wide policies and programmes and for the adoption of best practice standards across the Group.

GMC AND EXCO MEMBERS

Cynthia Carroll

See page 90 for biographical details.

René Médori

See page 91 for biographical details.

Brian Beamish

BSc (Mechanical Engineering)

55, is Group director of mining and technology. He was chief executive of Base Metals between 2007 and 2009 and has more than 30 years of mining industry experience in various commodities and geographies. He spent 20 years at Anglo American Platinum, including four years as executive director of operations between 1996 and 1999.

Mervyn Walker

MA

52, is Group director of human resources and corporate affairs. He is a solicitor by training and joined Anglo American in 2008 from Mondi, where he was group HR and legal director. Mervyn Walker held a series of senior roles at British Airways, including HR director, legal director, director of purchasing and director of UK airports. He is also non executive chairman of pension schemes for AMEC plc.

David Weston

MBA, BSc (Eng)

53, is Group director of business performance and projects. He spent 25 years with Shell and was president of Shell Canada Products before joining the Anglo American Group in 2006 as chief executive of Industrial Minerals (Tarmac). David Weston served as the Group's technical director between April and October 2009. He is also a non executive director of International Power plc and Kumba Iron Ore Ltd.

Peter Whitcutt

BCom (Hons), CA (SA), MBA

46, is Group director of strategy and business development. He joined Anglo American in 1990 within the corporate finance division. He worked on the merger of Minorco, the listing of Anglo American in 1999 and the subsequent unwinding of the cross holding with De Beers. He was appointed group head of finance in 2003, CFO of Base Metals in August 2008 and to his present position in October 2009.

EXCO MEMBERS

Paulo Castellari-Porchia

BCom, MBA

41, is CEO of Iron Ore Brazil. He was previously CEO of Anglo American's Phosphates and Niobium businesses in Brazil and served in Anglo American's former Base Metals division. His 18 year career with the Group included positions at AngloGold Ashanti and Minorco in a number of corporate finance and capital project roles.

Walter De Simoni

BSc (Mining Eng)

56, is CEO of Nickel. Walter De Simoni joined the Anglo American Group in 1978. He was appointed president of Anglo Base Metals Brazil in 2005. He became Anglo American Brazil CEO in 2006 and CEO of Nickel in October 2009.

Seamus French

BEng (Chemical)

49, is CEO of Metallurgical Coal and joined the Group as regional CEO of Anglo Coal Australia in 2007. He was previously on the BHP Billiton Executive Committee as global vice president of business excellence from 2005.

Godfrey Gomwe

BAcc, CA (Z), MBL

56, is executive director, Anglo American South Africa. He is chairman of Anglo American Zimele, Anglo American's Transformation Committee and Tshikululu Social Investments. He is a non executive director of Anglo American Platinum, Kumba Iron Ore and Thebe Investment Corporation (Pty) Ltd. He was previously finance director and COO of Anglo American South Africa and chairman and chief executive of Anglo American Zimbabwe.

Chris Griffith

B Eng (Mining) Hons, Pr Eng

46, is CEO of Kumba Iron Ore. He has been with Anglo American for almost two decades. He was Anglo American Platinum's head of operations for joint ventures before being appointed CEO of Kumba Iron Ore in 2008.

John MacKenzie

MSc Eng, MBL

43, is CEO of Copper. He joined the Anglo American Gold and Uranium Division in 1990 and was promoted to vice president of Anglo Coal, South American Operations in 1999. In 2004, he became general manager of the Minera Loma de Níquel operation in Venezuela. John MacKenzie was appointed CEO of Base Metals' Zinc operations in 2006, becoming CEO of Copper in 2009.

Norman Mbazima

FCCA, FZICA

53, is CEO of Thermal Coal. He joined the Anglo American Group in 2001 at Konkola Copper Mines PLC. He was global CFO for Anglo Coal and became executive director of finance at Anglo American Platinum in June 2006, and later stepped in as joint acting CEO. He was appointed CEO of Scaw Metals in 2008 and was appointed CEO of Thermal Coal in October 2009.

Neville Nicolau

BT (Mining Engineering), MBA

52, is CEO of Platinum. He joined the Anglo American Group in January 1979, subsequently working in the Gold and Uranium Division at different managerial levels in all the major operating areas in South Africa. In 2000-2001, he was the technical director of AngloGold's South American operations, based in Brazil. He became COO (Africa) of AngloGold Ashanti in 2004 and was appointed CEO of Anglo American Platinum in 2008.

Duncan Wanblad

BSc (Eng) Mech, GDE (Eng Management)

45, is Group director of Other Mining and Industrial. He began his career at Johannesburg Consolidated Investment Company Limited in 1990. He was appointed to the board of Anglo American Platinum and various of its subsidiaries in 2004 – becoming the executive director in charge of projects and engineering. He was appointed joint acting CEO of Anglo American Platinum in 2007, before taking over as CEO copper operations of Anglo American in 2008. He became Group director of Other Mining and Industrial in October 2009.

WHAT IS THE ROLE OF THE BOARD?

The Board of directors has a duty to promote the long term success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management.

A schedule of matters reserved for the Board's decision details key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans, budgets and material expenditure). For the full list, please see the Company's website.

For more information visit
www.angloamerican.com

Every year the Board holds a two day strategy meeting at which the non executive directors (NEDs) contribute their expertise and independent perspective in developing the strategy of the Company.

HOW IS THE BOARD COMPOSED?

Role of the chairman

The Board is chaired by Sir John Parker. The chairman is responsible for leading the Board and for its effectiveness.

Role of the chief executive

Cynthia Carroll is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Group Management Committee (GMC) and the Executive Committee (ExCo), both of which she chairs. The functions and membership of GMC and ExCo are set out on page 92.

The Company has adopted the Institute of Chartered Secretaries and Administrators Statement of Division of Responsibilities between the Chairman and the Chief Executive.

Role of the senior independent director (SID)

David Challen is the senior independent non executive director. He is available to shareholders, acts as a sounding board and confidant for the chairman and is available as an intermediary for the other directors if necessary.

Board and Committee meetings – frequency and attendance

	Independent	Board (six meetings)	Audit (three meetings)	S&SD (four meetings)	Remuneration (three meetings)	Nomination (three meetings)
Sir John Parker	n/a	All	–	3	–	All
Cynthia Carroll	No	All	–	All	–	–
René Médori	No	All	–	–	–	–
David Challen	Yes	All	All	–	All	All
Sir CK Chow	Yes	All	–	–	All	All
Sir Philip Hampton	Yes	All	All	–	All	–
Phuthuma Nhleko	Yes	All	All	–	–	–
Nicky Oppenheimer[1]	No	All	–	–	–	–
Ray O'Rourke	Yes	All	All	All	–	–
Mamphela Ramphele	Yes	4	–	2	–	2
Jack Thompson	Yes	All	–	All	All	–
Peter Woicke	Yes	All	–	All	All	All

[1] Meetings attended prior to retirement.

Independence of directors

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive and eight non executive directors, all of whom are independent according to the definition contained in the UK Corporate Governance Code (the Code). The independent directors are indicated within the table above, and full biographical details for each director are given on pages 90 and 91. The letters of appointment of the NEDs (as well as the executives' service contracts) are available for inspection at the registered office of the Company.

None of the NEDs has served concurrently with an executive director for more than nine years. David Challen and Peter Woicke have both been on the Board for over six years now and their re-appointments are subject to particularly rigorous review. The Board believes that both of them continue to display all of the qualities of independence pursuant to the criteria set out in the Code.

HOW DO WE PROMOTE EXCELLENCE IN THE BOARDROOM?

Board effectiveness

As a direct result of the last external board evaluation, changes were made in strategy planning and improving communication with major shareholders as well as in the areas of committee composition, talent management and succession planning.

The action plan and resulting achievements from the internally facilitated 2010 board effectiveness review may be found on page 89. As previously noted, an external evaluation of the Board took place in 2011/2012 in accordance with the recommendations made in the Code and we will report on this next year. As in past years, the evaluation process also included a review, chaired by the senior independent non executive director (without the chairman present), of the performance of the chairman. The chairman has held individual discussions with each director to ensure that the necessary board and committee processes are functioning properly.

Since his appointment, Sir John has introduced a rolling agenda for the Board and instigated regular informal meetings of the NEDs prior to each board meeting. In order to facilitate openness and constructive debate between our executives and NEDs, we hold board dinners before board meetings where directors are encouraged to raise issues in an informal setting. These meetings provide an opportunity, *inter alia*, to discuss the performance of management and to air subjects outside the confines of the boardroom in an informal and constructive manner. At every board meeting, time is set aside for a NEDs only discussion and the Board also receives a governance update from the company secretary highlighting developments in company law, corporate governance and best practice. Board papers are circulated one week before meetings. Messrs Beamish, Walker, Weston and Whitcutt attend all board meetings.

HOW ARE DIRECTORS TRAINED?

Anglo American's directors have a wide range of expertise as well as significant experience in strategic, financial, commercial and mining activities.

Upon appointment, directors are provided with recent board materials and a reference manual containing information on legal obligations and other matters of which they should be aware. Guidance is provided on Market Conduct under the FSA, the Company's Articles, the UK Corporate Governance Code and the Model Code. The manual also includes items such as board and committee terms of reference, relevant company information and guidance on where to obtain independent advice. The manual is updated periodically when appropriate.

As part of the directors' formal induction process, meetings are arranged with senior executives in order to develop a full understanding of the complex nature of the Anglo American Group. Training and briefings are also available to directors on appointment and throughout their tenure, as necessary, taking into account existing qualifications and experience. Directors also have access to management, and to the advice of the company secretary.

Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense, although no such advice was sought during 2011. Regular presentations are made to the Board by business management on the activities of operations.

The company secretary facilitates board training and during the year, directors attended courses on *inter alia*: investment, director professionalism and other general matters of interest to directors.

The directors are given the opportunity to discuss their development needs with the chairman in individual feedback meetings.

HOW DOES THE BOARD DEAL WITH CONFLICTS OF INTEREST?

If directors become aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they notify the Board at the next board meeting or by a written declaration. Directors have a continuing duty to update any changes in these interests. During 2011, Nicky Oppenheimer recused himself from any discussion regarding the potential increase in the Company's interest in De Beers and David Challen recused himself from a discussion on a banking facility in which Citigroup was a participant. In accordance with the Company's Articles and relevant legislation, an unconflicted quorum of the Board can authorise potential conflicts and such authorisations can be limited in scope and are reviewed on an annual basis. During the year under review, the conflicts register was updated and the conflict management procedures were adhered to and operated effectively.

IPADS FOR REVIEW OF BOARD MATERIALS

As part of our commitment to best practice and innovation, iPads were introduced in 2010 for the review of board papers, ensuring fast and timely provision of information to directors whilst at the same time reducing the environmental and financial impacts of board meetings. The majority of the directors use the iPads for reviewing their board papers.

Images on opposite page
01 Jack Thompson and John MacKenzie at the Mantos Blancos mine in May 2011.

02/03/04/05 Directors visiting the Moranbah North Coal Mine, Australia in October 2011.


01


02


03

"The Chile visit allowed me to gain better knowledge about the ore bodies and plants but importantly it exposed me to the staff and people of the Copper business unit. Days of travel and talk over dinners provided ample opportunity to get to know the team."

Jack Thompson
Non Executive Director

BOARD IN ACTION

Directors undertake regular visits to operations and projects and, in 2011, operations and projects in Australia, Brazil, Chile, China, South Africa, Mozambique, Peru, USA and Botswana were visited.

BOARD VISIT TO AUSTRALIA

In October 2011, the Anglo American plc Board met in Brisbane. Directors took the opportunity to meet with Queensland's Deputy Premier, the Minister for Finance and Natural Resources, the Minister for Environment and other state politicians. During the course of the visit, the Board received detailed presentations from the management of the metallurgical coal operations on the strategy of the business unit, its resource base and infrastructure and the market outlook for metallurgical coal. In addition, a detailed presentation of the Grosvenor Project was delivered, followed by a visit to Anglo American Metallurgical Coal Australia's Benchmark Performance Centre.

Directors then made an operational visit to the Moranbah North Mine, touring both the surface facilities (including the coal handling and preparation plant and the waste coal mine gas power station) and the underground mining operations.

In addition, certain board members visited the MBD Energy algal synthesis facility at James Cook University in Townsville and received a detailed briefing on the operations of MBD (in which Anglo American holds a 19.3% interest).


04


05

NEDS' 'FACT FINDING' TRIPS TO SOUTH AMERICA

In March 2011, Peter Woicke visited Anglo American's sites and operations in South America accompanied by Brian Beamish, David Weston and senior managers from our Safety and Sustainability team. Sites visited were: Amapá (Brazil) and Quellaveco (Peru).

Jack Thompson visited Chile accompanied by John MacKenzie in May 2011. The purpose of the trip was to familiarise him with our Copper business unit and to visit the large construction project at Los Bronces. Upon arrival in Chile, Jack Thompson received a copper business and strategy overview then visited the Chagres Smelter, Los Bronces, the El Soldado and Mantos Blancos mines. He also received a briefing on the Quellaveco and Michiquillay projects in Peru.

In April 2011 Ray O'Rourke visited Los Bronces accompanied by John MacKenzie, Barro Alto (Nickel Brazil) with Walter De Simoni and Minas-Rio (Iron Ore Brazil) with Stephan Weber.

During 2011 Sir John Parker also visited Chile and Brazil accompanied by John MacKenzie to familiarise himself further with the Los Bronces, Chagres Smelter and Barro Alto operations.

Geographical analysis of investors

UK 35%
North America 18%
Europe (ex-UK) 11%
Asia 6%
Africa 28%
Other 2%

Source: Anglo American Investor Relations

Shareholder structure

Institutions – UK 30%
Institutions – ROW 50%
Employees 2%
Retail investors 3%
Other 15%

Source: Anglo American Investor Relations

"We place a great deal of importance on maintaining an active dialogue with our investor base around the world. We plan to increase our interaction in 2012 by further exposing our operating management to investors."

René Médori Finance Director

HOW DO WE COMMUNICATE WITH OUR INVESTORS?

We place a great deal of importance on maintaining an active dialogue with our investor base around the world. We plan to increase our interaction in 2012 by further exposing our operating management to investors.

The Company maintains an active engagement with its key financial audiences, including institutional shareholders and sell side analysts as well as potential shareholders. The Investor Relations department manages the interaction with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme of communication with potential shareholders is also maintained.

Board oversight

Any significant concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board. The Board is briefed on a regular basis by the Investor Relations department and analysts' reports are circulated to the directors. Feedback from meetings held between executive management, or the Investor Relations Department, and institutional shareholders is also communicated to the Board.

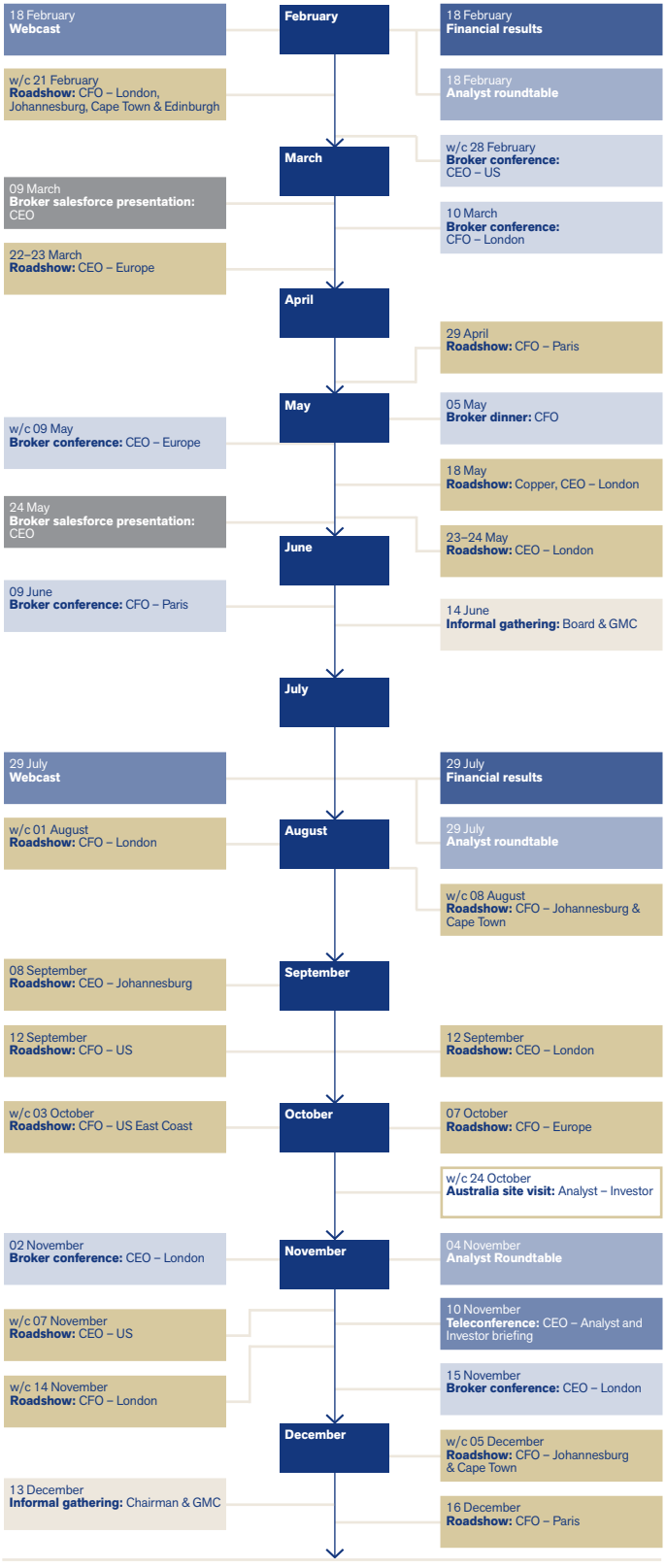
Institutional investors

During the year there were regular presentations to, and meetings with, institutional investors in the UK, South Africa, continental Europe, the US and Asia Pacific to communicate the strategy and performance of Anglo American. Executive directors, as well as key executives, including business unit heads, host such presentations, including seminars for investors and analysts, and one-on-one meetings. Throughout the year, executive management also presents at industry conferences, which are mainly organised by investment banks for their institutional investor base. In late 2010, Sir John Parker met with a number of key investors to discuss 'Strategy, The Board, Board Changes & Operating Performance'. David Challen in his capacity as the SID works closely with Sir John to maintain his understanding of the issues and concerns of major shareholders. David Challen attended the Australian site visit dinner with analysts and investors. The chairman, SID and other non executive directors are also available to shareholders to discuss any matter they wish to raise. We look forward to increased communication with investors following the recent introduction of the Stewardship Code.

The Company's website provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information on Anglo American.

For more information visit **www.angloamerican.com**

Investor relations activities timeline 2011



The Company maintains an active dialogue with its key financial audiences, including institutional shareholders and sell side analysts as well as potential shareholders.

WHAT ARE THE COMMITTEES OF THE BOARD AND WHAT DO THEY DO?

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Safety and Sustainable Development, Remuneration, Nomination and Audit Committees. The terms of reference for each of these committees and a schedule of matters reserved for the Board's decision are published on the Company's website.

The Committees' Terms of Reference may be found on the Company's website, visit **www.angloamerican.com**

The S&SD Committee's remit spans across the environmental, social and workplace risks and opportunities faced by Anglo American. Increasingly, we seek out investments to effect positive change in more than one of these areas. For example, a new enterprise development fund in South Africa has been established to help create jobs while delivering environmental benefits. The Zimele Green Fund will target investment opportunities that mitigate carbon emissions, reduce energy and water consumption, and improve waste and emissions management. Created in November 2011, the Fund is already reviewing potential investments to assess their commercial and technical viability and degree of alignment with Anglo American's environmental objectives, such as the retrofitting of low income government provided housing in South Africa with solar water heaters.

SAFETY & SUSTAINABLE DEVELOPMENT COMMITTEE

"To be successful, sustainability considerations need to be integral to our thinking in all areas of our business, such as in the design and evaluation of our projects, mine planning and decommissioning, and the ways in which capital is allocated to fund our projects."

Peter Woicke Chairman, Safety and Sustainable Development Committee

Composition

- Peter Woicke – chairman
- Cynthia Carroll
- Sir John Parker
- Ray O'Rourke
- Mamphela Ramphele
- Jack Thompson
- Brian Beamish
- David Weston

Roles and responsibilities

- Reviewing the development of framework policies and guidelines for the management of sustainable development (SD) issues including safety, health and environment.
- Reviewing the performance of the Company and the progressive implementation of its safety and sustainable development (S&SD) policies.
- Receiving reports covering matters relating to material S&SD risks and liabilities.
- Monitoring key indicators and learning on incidents and, where appropriate, ensuring they are communicated throughout the Group.
- Considering material national and international regulatory and technical developments in the fields of S&SD management.

Besides the regular S&SD Committee members, the meetings were well attended by other Group directors and business unit (BU) CEOs. At each meeting the Committee received a functional performance review led by the Group chief executive, Cynthia Carroll. Safety remains a critical focus area and receives significant attention at each meeting. Key themes such as occupational health, HIV and AIDS, energy, climate change, water, social performance and SD within our supply chain were reviewed at each meeting. Other topics, such as gender diversity, received periodic focus.

What did the Committee discuss in 2011?

- A detailed account of every fatal incident that occurred in the period under review by the relevant BU CEO, along with the related management response.
- Oversight of risk, including major risks such as methane explosion; technical risks such as waste containment facilities and shaft infrastructure; an annual review of legal risk across the Group; and significant outcomes of external assurance work.
- Presentations by BU CEOs on a rotational basis on that respective business' SD performance.
- Presentations by NGOs on issues important to the business. For example, the Committee received presentations by the Institute for Human Rights on the links between business, human rights and water.
- Reports on projects of strategic interest such as the value of S&SD.

REMUNERATION COMMITTEE

"The Committee seeks to ensure that directors who deliver significant value for the Company's shareholders are appropriately remunerated and that our world class talent is retained."

Sir Philip Hampton Chairman, Remuneration Committee

Composition

In compliance with the Code, the Committee comprises only independent non executive directors:

- Sir Philip Hampton – chairman
- David Challen
- Sir CK Chow
- Jack Thompson
- Peter Woicke

Roles and responsibilities

- Establishing and developing the Group's general policy on executive and senior management remuneration.
- Determining specific remuneration packages for the chairman and executive directors.
- Designing the Company's share incentive schemes.

What did the Committee discuss in 2011?

In February 2011, the Committee:

- reviewed executive director personal KPIs for 2011 and Company financial targets to ensure alignment with Company strategy
- discussed with the Company chairman and chief executive respectively, the chief executive's and finance director's performance in 2010 to adjudicate on bonus outcomes
- discussed the new Long Term Incentive Plan (LTIP) which was subsequently approved by shareholders at the 2011 AGM. The Committee chairman had previously discussed. amendments to the LTIP with external investors. The new LTIP included a clawback provision should there be a material misstatement of the Company's results during the performance period
- discussed and set the asset optimisation and supply chain targets for the 2011 LTIP award
- approved amendments to the Bonus Share Plan rules to include clawback provisions
- reviewed executive directors' shareholdings in the Company prior to 2011 share awards being made.

In April 2011, the Committee:

- discussed investor feedback on executive remuneration prior to the vote on the Directors' Remuneration Report.

In December 2011, the Committee:

- reviewed directors' salaries, taking into account the general salary review for the broader employee population
- considered GMC and Exco remuneration and performance contracts for 2012
- reviewed its Terms of Reference.

General

The Committee regularly reviews developments in corporate governance and executive pay in all meetings.

NOMINATION COMMITTEE

"The Nomination Committee's aim is to build on the existing diversity of the board by identifying and nominating suitably qualified candidates."

Sir John Parker Chairman, Nomination Committee

Composition

Compliant with the Code:

- Sir John Parker – chairman
- David Challen
- Sir CK Chow
- Mamphela Ramphele
- Peter Woicke

Roles and responsibilities

- Setting guidelines (with the approval of the Board) for the types of skills, experience and diversity being sought when making a search for new directors and, with the assistance of external consultants, identifying and reviewing in detail each potential candidate available in the market. The Committee then agrees a 'long list' of candidates for each directorship and, following further discussion and research, decides upon a shortlist of candidates for interview. Shortlisted candidates are each interviewed by the Committee members who will then convene to discuss their impressions and conclusions, culminating in a recommendation to the Board.
- Making recommendations as to the composition of the Board and its Committees and the balance between executive and non executive directors (NEDs), with the aim of cultivating a board with the appropriate mix of skills, experience, independence and knowledge of the Company.
- Ensuring that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers.

Diversity policy

To increase the representation of women on the Board (excluding the chairman) from 20% to about 30% by 2013.

What did the Committee discuss in 2011?

- Following extensive research into potential candidates, Phuthuma Nhleko was appointed in March 2011.
- The Committee maintained a continuing review of board succession needs. During 2011 the Committee focused in particular on developing plans to ensure the achievement of the Company's diversity policy (above).
- In addition to the meetings of the Committee, the chairman and NEDs as a group met twice with the chief executive and the director of HR and corporate affairs for an in depth discussion on human resources issues. In February, the chairman and NEDs received and discussed a comprehensive presentation on the Company's HR strategy, with a particular focus on long term talent needs, and in June there was a detailed review of succession plans for the directors and the other roles on the Company's Executive Committee.

AUDIT COMMITTEE

"The Audit Committee plays a pivotal role in ensuring high standards of corporate governance and provides assurance to the Board on its reports to shareholders."

David Challen Chairman, Audit Committee

Composition

Compliant with the Code and comprises only independent non executive directors:

- David Challen – chairman
- Sir Philip Hampton
- Phuthuma Nhleko
- Ray O'Rourke

Roles and responsibilities

- Monitoring the integrity of the annual and interim financial statements, the accompanying reports to shareholders and corporate governance statements.
- Making recommendations to the Board concerning the adoption of the annual and interim financial statements.
- Overseeing the Group's relations with the external auditors.
- Making recommendations to the Board on the appointment, retention and removal of the external auditors.
- Reviewing and monitoring the effectiveness of the Group's internal control and risk management systems including reviewing the process for identifying, assessing and reporting all key risks.
- Approving the terms of reference and plans of the internal audit function.
- Approving the internal audit plan and reviewing regular reports from the head of internal audit on effectiveness of the internal control system.
- Receiving reports from management on the key risks of the Group and management of those risks.

What did the Audit Committee discuss in 2011?

At the February 2011 meeting, the 2010 year end results and press release were reviewed and the external auditors presented the findings of their work. The Committee also reviewed the Ore Reserves and Mineral Resources estimates report and the internal audit report for 2010.

At the July 2011 meeting the Committee:

- reviewed the interim results and press announcement
- received a report on the Company's measures to mitigate the risk of bribery and assessed the key risks of bribery occurring in each of the business units
- reviewed the risk profile of each business unit and the Company as a whole
- reviewed a paper on the strategy for purchasing insurance.

At the November 2011 meeting the Committee:

- received a paper on the likely accounting issues for the 2011 year end
- approved the external auditors' terms of engagement, scope of work, the process for the annual audit and the applicable levels of materiality
- approved the internal audit plan for 2012
- received a paper on fraud risk and how this is controlled in the Company
- reviewed the Audit Committee's Terms of Reference
- received a paper on progress with the transformation agenda in South Africa.

AUDIT COMMITTEE REPORT

HOW DO WE ENSURE INDEPENDENCE OF THE EXTERNAL AUDITORS?

Anglo American's policy on auditors' independence, is consistent with the ethical standards published by the Audit Practices Board.

A key factor that may impair auditors' independence is a lack of control over non audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- results in the auditors acting as a manager or employee of the Group
- puts the auditors in the role of advocate for the Group; or
- creates a mutuality of interest between the auditors and the Group.

Anglo American addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non audit services
- the prohibition of selected services – this includes the undertaking of internal audit services
- prior approval by the Audit Committee chairman of non audit services where the cost of the proposed assignment is likely to exceed $50,000.

Anglo American's policy on the provision of non audit services is regularly reviewed. The definition of prohibited non audit services corresponds with the European Commission's recommendations on auditors' independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

What other safeguards exist?

- The external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and, for any key audit partner, seven years. The audit engagement partner was appointed in 2010 in accordance with this requirement.
- Any partner designated as a key audit partner of Anglo American shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit.
- The external auditors are required to assess periodically, in their professional judgement, whether they are independent of the Group.
- The Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated.
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors.
- The Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary in order to resolve issues on auditor independence.
- An annual assessment is undertaken of the auditors' performance, independence and objectivity. The results are shared with the Audit Committee.

What did the Audit Committee conclude for 2011?

The Audit Committee has satisfied itself that the United Kingdom professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

The Audit Committee considered information pertaining to the balance between fees for audit and non audit work for the Group in 2011 and concluded that the nature and extent of the non audit fees do not present a threat to the external auditors' independence. Details of fees paid are provided on page 140.

Furthermore, after reviewing a report from the external auditors on all their relationships with Anglo American that might reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the Committee has concluded that the external auditors' independence was not impaired.

The Audit Committee held meetings with the external auditors without the presence of management on two occasions and the chairman of the Audit Committee held regular meetings with the audit engagement partner during the year.

What will the Audit Committee do in 2012?

During 2012 the Audit Committee will continue its role in monitoring the integrity of the financial statements and reviewing the effectiveness of the Company's internal control and risk management systems. An item of key interest to the Audit Committee will be to understand how the risk and audit processes operate in De Beers and how these will be integrated into Anglo American at the appropriate time.

How is the appointment of the external auditors considered?

The appointment of Deloitte LLP as the Group's external auditors (incumbents since the listing in 1999) is kept under annual review, and if satisfactory, the Committee will recommend the re-appointment of the audit firm. The appointment of Deloitte LLP followed a detailed evaluation, at the time of the listing, of the predecessor audit firms and, rather than adopting a policy on tendering frequency, an annual review of the effectiveness of the external audit is supplemented by a periodic, comprehensive reassessment by the Committee. The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte LLP as auditors until the conclusion of the AGM in 2013. Resolutions to authorise the Board to re-appoint and determine their remuneration will be proposed at the AGM on 19 April 2012.

What is the role of internal audit?

The Group has an internal audit department that reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of Anglo American's operations.

The head of internal audit is responsible for reporting and following up on the findings of this internal audit work to local management and the Audit Committee on a regular basis. Internal audit teams operated in all the Group's principal divisions in the period under review, reporting findings to local senior management. The internal audit function's mandate and annual audit coverage plans were approved by the Audit Committee.

The internal audit activities are performed by teams of appropriate, qualified and experienced employees, supplemented if necessary through the engagement of external practitioners upon specified and agreed terms. A summary of audit results and risk management information was presented to the Committee and Group

senior management at regular intervals throughout the year. The Group's head of internal audit reports to the Audit Committee on the internal audit function's performance against the agreed internal audit plan.

During 2011, over 420 audit projects were completed covering a variety of financial, operational, strategic and compliance related business processes across all business units and functions. In addition, the internal audit department responded to a number of management requests to investigate alleged breaches of our business principles.

HOW IS THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT ASSESSED?

The GMC, as mandated by the Board, maintains a Group wide system of internal control to manage significant Group risks.

This system, which has been operating throughout the year and to the date of this report, supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's diverse international operations is effectively managed in support of the creation and preservation of shareholder wealth. Please see pages 48 to 53 for further information on the key risk factors Anglo American is exposed to. Where appropriate, necessary action has been or is being taken to remedy any failings or weakness identified from review of the effectiveness of the internal control system.

How is assurance obtained on the internal control environment?

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance. In addition, certain Board Committees focus on specific risks such as safety and capital investment and provide assurance to the Board. The chief financial officers of the Group's business units provide confirmation, on a six monthly basis, that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit Committee, which derives its information, in part, from regular internal audit reports on risk and internal control throughout the Group and external audit reporting. The Group's internal audit function has a formal collaboration process in place with the external auditors to ensure efficient coverage of internal controls. The Anglo American internal audit function is responsible for providing independent assurance to executive management and the Board on the effectiveness of the risk management process throughout the Group.

Anglo American seeks to have a sound system of internal control, based on the Group's policies and guidelines, in all material associates and joint ventures. In those companies that are independently managed, as well as joint ventures, the directors who are represented on these organisations' boards seek assurance that significant risks are being managed.

Assurance regarding the accuracy and reliability of Mineral Resources and Ore Reserves disclosure is provided through a combination of internal technically proficient staff and independent third parties.

Whistleblowing programme

The Group has had in place for a number of years a whistleblowing programme in all its managed operations. The programme, which is monitored by the Audit Committee, is designed to enable employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values. It may include:

- actions that may result in danger to the health and/or safety of people or damage to the environment
- unethical practice in accounting, internal accounting controls, financial reporting and auditing matters
- criminal offences, including money laundering, fraud, bribery and corruption
- failure to comply with any legal obligation
- miscarriage of justice
- any conduct contrary to the ethical principles embraced in our Business Principles or any similar policy
- any other legal or ethical concern
- concealment of any of the above.

BUSINESS INTEGRITY

During 2011 we continued to implement the necessary procedures to ensure that our Business Integrity policy operates effectively across the Group, and minimises the risk of bribery as far as possible. We have now trained over 2,000 managers through workshops in the business units and developed supplementary online training. During the year we developed enhanced guidelines regarding acceptance and provision of gifts and entertainment and provided specific guidance on due diligence procedures for transactions where risks are considered higher. We conducted an assessment of the risks of bribery and corruption in each of our businesses taking into consideration external and internal factors and identified those areas where additional measures are necessary. We applied a risk assessment process in individual transactions to identify necessary actions that mitigate risk of bribery in those arrangements.

For 2012 we will continue to develop our procedures and obtain assurance that they are being implemented as we expect across the Group.

The programme makes available a selection of telephonic, email, web based and surface mail communication channels to any person in the world who has information about unethical practice in Anglo American and its managed operations. The multilingual communication facilities are operated by independent service providers who remove all indications from information received as to the identity of the callers before submission to designated persons in the Group.

During 2011, 299 reports were received via the global 'Speakup' facility, covering a broad spectrum of concerns, including:

- ethical
- criminal
- supplier relationships
- health and safety
- human resource type issues.

Reports received were kept strictly confidential and were referred to appropriate line managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports are analysed and monitored to ensure the process is effective.

How does risk management work at Anglo American?

The Board's policy on risk management encompasses all significant business risks to the Group, including:

- financial risk
- operational, including safety, technical, fraud and corruption risk
- compliance risk

which could undermine the achievement of business objectives.

This system of risk management is designed so that the different businesses are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers through the Group. The requisite risk and control capability is assured through Board challenge and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through policies and guidelines on risk and control management. Support through facilitated risk assessments is provided by a central team responsible for ensuring a robust process is implemented for risk management. During 2011, over 149 separate risk assessment workshops were conducted reviewing:

- risk in business unit strategies
- risks to achieving mine plans
- risks in capital projects
- risks to key change programmes.

The results of these risk assessments were reported to senior management and the Audit Committee. The process of risk management is designed to identify internal and external threats to the business and to assist management in prioritising their response to those risks. Continuous monitoring of risk and control processes, across headline risk areas and other business specific risk areas, provides the basis for regular and exception reporting to business management and boards, ExCo, the Audit Committee and the Board.

Some of the headline risk areas, which have been elaborated upon in the financial review, set out on pages 48 to 53, are:

- commodity price risk
- political risk
- counterparty risk
- infrastructure and operational performance risks.

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

During the course of the year the Board considered the Group's responsiveness to changes within its business environment. The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group. This includes social, environmental and ethical risks as highlighted in the Disclosure Guidelines on Socially Responsible Investment issued by the Association of British Insurers. A detailed report on social, environmental and ethical issues is included in the Company's Sustainable Development Report 2011.

Accountability and audit

The Board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the Chairman's and Chief Executive's statements and the Operating and financial review of this Annual Report. The respective responsibilities of the directors and external auditors are set out on pages 122, 124 and 125. As referred to in the Directors' report, the directors have expressed their view that Anglo American's business is a going concern.

REMUNERATION REPORT OF THE DIRECTORS

Sir Philip Hampton
Chairman of the Remuneration Committee

"It is important to ensure that levels of reward are commensurate with performance and that the Company's reward policy creates a strong alignment between its shareholders and executives."

IN THIS SECTION

1. REMUNERATION COMMITTEE

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2011.

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- The Company's general policy on executive and senior management remuneration.
- The specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits.
- The remuneration of the chairman.
- The design and operation of the Company's share incentive schemes.

The full Terms of Reference of the Committee can be found on the Anglo American website and copies are available on request.

The Committee met three times during 2011 and dealt with *ad hoc* items between formal meetings by 'round robin' resolutions.

For more information visit
www.angloamerican.com

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2011:

- Sir Philip Hampton (Chairman)
- David Challen
- Sir CK Chow
- Jack Thompson
- Peter Woicke

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2011, the Committee was advised by the Company's Human Resources and Finance functions and, specifically, by Mervyn Walker and Chris Corrin. It also took external advice as shown in Figure 1. Certain overseas operations within the Group are also provided with audit related services from Deloitte's and PwC's worldwide member firms and non-audit related services from Mercer's worldwide member firms.

A summary of the letter from Mercer Limited containing the conclusions of their review of the Committee's executive remuneration processes for 2011 can be found on page 116.

Figure 1: External advice provided to the Committee

Advisers		Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services and market remuneration data	Investment advisers, actuaries and auditors for various pension schemes; advisers on internal audit projects; taxation, payroll and executive compensation advice
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with stated policy and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte LLP (Deloitte)	–	In their capacity as Group auditors, Deloitte undertake an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee

2. POLICY ON EXECUTIVE DIRECTOR REMUNERATION

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. The Committee intends that this policy will continue to apply for 2012 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- Total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives.
- Incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests.
- Incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle.
- The design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk.
- In considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director.
- Reward practice will conform to best practice standards as far as reasonably practicable.

Representatives of the Company's principal investors are consulted on material changes to remuneration policy. The Committee Chairman consulted with this group of investors on the LTIP changes and the Chairman's share award in the first quarter of 2011.

3. ELEMENTS OF EXECUTIVE DIRECTOR REMUNERATION

3.1 Remuneration mix

Each executive director's total remuneration consists of basic salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2011, 78% of the chief executive's and 76% of the finance director's remuneration on an expected-value basis was performance-related as shown in Figure 2 on page 106.

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and the LTIP are set out on pages 106 to 109.

Incentive levels are set taking account of the median expected value of long-term incentives relative to other companies of a similar size.

3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted (either way) based on experience and other relevant factors. The market for executives of main-board calibre, in large international mining companies in particular, has continued to be very competitive in recent years and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

Basic salary increases for executive directors with effect from January 2012 were limited to an inflation adjustment in line with the general salary review for the broader employee population.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

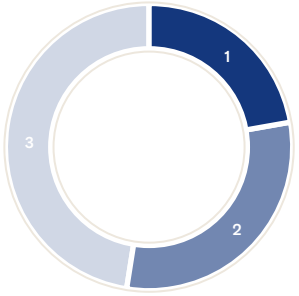
- A performance-related cash element.
- Bonus Shares as a conditional award, normally to a value equal to the cash element.
- An additional performance-related element in the form of Enhancement Shares.

The award and matching levels are summarised in Figure 4. The BSP operates as follows:

- The value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, if applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (EPS) targets which are calculated using underlying earnings (reconciled in note 13 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2011 included cost and asset optimisation, project execution, portfolio restructuring, strategic initiatives, organisational structure and capabilities, CSR initiatives and safety improvements.
- The Committee reviews these measures annually to ensure that they remain appropriate and sufficiently stretching in the context of the broader macro-economic outlook and more specific performance expectations for the Company and its operating businesses.
- In 2011, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split is designed to reflect the importance of the ongoing projects and strategic repositioning of the Group as well as the volatile nature of commodity prices with the implications of this on setting earnings targets. Bonus parameters are set on an individual basis and the level of bonus payable is reduced if certain overall safety improvement targets are not met.
- In 2011 the maximum cash element was 87.5% of basic salary in the case of both Cynthia Carroll and René Médori. Normally, half of any bonus earned is payable in cash and the other half is deferred into shares. The maximum bonus is payable only for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group in the light of prevailing market conditions. The part of the bonus that is deferred is delivered in the form of a conditional award of Bonus Shares. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Committee as a 'good leaver'). To increase the alignment with shareholders' interests, the Committee allows executive directors to elect to defer 75% of the total bonus.
- The Committee is able to apply a clawback of deferred Bonus Shares in the event that, during the relevant deferral period, the Committee becomes aware of a material error in the Company's results for the relevant bonus performance period.
- Executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares. Awards of Enhancement Shares made in 2011 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) – Real EPS growth) is met as shown in Figure 3. Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings. There is no retesting of this performance condition. Enhancement Shares will be subject to the same clawback provisions mentioned previously.

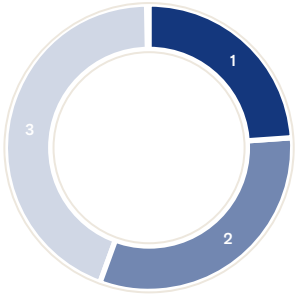
The BSP targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management.

Figure 2: CEO – Expected values



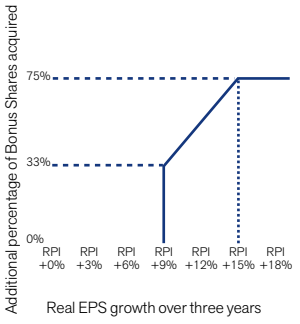
1 Fixed 22%
2 Performance-related annual bonus 31%
3 Performance-related long-term incentive 47%

FD – Expected values



1 Fixed 24%
2 Performance-related annual bonus 32%
3 Performance-related long-term incentive 44%

Figure 3: Vesting of Enhancement Shares



The level of performance achieved and the proportion of awards vesting in respect of each performance period will be published in the subsequent remuneration report.

3.4 Share options and all-employee share schemes

No share options were granted in 2011 to executive directors under the Company's Discretionary Option Plan (DOP) and there is no intention to make future grants under the unapproved part of the DOP to executive directors. However, the DOP is retained for use in special circumstances relating to the recruitment or retention of key executives.

UK-based executive directors are eligible to participate in the Company's Save As You Earn scheme (SAYE) and Share Incentive Plan (SIP). Performance conditions do not apply to these schemes because they are offered to all UK-based employees.

3.5 Long Term Incentive Plan (LTIP)

At the AGM in April 2011, shareholders approved a new LTIP to replace the previous LTIP, which expired in mid-2011 and the main features are summarised in Figure 5.

Award levels

Conditional LTIP awards are granted annually to executive directors. The normal maximum award level under the LTIP is 350% and 300% of basic salary respectively for the chief executive and finance director, with an overall scheme maximum of 350% of basic salary. It is anticipated that, in 2012, awards under the LTIP will be made at this level. The Committee is satisfied that the performance conditions that need to be met for these awards to vest in full are sufficiently stretching in the context of the award levels. These awards are discretionary and are considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2011 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operational measure, an Asset Optimisation and Supply Chain (AOSC) efficiency measure. The measures are described in greater detail on the following page.

Figure 4: Bonus Share Plan Summary

Performance measures	50% corporate financial measure 50% key personal performance measure
Maximum bonus (cash plus Bonus Shares)	175% of basic salary
Delivery ratio	
Cash	25%/50%[1]
Bonus Shares	75%/50%[1]
Maximum Enhancement Share potential	75% of Bonus Shares, subject to a performance condition (EPS)

[1] Subject to executive director election.

Figure 5: Long Term Incentive Plan Summary

Maximum award level (% of basic salary)	350%
Actual award level (% of basic salary)	350% (CEO) 300% (FD)
Performance measures	
TSR – Sector Index	25% of award
TSR – FTSE 100	25% of award
AOSC	50% of award
Maximum vesting of each element	
TSR – Sector Index	100%
TSR – FTSE 100	100%
AOSC	100%

Figure 6: LTIP – Sector Index

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc	CRH plc
	Rio Tinto plc	Holcim Limited
	Teck Cominco Limited	Lafarge
	Vale	Heidelberg Cement
	Vedanta Resources plc	
	Xstrata plc	

These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and AOSC performance achieved and the level of award earned will be published in the subsequent remuneration report. There is no retesting of the performance conditions.

The LTIP is intended closely to align the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

The Committee is able to apply a clawback of conditional LTIP awards in the event that, during the relevant performance period, the Committee becomes aware of a material error in the Company's results for the relevant performance period.

Total Shareholder Return

The Committee considers comparative TSR to be a suitable long-term performance measure for the Company's LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

50% of the proportion of each award that is based on TSR is measured against the Sector Index and 50% is measured against the constituents of the FTSE 100. Maximum vesting of the TSR element of an award will be possible only if Anglo American outperforms by a substantial margin both the sector benchmark (as described in the following section) and the largest UK companies across all sectors.

Sector Index comparison

One half of the TSR element of an LTIP award vests according to the Company's TSR over the performance period, relative to a weighted basket of international mining companies (the Sector Index). The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2011, the companies constituting the Sector Index were as shown in Figure 6 on page 107. Should the Tarmac Group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown in Figure 6 on page 107. For 2011 that part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in Figure 7. Shares will vest on a straight-line basis for performance between the levels shown in Figure 7.

FTSE 100 comparison

The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as outlined in Figure 8 for awards in 2011. Shares will vest on a straight-line basis for performance between the levels shown in Figure 8.

The targets were calibrated such that for the TSR elements of the award there is approximately a 15% chance of achieving full vesting and a 25% chance of three-quarters vesting. These probabilities were assessed by PwC using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 (Share-based Payments). The estimated average fair value of an award under the TSR element using these proposed targets is 60% of the face value.

Figure 7: LTIP – Sector Index comparison

The Company's relative TSR compared with the Sector Index	% proportion of total TSR element vesting
Below Target	0
Target (matching the weighted median of the Sector Index)	15
Target plus 5% per annum (or above)	50

Figure 8: LTIP – FTSE 100 comparison

The Company's relative TSR compared with the FTSE 100	% proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	15
Equal to or above the 80th percentile TSR of the FTSE 100	50

Figure 9: LTIP – AOSC targets

	Value delivered $ bn
Minimum AOSC Target	7.90
Maximum AOSC Target	9.66

The Minimum and Maximum AOSC Targets are the additional operating profit and capital expenditure savings to be realised cumulatively over the three year LTIP performance period, over and above the performance expected had the programmes not been initiated. These benefits are valued employing 2010 commodity prices and exchange rates.

Figure 10: LTIP – AOSC vesting

	% proportion of AOSC element vesting
Below or equal to the Minimum AOSC Target	0
Equal to or greater than the Maximum AOSC Target	100

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2007 to 31 December 2011 can be found in Figure 13 on page 110.

Asset Optimisation and Supply Chain
AOSC is the second performance measure for LTIP awards and was introduced in 2010. The Company's AOSC programmes strive to unlock value from the Company's assets in a sustainable way through structured Group-wide programmes aimed at reducing costs, increasing volumes and improving overall operational efficiencies. In 2011, the Group's AOSC programmes delivered $3.2 billion of benefits from the core businesses, excluding benefits from the Niobium and Phosphates businesses that were not core when targets were set ($3.5 billion from the total Group). This represents the additional operating profit and capital expenditure savings realised in the year, over and above the performance expected had the programmes not been initiated. The above benefits are valued employing 2011 commodity prices and exchange rates. The Committee further refined the target by determining that, for the 2011 award onwards, the effect of changes in both commodity prices and exchange rates should be stripped out of the AOSC targets and results so that only directly attributable management actions would be recognised.

Tying the AOSC measure directly to a meaningful portion of executives' incentive pay reflects the importance of the AOSC initiative in delivering increased value to shareholders, as evidenced by the very significant and stretching level of the targets. The adjudication of targets will be reviewed by internal audit and reported at the end of each performance period.

The proportion of shares vesting based on AOSC will vary according to the aggregate AOSC value delivered over the performance period. Unless a certain minimum value target is met, no shares will vest under this performance measure. The maximum AOSC target is based on a stretching level of value delivered.

The targets for the AOSC element of the 2011 conditional award, with the effect of changes in commodity prices and exchange rates stripped out, are shown in Figure 9.

The AOSC element of the award vests as shown in Figure 10.

Shares will vest on a straight-line basis for performance between the Minimum AOSC Target and the Maximum AOSC Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- The number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control.
- The Bonus Shares awarded under the BSP will be released and the Enhancement Shares awarded under the BSP will only vest to the extent that the performance condition has been met at the time of the change of control.
- Share options granted under the DOP or under the Company's legacy Executive Share Option Scheme (ESOS) may be exercised irrespective of whether the applicable performance conditions have been met.
- SAYE options may be exercised (to the extent of savings at the date of exercise).
- Participants in the SIP may direct the SIP trustee as to how to deal with their shares.

In the event that an executive director's employment is terminated, vesting of any outstanding share options under the DOP or under the ESOS is dependent upon the reasons for termination. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP awards, the Committee would normally exercise its discretion when an executive director's employment ceases as follows: if the director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', vesting on leaving is based on the normal performance criteria at the time of leaving and then pro rated for the proportion of the performance period for which the director served.

In the case of the BSP, if an executive director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Shares lapse and awards of Enhancement Shares are forgone. If a director retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving. Enhancement Shares will vest only to the extent that the performance condition has been met and, if vesting is accelerated to the time of leaving, will be pro rated for the proportion of the performance period for which the director served.

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group has hitherto used an Employee Share Ownership Trust (the Trust) to acquire and hold shares for use in the operation of its share schemes. As at 31 December 2011, the Trust held 985 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not voted at the Company's general meetings. It is the Company's current policy to meet the requirements of share incentive schemes by using a mix of Treasury Shares, shares from the Trust or by market purchases, as appropriate. The Company also has the necessary authorities to utilise newly issued shares if required.

3.8 Pensions

Details of individual pension arrangements are set out on pages 112 and 115.

Prior to 6 April 2011, executive directors (and UK employees more generally) had the option of all or part of their employer-funded defined-contribution pension contributions being paid into an unregistered retirement benefits scheme (an EFRBS). Since 6 April 2011, executive directors (and UK employees more generally) have the option of all or part of their employer-funded defined-contribution pension contributions being treated as being paid to an unregistered unfunded retirement benefits scheme.

Since the inception of the new UK pensions regime applicable from 6 April 2006, the Committee has been prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same value as the defined-contribution benefits forgone.

Figure 11: Executive directors[1]

	Date of appointment	Next AGM re-election or election
Cynthia Carroll (Chief Executive)	15 January 2007	April 2012
René Médori (Finance Director)	01 June 2005	April 2012

(1) At each AGM all directors shall retire from office.

Figure 12: Non-executive directors[1][2]

	Date of appointment	Next AGM re-election or election
Sir John Parker (Chairman, AA plc and Nomination Committee)	09 July 2009	April 2012
David Challen (SID and Chairman, Audit Committee)	09 September 2002	April 2012
Sir CK Chow	15 April 2008	April 2012
Sir Philip Hampton (Chairman, Remuneration Committee)	09 November 2009	April 2012
Phuthuma Nhleko	09 March 2011	April 2012
Nicky Oppenheimer (retired 2011)	18 March 1999	n/a
Ray O'Rourke	11 December 2009	April 2012
Mamphela Ramphele	25 April 2006	April 2012
Jack Thompson	16 November 2009	April 2012
Peter Woicke (Chairman, S&SD Committee)	01 January 2006	April 2012

(1) At each AGM all directors shall retire from office.
(2) There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 2006, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

Similarly, the Committee is prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made, or treated as being made, into their defined-contribution pension arrangements, in return for equivalent reductions in their future basic salaries and/or other elements of their remuneration.

3.9 Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

4. EXECUTIVE SHAREHOLDING TARGETS

Within five years of their appointment, executive directors are expected to acquire and maintain a holding of shares with a value of two times basic salary in the case of the chief executive and one and a half times basic salary in the case of any other executive director. At the date of this report these shareholding targets had been exceeded.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

Figure 13: Historical comparative TSR performance graphs

Source: Thomson Datastream

5. EXTERNAL APPOINTMENTS

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2011, Cynthia Carroll and René Médori each retained fees amounting to £78,000 and £68,000 respectively.

6. POLICY ON NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

- Remuneration should be:
  - sufficient to attract and retain world class non-executive talent
  - consistent with recognised best practice standards for non-executive director remuneration
  - in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish
  - set by reference to the responsibilities taken on by the non-executives in chairing the Board and its Committees
- Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements.

It is the intention that this policy will continue to apply for 2012 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure that they remain market-competitive. Additional fees are paid to the chairmen of Board Committees and to the senior independent director (SID). Should non-executive directors acquire executive board roles within subsidiaries of the Company, then they might also receive additional remuneration from the relevant subsidiaries on account of these increased responsibilities. Non-executive directors' fees were last reviewed in 2009 and were therefore again reviewed in December 2011. It was decided that no increase would be made to the basic fees for a non-executive director, although the fees for committee chairmen and the SID would be increased with effect from January 2012 as follows:

- Chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee to £25,000 per annum.
- Chairman of the Nomination Committee to £12,500 per annum.
- Senior Independent Director to £25,000 per annum.

These fees will next be reviewed in December 2013.

7. CHAIRMAN'S FEES

The chairman's fees are reviewed periodically (on a different cycle from the review of other non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Committee and chief executive, who will take external advice on market comparators.

The chairman's fees will be reviewed during 2012.

8. DIRECTORS' SERVICE CONTRACTS

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd (AAS).

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly the employment contracts of the executive directors are terminable at 12 months' notice by either party. Should Cynthia Carroll not be required to work her full notice, AAS is able to discharge its liability for the unexpired portion of her notice period by making a payment in lieu of her salary and other contractual benefits; in the case of René Médori, whose contract dates from 2005, the payment would also include a pro-rated bonus.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of each appointment, subject to annual reappointment at the AGM as shown in Figure 12.

9. HISTORICAL COMPARATIVE TSR PERFORMANCE GRAPHS

The graphs shown in Figure 13 represent the comparative TSR performance of the Company from 1 January 2007 to 31 December 2011. In drawing up these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American. This graph has been produced in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The second graph shows the Company's performance against the weighted Sector Index comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2009. This graph gives an indication of how the Company is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions among the Company's competitors or changes to the Company's business mix. TSR is calculated in US dollars, and the TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

10. REMUNERATION OUTCOMES DURING 2011

The information set out in this section and section 11 has been subject to audit.

10.1 Directors' emoluments

Executive directors

Figure 14 sets out an analysis of the pre-tax remuneration during the years ended 31 December 2011 and 2010, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2011.

Non-executive directors

Figure 15 sets out the fees and other emoluments paid to non-executive directors during the year ended 31 December 2011 which amounted to £1,367,000 (2010: £1,489,000).

10.2 Bonus Share Plan

Details of shares awarded under the BSP to executive directors during 2011 and their current holdings are shown in Figure 16.

10.3 Long Term Incentive Plan

Conditional awards of shares were made in 2011 to executive directors under the LTIP as shown in Figure 17.

10.4 Directors' share options

No executive share options have been granted to any director since 2003. Options granted under SAYE are shown in Figure 18.

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2011 to 31 December 2011 were £34.37 and £21.39 respectively. The mid-market price of the Company's shares at 31 December 2011 was £23.79.

10.5 Share Incentive Plan (SIP)

During the year, Cynthia Carroll and René Médori each purchased 53 shares under the SIP, in addition to the shares held by them at 1 January 2011. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. In addition, and in common with other participants in the SIP, Cynthia Carroll and René Médori were each awarded 91 free shares under the SIP in March 2011. Participants in the SIP are entitled to receive dividends on their shares.

The information provided in sections 10.2 to 10.5 is a summary. However, full details of directors' shareholdings and options are contained in the Register of Directors' Interests of the Company, which is open to inspection.

10.6 Pensions

10.6.1 Directors' pension arrangements

Cynthia Carroll and René Médori participated in defined contribution pension arrangements in terms of their contracts with AAS. In 2011, normal contributions were payable on their behalf at the rate of 30% of their basic salaries payable under these contracts.

10.6.2 Defined contribution pension schemes

The amounts payable into defined contribution pension schemes by the Group in respect of the individual directors were as shown in Figure 19 on page 114.

10.6.3 Defined benefit pension schemes

No director was eligible in 2011 for membership of any defined benefit pension scheme.

Figure 15: Non-executive directors' emoluments[1][2]

	Total	
	2011 £000	2010 £000
Sir John Parker	**650**	650
David Challen	**115**	115
Sir CK Chow	**80**	80
Sir Philip Hampton	**95**	90
Phuthuma Nhleko	**65**	–
Nicky Oppenheimer[3]	**27**	88
Ray O'Rourke[4]	**80**	80
Mamphela Ramphele	**80**	80
Jack Thompson	**80**	80
Peter Woicke	**95**	90

(1) Each non-executive director, with the exception of Sir John Parker, was paid a fee of £80,000 (2010: £80,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee were paid an additional sum of £15,000 (2010: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2010: £7,500) per annum. The senior independent director (SID) received additional fees of £20,000 per annum.

(2) In addition to the fees reported above for 2010, Chris Fay, who retired on 22 April 2010, received fees in 2010 of £30,000, Sir Rob Margetts, who retired on 22 April 2010, received fees in 2010 of £30,000 and Fred Phaswana, who retired on 1 January 2010, received fees in 2010 of £76,000.

(3) Nicky Oppenheimer received fees for his services as a non-executive director of Anglo American South Africa Limited amounting to £3,000 (2010: £8,000), which are included in the above table.

(4) Ray O'Rourke has instructed the Company that his net fees be donated to charity.

Figure 14: Executive directors' emoluments[1]

	Total basic salary[2]		Annual performance bonus – cash element[3]		Benefits in kind[4]		Total	
	2011 £000	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000
Cynthia Carroll	**1,170**	1,125	**962**	411	**42**	37	**2,174**	1,573
René Médori	**736**	707	**600**	253	**33**	29	**1,369**	989

(1) In 2011, Cynthia Carroll and René Médori held non-executive directorships of Anglo American Platinum Limited and René Médori held a non-executive directorship of Anglo American South Africa Limited. The fees for these directorships were ceded to their employer, AAS.

(2) AAS agreed with the executive directors that supplementary pension contributions be made into their defined-contribution pension arrangements in return for equivalent reductions in their basic salaries and in the cash elements payable under the BSP. The figures shown include these supplementary contributions.

(3) The split between the cash and share elements of the Bonus Share Plan is set out on page 106 and in Figure 4 on page 107; the above figures represent the elections made in 2012 by each executive director to defer 50% of their total bonus into shares, compared to 75% in 2011.

(4) Each executive director receives a car allowance and a limited amount of personal taxation/financial advice; they also receive death and disability benefits and medical insurance.

Figure 16: Bonus Share Plan

BSP interests[1]	Total interest at 1 January 2011	Number of Bonus Shares conditionally awarded during 2011	Number of Enhancement Shares conditionally awarded during 2011	Number of Bonus Shares vested during 2011	Number of Enhancement Shares vested during 2011	Number of Enhancement Shares lapsed during 2011	Total interest at 31 December 2011	Market price at date of 2011 award £	Date of vesting of Bonus Shares awarded during 2011	End date of performance period for Enhancement Shares awarded during 2011
Cynthia Carroll	203,640	38,422	28,816	(13,410)	–	(17,048)	240,420	32.08	01/01/2014	31/12/2013
René Médori	130,766	23,650	17,737	(8,515)	–	(10,826)	152,812	32.08	01/01/2014	31/12/2013

(1) The performance period applicable to each award is three years. Cynthia Carroll and René Médori were awarded BSP shares in 2008, which vested in 2011.

Shares vested (2008 BSP Award)	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Value at date of vesting £
Cynthia Carroll	13,410	29/02/2008	28.21	33.16	444,676
René Médori	8,515	29/02/2008	28.21	33.16	282,357

In the case of the BSP awards granted in 2008, the determinant for the vesting of Enhancement Shares was real EPS growth, based on earnings per share growth against growth in the UK Retail Price Index (RPI) over the performance period. 44% of the Enhancement Shares would vest if EPS growth was RPI+9%, and 100% would vest if EPS growth was RPI+15%. As the EPS growth was below the threshold target over the period, the Enhancement Shares did not vest.

Figure 17: Long Term Incentive Plan

LTIP interests[1][2]	Total beneficial interest in LTIP at 1 January 2011	Number of shares conditionally awarded during 2011	Notional number of shares vested during 2011[2]	Number of shares lapsed during 2011	Total beneficial interest in LTIP at 31 December 2011	Latest performance period end date
Cynthia Carroll	276,969	128,008	(33,492)	(33,493)	337,992	31/12/2013
René Médori	174,083	69,021	(21,052)	(21,053)	200,999	31/12/2013

(1) The LTIP awards made in 2011 are conditional on two performance conditions as outlined on pages 107 to 109: the first is based on the Company's TSR relative to a weighted group of international mining companies and to the constituents of the FTSE 100; the second is based on the value delivered from AOSC initiatives during the medium term. Further details on the structure of the LTIP, the required level of performance for the 2011 award and how performance against targets is measured can be found on pages 107 to 109. The market price of the shares at the date of award was £31.99.

(2) The performance period applicable to each award is three years. The performance period relating to the LTIP awards in 2008 (which were granted on 17 March) ended on 31 December 2010. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international mining companies and the FTSE 100; the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure. Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions would be made in return for their surrendering the potential right to receive shares in the Company, pursuant to an award granted in 2008 under the LTIP. Had Cynthia Carroll and René Médori not surrendered this right, vesting of the 2008 LTIP would have been:

Notional shares vested	Notional number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Notional value at date of vesting £
Cynthia Carroll	33,492	17/03/2008	31.35	32.57	1,090,834
René Médori	21,052	17/03/2008	31.35	32.57	685,664

In the case of the LTIP awards granted in 2008, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry-level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long-term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one-off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2008 LTIP was 39.67% and the upper blended target 41.67%. The ROCE achieved was 51.85% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three-year performance period of -17% which generated a nil vesting in terms of the 2008 Sector Index Comparator Group (against a median target of -2%) and a nil vesting against the FTSE 100 (being lower than the 50th percentile). The overall vesting level for those directors with a 50% Group ROCE, 25% Sectoral TSR and 25% FTSE 100 TSR split would therefore have been 50%.

Figure 18: Directors' share options (SAYE)

Anglo American options	Beneficial holding at 1 January 2011[1]	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2011	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	951	636	–	–	1,587	20.98	01/09/2013	28/02/2019

(1) Beneficial holdings comprise SAYE options held in respect of shares by René Médori of 951 options with an option price of £17.97 and 636 options with an option price of £25.47. The market price of the Company's shares at the end of the year and the highest and lowest mid-market prices during the period are disclosed in Section 10.4. There are no performance conditions attached to these options.

Figure 19: Defined contribution pension schemes

	Normal contributions[2][3]	
	2011 £000	2010 £000
Cynthia Carroll[1]	**351**	338
René Médori	**221**	212

(1) The contributions payable into pension arrangements for Cynthia Carroll amounted in 2011 to £343,000 (2010: £199,000), the balance, in both years, being payable in the form of a cash allowance to an equivalent cost to the employer. The cost of this allowance is included in the pension figures above. The allowance does not form part of basic salary disclosed in the directors' emoluments table on page 112 nor is it included in determining awards under the BSP. In addition, supplementary contributions of £74,000 were paid, or treated as paid, into a defined contribution pension scheme as compensation for costs incurred as a result of the Company's implementation of the transition to new pension arrangements to reflect changes in pensions regulation.

(2) Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions should be made into their respective defined-contribution pension arrangements in return for reductions in their future basic salaries; these supplementary contributions of £340,000 (2010: £187,000) and £611,000 (2010: £450,000) respectively, are included in the 'Total basic salary' amounts disclosed in the executive directors' emoluments table on page 112. In addition, Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions should be made into their respective defined-contribution pension arrangements in return for reductions in the cash elements payable under the BSP for performance in 2010; these supplementary contributions of £411,000 (2010: £nil) and £253,000 (2010: £nil) respectively are included in the 'Annual performance bonus – cash element' amounts for 2010 disclosed in the executive directors' emoluments table on page 112.

(3) Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions should be made into their respective defined-contribution pension arrangements in return for surrendering the potential right to receive shares, pursuant to an award granted in 2008 under the Long Term Incentive Plan; these supplementary contributions amounted to £1,095,000 (2010: £nil) and £689,000 (2010: £nil) respectively and reflected the notional value of the shares at the date of vesting plus the notional value of dividends that would have accrued on the notional net number of shares between the date of vesting and when the contributions were paid.

Figure 20: Shares in Anglo American plc

As at 31 December 2011 and 1 January 2012

	Beneficial					Conditional
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll	65,315	786	337,992	114,673	125,747	–
René Médori[1]	54,444	785	200,999	72,710	80,102	–
Sir John Parker[2]	26,909	–	–	–	–	38,552
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	2,085	–	–	–	–	–
Phuthuma Nhleko[3]	0	–	–	–	–	–
Ray O'Rourke[4]	76,965	–	–	–	–	–
Mamphela Ramphele	4,788	–	–	–	–	–
Jack Thompson[4]	6,100	–	–	–	–	–
Peter Woicke[4]	17,677	–	–	–	–	–

Footnotes are below Figure 22.

Figure 21: Shares in Anglo American plc

As at 1 January 2011 (or, if later, date of appointment)

	Beneficial					Conditional
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll	51,787	707	276,969	89,661	113,979	–
René Médori[1]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[2]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Phuthuma Nhleko[3]	0	–	–	–	–	–
Ray O'Rourke[4]	34,500	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[4]	5,000	–	–	–	–	–
Peter Woicke[4]	10,177	–	–	–	–	–

Footnotes are below Figure 22.

Figure 22: Shares in Anglo American plc

As at 16 February 2012

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll	65,341	778	337,992	114,673	125,747	–
René Médori[1]	54,471	778	200,999	72,710	80,102	–
Sir John Parker[2]	26,909	–	–	–	–	38,552
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	2,331	–	–	–	–	–
Phuthuma Nhleko[3]	597	–	–	–	–	–
Ray O'Rourke[4]	76,965	–	–	–	–	–
Mamphela Ramphele	5,386	–	–	–	–	–
Jack Thompson[4]	6,100	–	–	–	–	–
Peter Woicke[4]	17,677	–	–	–	–	–

(1) René Médori's beneficial interest in 53,946 of the shares held at the date of this report arises as a result of his wife's interest in these shares.
(2) Following his appointment as chairman of the Company on 1 August 2009, Sir John Parker was awarded 31,000 ordinary shares in the Company which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship. As set out in last year's report, Sir John Parker was awarded a further 7,552 shares in the Company on 28 February 2011, which will be released in full on the third anniversary of the award date, subject to his continued chairmanship.
(3) Phuthuma Nhleko was appointed to the Board on 9 March 2011, although he was prevented from acquiring shares for most of 2011 due to various restricted periods in the year.
(4) Included in the interests of Messrs O'Rourke, Thompson and Woicke are unsponsored ADRs representing 0.5 ordinary shares of $0.54945 each.

10.6.4 Excess retirement benefits

No person who served as a director of the Company during or before 2011 has been paid or received retirement benefits in excess of the retirement benefits to which he/she was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

11. SUMS PAID TO THIRD PARTIES IN RESPECT OF A DIRECTOR'S SERVICES

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2011.

12. DIRECTORS' SHARE INTERESTS

The interests of directors who held office during the period 1 January 2011 to 31 December 2011 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 20 and 21.

Figure 22 outlines the changes in the above interests which occurred between 1 January 2012 and the date of this report.

APPROVAL

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors.

Sir Philip Hampton
Chairman, Remuneration Committee

16 February 2012

INDEPENDENT REMUNERATION REPORT REVIEW

This letter contains the findings and conclusions from our review of the processes followed by Anglo American's Remuneration Committee (the Committee) during 2011. The review was undertaken at your request as Chairman of the Committee in order to provide shareholders with assurance that the processes followed by the Committee supported the policy stated in Anglo American's Remuneration Report.

It is our view that the processes followed by the Committee during 2011 fully supported the Company's remuneration policy. Please find below a description of the process that we followed in coming to our conclusion, along with our detailed observations and recommendations.

REVIEW PROCESS

In order to reach our view we undertook the following:

- A review of the Committee's terms of reference
- A review of the minutes of the Committee covering the period from January to December 2011
- A review of any briefing materials prepared for the Committee during the year
- An interview with Chris Corrin in his capacity as Secretary to the Committee
- An interview with the Chairman of the Committee

FINDINGS

The Committee comprises entirely of independent non-executive directors. It met formally on three occasions in 2011.

We reviewed the minutes of each meeting along with any supporting papers or documentation that was tabled. We found that the decisions taken by the Committee were in line with Anglo American's stated remuneration policy namely that levels of reward, whilst competitive, require demanding performance conditions to be met which are consistent with shareholder interests. We are satisfied that the Committee closely adheres to the stated policy of setting base pay levels at the median of comparable companies, that at least 50% of remuneration for the executive directors is performance related and that variable pay is consistent with business performance, market conditions and retention of talent. We note that the Committee received a report from an outside consultant which verified this market position.

We are satisfied that the Committee challenges the proposals put forward by executive management and adopts a rigorous and robust approach to decision making.

We are also satisfied that the Committee seeks the advice of external consultants on technical issues where appropriate and gives careful consideration to the information and recommendations that it receives, before reaching an informed decision. Furthermore we note that the Committee undertook shareholder consultation during the year in relation to changes to the Long Term Incentive Plan.

CONCLUSIONS

On the basis of the document review referred to above and the interviews with the Chairman and Secretary of the Committee, we are comfortable that the Committee has discharged its duties in line with the Policy of Executive Remuneration stated in Anglo American's Annual Report.

Yours sincerely

Mark Hoble
Partner
Mercer Limited
Tower Place
London EC3R 5BU

1 February 2012

DIRECTORS' REPORT

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

More detailed information about the Group's businesses, activities and financial performance is incorporated in this report by reference and can be found in the Chairman's and Chief Executive's statements on pages 4 to 5 and 12 to 13 respectively and the Operating and financial review on pages 14 to 87. The Corporate governance statement is on pages 88 to 122 and is incorporated in this Directors' report by reference.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial performance review on pages 42 to 47. In addition detail is given on the Group's policy on managing credit and liquidity risk in the Principal Risks and Uncertainties section on pages 48 to 53, with details of our policy on capital risk management being set out in note 25 to the financial statements. The Group's net debt at 31 December 2011 was $1.4 billion (2010: $7.4 billion), representing a gearing level of 3.1% (2010: 16.3%). Details of borrowings and facilities are set out in notes 24 and 25 and net debt is set out in note 31.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2013. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

DIVIDENDS

An interim dividend of 28 US cents per ordinary share was paid on 15 September 2011. The directors are recommending that a final dividend of 46 US cents per ordinary share be paid on 26 April 2012 to ordinary shareholders on the register on 30 March 2012, subject to shareholder approval at the Annual General Meeting (AGM) to be held on 19 April 2012. This would bring the total dividend in respect of 2011 to 74 US cents per ordinary share. In accordance with International Financial Reporting Standards (IFRS), the final dividend will be accounted for in the financial statements for the year ended 31 December 2012.

Two shareholders have waived their rights to receive dividends. In both cases, these shareholders act as trustees/nominees holding shares for use solely in relation to the Group's employee share plans. These shareholders and the value of dividends waived during the year were:

- Greenwood Nominees Limited $669.80
- Security Nominees Limited $1,263,111.36

SHARE CAPITAL

The Company's issued share capital as at 31 December 2011, together with details of share allotments during the year, is set out in note 29 on pages 164 to 167.

The Company was authorised by shareholders at the AGM held on 21 April 2011 to purchase its own shares in the market up to a maximum of 14.99% of the issued share capital. No shares were purchased under this authority during 2011. This authority will expire at the 2012 AGM and in accordance with usual practice a resolution to renew it for another year will be proposed.

MATERIAL SHAREHOLDINGS

As at 16 February 2012, the Company was aware of the following interests in 3% or more of the Company's ordinary share capital:

Company	Number of shares	Percentage of common stocks
BlackRock, Inc.	78,986,629	5.97%
Epoch Two Investment Holdings Limited[1]	42,166,686	3.19%
Legal & General plc	53,328,155	4.03%
Public Investment Corporation (PIC)	77,592,603	5.86%
Tarl Investment Holdings Limited[1]	47,275,613	3.57%

[1] Epoch Two Investment Holdings Ltd (Epoch 2) and Tarl Investment Holdings Limited (Tarl) are two of the independent companies which have purchased shares as part of Anglo American's share buy back programme. Epoch 2 and Tarl have waived their right to vote all the shares they hold or will hold in Anglo American plc.

DIRECTORS

Biographical details of the directors currently serving on the Board are given on pages 90 and 91. Details of directors' interests in shares and share options of the Company can be found in the Remuneration report on pages 104 to 116.

Phuthuma Nhleko joined the Board on 9 March 2011. Nicky Oppenheimer retired from the Board after the conclusion of the AGM on 21 April 2011.

SUSTAINABLE DEVELOPMENT

The Sustainable Development report 2011 will be available in April 2012. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, its performance with regard to the Company's *Good Citizenship: Our Business Principles*, and the operational dimensions of its social programmes.

PAYMENT OF SUPPLIERS

Anglo American plc is a holding company and, as such, has no material trade creditors. Businesses across the Group are responsible for agreeing the terms under which transactions with their suppliers are conducted, reflecting local and industry norms and group purchasing arrangements which may have been made with a supplier. The Group values its suppliers and recognises the benefits to be derived from maintaining good relationships with them. Anglo American acknowledges the importance of paying invoices, especially those of small businesses, promptly.

VALUE OF LAND

Land is mainly carried in the financial statements at cost. It is not practicable to estimate the market value of land and mineral rights, since these depend on product prices over the next 20 years or more, which will vary with market conditions.

POST BALANCE SHEET EVENTS

Post balance sheet events are set out in note 38 to the financial statements on page 173.

AUDIT INFORMATION

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

EMPLOYMENT AND OTHER POLICIES

The Group's key operating businesses are empowered to manage, within the context of the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship: Our Business Principles*.

Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- adherence to national legal standards on employment and workplace rights at all times
- adoption of fair labour practices
- prohibition of child labour
- prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse
- continual promotion of safe and healthy working practices
- promotion of workplace equality and elimination of all forms of unfair discrimination
- provision of opportunities for employees to enhance their work related skills and capabilities
- recognition of the right of our employees to freedom of association
- adoption of fair and appropriate procedures for determining terms and conditions of employment.

It is our policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. We endeavour to retain the employment of, and arrange suitable retraining for, any employees in the workforce who become disabled during their employment. Where possible we will adjust a person's working environment to enable them to stay in our employment.

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The Business Principles are supplemented by four Anglo American 'Way' documents, covering the safety, environmental, occupational health and social aspects of sustainable development. These set out specific standards for each of these subject areas.

Copies of the *Good Citizenship: Our Business Principles* and the Anglo American 'Way' documents are available from the Company and may be accessed on the Company's website.

The Business Integrity Policy and Performance Standards set out how Group employees, business partners and major suppliers must act to ensure that our zero tolerance of corruption is upheld. All senior employees, and employees in high risk functions such as procurement, are trained to embed knowledge of the policy as well as the UK Bribery Act and how to behave in corruption risk situations. This training is ongoing and mandatory for all senior levels and others where it is deemed appropriate.

The Group has a well used enterprise information portal, theSource, which seeks to ensure that employees are regularly updated on developments within the Group, and feedback is encouraged. In addition, the Company regularly publishes *Optima* (available on the Company's website) and *OurWorld*, which contain items of news, current affairs and information relevant to Group employees.

For more information visit
www.angloamerican.com

CHARITABLE DONATIONS

During the year, Anglo American, its subsidiaries and the Anglo American Group Foundation made donations for charitable purposes or wider social investments amounting to $122 million (1.27% of operating profit from subsidiaries and joint ventures). Charitable donations of $1 million were made in the UK, of which the main categories were: education and training (42%) and health and welfare (12%). These figures were compiled with reference to the London Benchmarking Group model for defining and measuring social investment spending. A fuller analysis of the Group's social investment activities can be found in the Sustainable Development Report 2011.

POLITICAL DONATIONS

No political donations were made during 2011. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

ANNUAL GENERAL MEETING

The AGM will be held on 19 April 2012 when shareholders will have the opportunity to put questions to the Board, including the chairmen of the various committees. A separate booklet enclosed with this report contains the notice convening the meeting together with a description of the business to be conducted.

Facilities have been put in place to enable shareholders on the UK register to receive Company communications electronically rather than by mail and, for those unable to attend the meeting, to cast their votes by electronic means, including those shareholders whose shares are held in the CREST system.

In accordance with best practice, voting on each resolution to be proposed at the AGM will be conducted on a poll rather than by a show of hands. The results of the poll will be announced to the press and on the Company's website.

A General Meeting took place on 6 January 2012, where shareholders passed an ordinary resolution, by a 99.94% majority, in relation to the proposed acquisition of a further interest of up to 40% in DB Investments and De Beers sa.

ELECTRONIC COMMUNICATIONS

Since the implementation of the electronic communications provisions in the Companies Act 2006, the Company has substantially reduced the cost of annual report production and distribution. Shareholders may elect to receive notification by email of the availability of the annual report on the Company's website instead of receiving paper copies.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Set out below is a summary of certain provisions of the Company's current Articles of Association (the Articles) and applicable English law concerning companies (the Companies Act 2006 (the Companies Act)) required as a result of the implementation of the Takeovers Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and preference shares are set out in the Articles. The Articles may only be changed by the shareholders by special resolution.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. The debate around s323 of the Companies Act has been resolved so that where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

Restrictions on voting

No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Issue of shares

Subject to the provisions of the Companies Act relating to authority and pre-emption rights and of any resolution of the Company in a UK general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Shares in uncertificated form

Directors may determine that any class of shares may be held in uncertificated form and title to such shares may be transferred by means of a relevant system or that shares of any class should cease to be so held and transferred. Subject to the provisions of the Companies Act, the CREST Regulations and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company (together, the Statutes), the directors may determine that any class of shares held on the branch register of members of the Company resident in South Africa or any other overseas branch register of the members of the Company may be held in uncertificated form in accordance with any system outside the UK which enables title to such shares to be evidenced and transferred without a written instrument and which is a relevant system. The provisions of the Articles shall not apply to shares of any class which are in uncertificated form to the extent that the Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system or any provision of the CREST Regulations.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding or representing by proxy at least one third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register. All transfers of shares which are in uncertificated form may be effected by means of the CREST system.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it:

(a) is in respect of only one class of share; and

(b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares (not being fully paid shares) provided that, where any such shares are admitted to the Official List of the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

If the directors refuse to register an allotment or transfer, they shall send within two months after the date on which the letter of allotment or transfer was lodged with the Company, to the allottee or transferee, a notice of the refusal.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Directors

Directors shall not be less than 10 nor more than 18 in number. A director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of directors.

Powers of directors

Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the directors may determine. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him/her to the Company on account of calls or otherwise in relation to shares of the Company. The directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Appointment and replacement of directors

The directors may from time to time appoint one or more directors.

The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next AGM and shall then be eligible for election.

The Articles provide that at each AGM all those directors who have been in office for three years or more since their election or last re-election shall retire from office. In addition, a director may at any AGM retire from office and stand for re-election. However, in accordance with the UK Corporate Governance Code, all directors will be subject to annual re-election.

Significant agreements: Change of control

At 31 December 2011, Anglo American had committed bilateral and syndicated borrowing facilities totalling $11.1 billion with a number of relationship banks which contain change of control clauses. The rand 20 billion South African Medium Term Note Programme and $7.2 billion of the Group's bond issues also contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

Purchases of own shares

At the AGM held on 21 April 2011, authority was given for the Company to purchase, in the market, up to 197.9 million Ordinary Shares of $54^{86}/_{91}$ US cents each. The Company did not purchase any of its own shares during 2011.

Indemnities

To the extent permitted by law and the Articles the Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and which remain in force at the date of this report. Copies of these indemnities are open for inspection at the Company's registered office.

By order of the Board

Nicholas Jordan
Company Secretary

16 February 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONTENTS

RESPONSIBILITY STATEMENT

for the year ended 31 December 2011

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of Anglo American plc and the undertakings included in the consolidation taken as a whole; and

(b) the Operating and financial review includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Cynthia Carroll
Chief Executive

René Médori
Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PLC

We have audited the financial statements of Anglo American plc for the year ended 31 December 2011 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the accounting policies, the related notes 2 to 38 and the balance sheet of the Company and related information in note 39. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2011 and of the Group's and the Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Directors' report in relation to going concern;
- the part of the Corporate governance section relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Carl D. Hughes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

16 February 2012

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011

US$ million	Note	2011 Before special items and remeasurements	2011 Special items and remeasurements (note 5)	2011 Total	2010 Before special items and remeasurements	2010 Special items and remeasurements (note 5)	2010 Total
Group revenue	2	**30,580**	**–**	**30,580**	27,960	–	27,960
Total operating costs		**(20,912)**	**(229)**	**(21,141)**	(19,452)	158	(19,294)
Operating profit from subsidiaries and joint ventures	2, 3	**9,668**	**(229)**	**9,439**	8,508	158	8,666
Net profit on disposals	5	**–**	**183**	**183**	–	1,579	1,579
Share of net income from associates	2, 17	**978**	**(1)**	**977**	845	(23)	822
Total profit from operations and associates		**10,646**	**(47)**	**10,599**	9,353	1,714	11,067
Investment income		**668**	**–**	**668**	568	–	568
Interest expense		**(695)**	**–**	**(695)**	(801)	–	(801)
Other financing gains/(losses)		**7**	**203**	**210**	(11)	105	94
Net finance income/(costs)	9	**(20)**	**203**	**183**	(244)	105	(139)
Profit before tax		**10,626**	**156**	**10,782**	9,109	1,819	10,928
Income tax expense	11a	**(2,741)**	**(119)**	**(2,860)**	(2,699)	(110)	(2,809)
Profit for the financial year		**7,885**	**37**	**7,922**	6,410	1,709	8,119
Attributable to:							
Non-controlling interests		**1,765**	**(12)**	**1,753**	1,434	141	1,575
Equity shareholders of the Company		**6,120**	**49**	**6,169**	4,976	1,568	6,544
Earnings per share (US$)							
Basic	13	**5.06**	**0.04**	**5.10**	4.13	1.30	5.43
Diluted	13	**4.85**	**0.04**	**4.89**	3.96	1.22	5.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

US$ million	Note	2011	2010
Profit for the financial year		**7,922**	8,119
Net gain on revaluation of available for sale investments		**115**	316
Net loss on cash flow hedges		**(94)**	(14)
Net exchange difference on translation of foreign operations (including associates)		**(4,060)**	2,431
Actuarial net (loss)/gain on post employment benefit schemes		**(214)**	131
Share of associates' expense recognised directly in equity, net of tax		**(32)**	(50)
Tax on items recognised directly in equity	11c	**24**	(149)
Net (expense)/income recognised directly in equity		**(4,261)**	2,665
Transferred to income statement: sale of available for sale investments		**(10)**	–
Transferred to income statement: cash flow hedges		**5**	4
Transferred to initial carrying amount of hedged items: cash flow hedges		**54**	20
Transferred to income statement: net exchange difference on disposal of foreign operations		**45**	(40)
Share of associates' expense transferred from equity, net of tax		**–**	(8)
Tax on items transferred from equity	11c	**(14)**	1
Total transferred from equity		**80**	(23)
Total comprehensive income for the financial year		**3,741**	10,761
Attributable to:			
Non-controlling interests		**1,142**	1,885
Equity shareholders of the Company		**2,599**	8,876

CONSOLIDATED BALANCE SHEET

as at 31 December 2011

US$ million	Note	2011	2010
Intangible assets	14	**2,322**	2,316
Property, plant and equipment	15	**40,549**	39,810
Environmental rehabilitation trusts	16	**360**	379
Investments in associates	17	**5,240**	4,900
Financial asset investments	19	**2,896**	3,220
Trade and other receivables	21	**437**	321
Deferred tax assets	27	**530**	389
Other financial assets (derivatives)	25	**668**	465
Other non-current assets		**138**	178
Total non-current assets		**53,140**	51,978
Inventories	20	**3,517**	3,604
Trade and other receivables	21	**3,674**	3,731
Current tax assets		**207**	235
Other financial assets (derivatives)	25	**172**	377
Cash and cash equivalents	31b	**11,732**	6,401
Total current assets		**19,302**	14,348
Assets classified as held for sale	33	**–**	330
Total assets		**72,442**	66,656
Trade and other payables	22	**(5,098)**	(4,950)
Short term borrowings	24, 31b	**(1,018)**	(1,535)
Provisions for liabilities and charges	26	**(372)**	(446)
Current tax liabilities		**(1,528)**	(871)
Other financial liabilities (derivatives)	25	**(162)**	(80)
Total current liabilities		**(8,178)**	(7,882)
Medium and long term borrowings	24, 31b	**(11,855)**	(11,904)
Retirement benefit obligations	28	**(639)**	(591)
Deferred tax liabilities	27	**(5,730)**	(5,641)
Other financial liabilities (derivatives)	25	**(950)**	(755)
Provisions for liabilities and charges	26	**(1,830)**	(1,666)
Other non-current liabilities		**(71)**	(104)
Total non-current liabilities		**(21,075)**	(20,661)
Liabilities directly associated with assets classified as held for sale	33	**–**	(142)
Total liabilities		**(29,253)**	(28,685)
Net assets		**43,189**	37,971
Equity			
Called-up share capital	29	**738**	738
Share premium account		**2,714**	2,713
Other reserves		**283**	3,642
Retained earnings		**35,357**	27,146
Equity attributable to equity shareholders of the Company		**39,092**	34,239
Non-controlling interests		**4,097**	3,732
Total equity		**43,189**	37,971

The financial statements of Anglo American plc, registered number 3564138, were approved by the Board of directors on 16 February 2012 and signed on its behalf by:

Cynthia Carroll
Chief Executive

René Médori
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2011

US$ million	Note	2011	2010
Cash flows from operations	31a	**11,498**	9,924
Dividends from associates		**344**	255
Dividends from financial asset investments		**59**	30
Income tax paid		**(2,539)**	(2,482)
Net cash inflows from operating activities		**9,362**	7,727
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(6,203)**	(5,280)
Cash flows from derivatives related to capital expenditure	2	**439**	286
Investment in associates		**(47)**	(519)
Purchase of financial asset investments		**(16)**	(134)
Net repayment of loans granted		**22**	18
Interest received and other investment income		**350**	235
Disposal of subsidiaries, net of cash and cash equivalents disposed	32	**514**	2,539
Sale of interests in joint ventures	32	**19**	256
Repayment of capitalised loans by associates		**4**	33
Proceeds from disposal of property, plant and equipment		**77**	64
Other investing activities		**(12)**	32
Net cash used in investing activities		**(4,853)**	(2,470)
Cash flows from financing activities			
Interest paid		**(807)**	(837)
Cash flows from derivatives related to financing activities		**226**	217
Dividends paid to Company shareholders		**(818)**	(302)
Dividends paid to non-controlling interests		**(1,404)**	(617)
Repayment of short term borrowings		**(1,261)**	(2,338)
Net receipt of medium and long term borrowings		**964**	1,194
Movements in non-controlling interests		**4,964**	356
Sale of shares under employee share schemes		**20**	42
Purchase of shares by subsidiaries for employee share schemes[(1)]		**(367)**	(106)
Other financing activities		**(43)**	(9)
Net cash inflows from/(used in) financing activities		**1,474**	(2,400)
Net increase in cash and cash equivalents		**5,983**	2,857
Cash and cash equivalents at start of year	31c	**6,460**	3,319
Cash movements in the year		**5,983**	2,857
Effects of changes in foreign exchange rates		**(711)**	284
Cash and cash equivalents at end of year	31c	**11,732**	6,460

(1) Includes purchase of Kumba Iron Ore Limited and Anglo American Platinum Limited shares for their respective employee share schemes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

US$ million	Total share capital[1]	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves (note 30)	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2010	3,451	21,291	401	(551)	1,529	26,121	1,948	28,069
Total comprehensive income	–	6,595	–	2,004	277	8,876	1,885	10,761
Dividends payable to Company shareholders	–	(302)	–	–	–	(302)	–	(302)
Dividends payable to non-controlling interests	–	–	–	–	–	–	(617)	(617)
Changes in ownership interest in subsidiaries	–	(471)	–	21	(107)	(557)	(112)	(669)
Issue of shares to non-controlling interests	–	90	–	–	–	90	572	662
Consolidation by De Beers of non-controlling interest	–	(128)	–	–	–	(128)	–	(128)
Equity settled share-based payment schemes	–	64	86	–	–	150	13	163
Other	–	7	(11)	–	(7)	(11)	43	32
Balance at 1 January 2011	**3,451**	**27,146**	**476**	**1,474**	**1,692**	**34,239**	**3,732**	**37,971**
Total comprehensive income	**–**	**5,928**	**–**	**(3,404)**	**75**	**2,599**	**1,142**	**3,741**
Dividends payable to Company shareholders	**–**	**(834)**	**–**	**–**	**–**	**(834)**	**–**	**(834)**
Dividends payable to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(1,401)**	**(1,401)**
Changes in ownership interest in subsidiaries	**–**	**3,027**	**–**	**–**	**–**	**3,027**	**788**	**3,815**
Issue of shares to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**16**	**16**
Equity settled share-based payment schemes	**–**	**(19)**	**(18)**	**–**	**–**	**(37)**	**(167)**	**(204)**
IFRS 2 charges on black economic empowerment transactions	**–**	**102**	**–**	**–**	**–**	**102**	**29**	**131**
Other	**1**	**7**	**(5)**	**–**	**(7)**	**(4)**	**(42)**	**(46)**
Balance at 31 December 2011	**3,452**	**35,357**	**453**	**(1,930)**	**1,760**	**39,092**	**4,097**	**43,189**

[1] Total share capital comprises called-up share capital of $738 million (2010: $738 million) and the share premium account of $2,714 million (2010: $2,713 million).

Dividends

	Note	2011	2010
Proposed ordinary dividend per share (US cents)	12	**46**	40
Proposed ordinary dividend (US$ million)	12	**557**	483
Ordinary dividends payable during the year per share (US cents)	12	**68**	25
Ordinary dividends payable during the year (US$ million)	12	**834**	302

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the Disclosure and Transparency rules of the Financial Services Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below with an explanation of changes to previous policies following adoption of new accounting standards and interpretations in the year.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Directors' report on page 117.

Changes in accounting policies and disclosures

A number of amendments to accounting standards and new interpretations issued by the International Accounting Standards Board (IASB) were applicable from 1 January 2011. They have not had a material impact on the accounting policies, methods of computation or presentation applied by the Group.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

For non-wholly owned subsidiaries, a share of the profit or loss for the financial year and net assets or liabilities is attributed to the non-controlling interests as shown in the income statement and balance sheet.

Associates

Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically the Group owns between 20% and 50% of the voting equity of its associates. Investments in associates are accounted for using the equity method of accounting except when classified as held for sale.

The Group's share of associates' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates are reviewed on a regular basis and if an impairment in value has occurred, the carrying value is impaired in the period in which the relevant circumstances are identified. The Group's share of an associate's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Jointly controlled entities

A jointly controlled entity is an entity in which the Group holds a long term interest and shares joint control over strategic, financial and operating decisions with one or more other venturers under a contractual arrangement.

The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using proportionate consolidation. Proportionate consolidation combines the Group's share of the results of the joint venture entity on a line by line basis with similar items in the Group's financial statements.

Jointly controlled operations

The Group has contractual arrangements with other participants to engage in joint activities other than through a separate entity. The Group includes its assets, liabilities, expenditure and its share of revenue in such joint venture operations with similar items in the Group's financial statements.

Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Revenue from metal mining activities is based on the payable metal sold.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recognised in revenue.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture entity or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. Goodwill is the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) less the fair value of the Group's share of identifiable net assets on acquisition. Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint ventures is included within intangible assets. Goodwill relating to associates is included within the carrying value of the associate.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is recognised directly in the income statement in the period of acquisition.

1. ACCOUNTING POLICIES continued

For non-wholly owned subsidiaries, non-controlling interests are initially recorded at the non-controlling interest's proportion of the fair values of net assets recognised at acquisition.

Property, plant and equipment

Mining properties and leases include the cost of acquiring and developing mining properties and mineral rights.

Mining properties are depreciated to their residual values using the unit of production method based on proven and probable ore reserves and, in certain limited circumstances, other mineral resources. Mineral resources are included in depreciation calculations where there is a high degree of confidence that they will be extracted in an economic manner. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, an impairment loss is recognised in the income statement.

For open pit operations the removal of overburden or waste ore is required to obtain access to the orebody. To the extent that the actual waste material removed per tonne of ore mined (known as the stripping ratio) is higher than the average stripping ratio, costs associated with this process are deferred and charged to operating costs using the expected average stripping ratio over the life of the area being mined. This reflects the fact that waste removal is necessary to gain access to the orebody and therefore realise future economic benefit. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the mine life, per tonne of ore expected to be mined. The cost of stripping in any period will therefore be reflective of the average stripping ratio for the orebody as a whole applied to the actual stripping costs incurred. However, where the pit profile is such that the actual stripping ratio is cumulatively below the average, no deferral takes place as this would result in recognition of a liability for which there is no obligation. Instead this position is monitored and when the cumulative calculation reflects a debit balance deferral commences. The average mine life stripping ratio is recalculated annually in light of additional knowledge and changes in estimates. Changes in the mine life stripping ratio are accounted for prospectively as a change in estimate.

Properties in the course of construction are measured at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings and plant and equipment are depreciated to their residual values at varying rates on a straight line basis over their estimated useful lives or the mine life, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount. The gain or loss is recognised in the income statement.

Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are usually between three and five years. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement as a special item.

Where an impairment loss subsequently reverses the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU. A reversal of an impairment loss is recognised in the income statement as a special item.

Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of CGUs that is expected to benefit from synergies of the combination and represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. The recoverable amount of the CGU or group of CGUs to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial year, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement. Impairment of goodwill is not subsequently reversed.

Exploration, evaluation and development expenditure

Exploration and evaluation expenditure is expensed in the year in which it is incurred. When a decision is taken that a mining property is economically feasible, all subsequent evaluation expenditure is capitalised within property, plant and equipment including, where applicable, directly attributable pre-production development expenditure. Capitalisation of such expenditure ceases when the mining property is capable of commercial production.

Exploration properties acquired are recognised in the balance sheet at cost less any accumulated impairment losses. Such properties and capitalised evaluation and pre-production development expenditure prior to commercial production are assessed for impairment in accordance with the Group's accounting policy stated above.

Inventory

Inventory and work in progress are measured at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- Raw materials and consumables are measured at cost on a first in, first out (FIFO) basis or a weighted average cost basis.
- Finished products are measured at raw material cost, labour cost and a proportion of manufacturing overhead expenses.
- Metal and coal stocks are included within finished products and are measured at average cost.

At precious metals operations that produce 'joint products', cost is allocated amongst products according to the ratio of contribution of these metals to gross sales revenues.

Retirement benefits

The Group operates both defined benefit and defined contribution pension plans for its employees as well as post employment medical plans. For defined contribution plans the amount recognised in the income statement is the contributions paid or payable during the year.

For defined benefit pension and post employment medical plans, full actuarial valuations are carried out every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, is based on government bonds. Pension plan assets are measured using year end market values.

1. ACCOUNTING POLICIES continued

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The expected return on plan assets and the expected increase during the year in the present value of plan liabilities are included in investment income and interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and right to use that asset is conveyed through the contract.

Rental costs under operating leases are recognised in the income statement in equal annual amounts over the lease term.

Finance lease assets are recognised as assets of the Group on inception of the lease at the lower of fair value or the present value of the minimum lease payments discounted at the interest rate implicit in the lease. The interest element of the rental is recognised in the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability, unless it is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's general policy on borrowing costs set out below.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable within one year from the date of classification, management is committed to the sale and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

A discontinued operation is a component of the Group's business that has been sold or is classified as held for sale and is part of a single coordinated plan to dispose of either a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to sale. Once an operation has been identified as discontinued, its net profit and cash flows are separately presented from continuing operations. Comparative information is reclassified so that net profit and cash flows of prior periods are also separately presented.

Environmental restoration and decommissioning obligations

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out above.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are disclosed separately on the balance sheet as non-current assets. The trusts' assets are measured based on the nature of the underlying assets in accordance with accounting policies for similar assets.

Foreign currency transactions and translation

Foreign currency transactions by Group companies are recognised in the functional currencies of the companies at the exchange rate ruling on the date of transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1. ACCOUNTING POLICIES continued

On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of transactions. Any exchange differences arising are classified within the statement of comprehensive income and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future and therefore form part of the Group's net investment in these foreign operations are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the closing rate.

Presentation currency

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which its business is primarily conducted.

Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

Black economic empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*). The discount provided or value given is calculated in accordance with IFRS 2 and included in the determination of the profit or loss on disposal.

Employee benefit trust

Shares held by the employee benefit trust are recorded as treasury shares, and the carrying value is shown as a reduction in retained earnings within shareholders' equity.

Financial instruments

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost.

Trade receivables

Trade receivables do not incur any interest, are short term in nature and are measured at their nominal value (with the exception of receivables relating to provisionally priced sales, as set out in the revenue recognition accounting policy) net of appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

Investments

Investments, other than investments in subsidiaries, joint ventures and associates, are financial asset investments and are initially recognised at fair value. At subsequent reporting dates, financial assets that the Group has the expressed intention and ability to hold to maturity (held to maturity) as well as loans and receivables are measured at amortised cost, less any impairment losses. The amortisation of any discount or premium on the acquisition of a held to maturity investment is recognised in the income statement in each period using the effective interest method.

Investments other than those classified as held to maturity or loans and receivables are classified as either at fair value through profit or loss (which includes investments held for trading) or available for sale financial assets. Both categories are subsequently measured at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

Current financial asset investments consist mainly of bank term deposits and fixed and floating rate debt securities. Debt securities that are intended to be held to maturity are measured at amortised cost, using the effective interest method. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value.

Impairment of financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses relating to available for sale investments are recognised when the decline in fair value is considered significant or prolonged. These impairment losses are recognised by transferring the cumulative loss that has been recognised in the statement of comprehensive income to the income statement. The loss recognised in the income statement is the difference between the acquisition cost and the current fair value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1. ACCOUNTING POLICIES continued

Trade payables

Trade payables are not interest bearing and are measured at their nominal value with the exception of amounts relating to purchases of provisionally priced concentrate which are marked to market (using the appropriate forward price) until settled.

Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recognised within borrowings and carried at amortised cost. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (normal purchase or normal sale) contracts that meet the scope exemption in IAS 39 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within Other financial assets (derivatives) or Other financial liabilities (derivatives) except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement. Gains or losses from remeasuring the associated derivative are recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity (part of the cumulative translation adjustment reserve). The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in the cumulative translation adjustment reserve are included in the income statement on disposal of the foreign operations to which they relate.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the income statement for the period.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement and are classified within other gains and losses or net finance costs depending on the type of risk to which the derivative relates.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

New IFRS accounting standards and interpretations not yet adopted

The following new or amended IFRS accounting standards not yet adopted are expected to have a significant impact on the Group:

IFRS 9 *Financial Instruments – Classification and Measurement* reflects the first phase of the IASB's three stage project to replace IAS 39. The first phase deals with the classification and measurement of financial assets and financial liabilities. The standard applies to annual periods beginning on or after 1 January 2015.

IFRS 10 *Consolidated Financial Statements* replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 provides a single basis for consolidation with a new definition of control. The standard applies to annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. Under IFRS 11 a joint arrangement is classified as either a joint operation or a joint venture, and the option to proportionately consolidate joint ventures has been removed. Interests in joint ventures must be equity accounted. This standard applies to annual periods beginning on or after 1 January 2013.

IFRS 12 *Disclosures of Interests in Other Entities* will accompany IFRS 10 and IFRS 11. This standard combines the disclosure requirements previously covered by IAS 27, related to consolidated financial statements, IAS 31 and IAS 28 *Investments in Associates*, as well as including additional disclosure requirements. This standard applies to annual periods beginning on or after 1 January 2013.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* provides a model for accounting for costs associated with the removal of waste during the production phase of a surface mine, including guidance on the apportionment of the costs incurred for obtaining a current and future benefit and how capitalised costs are depreciated. This interpretation applies to annual periods beginning on or after 1 January 2013.

1. ACCOUNTING POLICIES continued

The following new, amended or revised IFRS accounting standards and interpretations not yet adopted are not expected to have a significant impact on the Group:

IFRS 13 *Fair Value Measurement* provides a single framework for all fair value measurements and applies to annual periods beginning on or after 1 January 2013.

The amendment to IAS 1 *Presentation of Financial Statements* requires items to be grouped in other comprehensive income based on whether those items are subsequently reclassified to profit or loss. The amendment is to be applied for annual periods beginning on or after 1 July 2012.

The amendment to IAS 12 *Income taxes* is to be applied for annual periods beginning on or after 1 January 2012.

The amendment to IAS 19 *Employee Benefits* is to be applied retrospectively for annual periods beginning on or after 1 January 2013.

Amendments have been made to IAS 27 and it has been reissued as IAS 27 *Separate Financial Statements.* The revised standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates in consolidated financial statements are prescribed by IFRS 10, IFRS 11 and IFRS 12. The revised standard is to be applied for annual periods beginning on or after 1 January 2013.

Amendments have been made to IAS 28 and it has been reissued as IAS 28 *Investments in Associates and Joint Ventures*. The revised standard prescribes the application of the equity method when accounting for investments in associates and joint ventures. The revised standard is to be applied for annual periods beginning on or after 1 January 2013.

The amendment to IFRS 7 *Financial Instruments: Disclosures* is effective for annual periods beginning on or after 1 July 2011.

Critical accounting judgements and key sources of estimation and uncertainty

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to estimation of the ore reserves and useful economic lives of assets and impairment of assets, restoration, rehabilitation and environmental costs, retirement benefits, financial assets and liabilities at fair value through profit and loss and contingent liabilities. These are detailed below. The use of inaccurate assumptions in calculations for any of these estimates could result in a significant impact on financial results.

Ore Reserve estimates and useful economic lives of assets

When determining Ore Reserves, which may be used to calculate depreciation on the Group's mining properties, assumptions that were valid at the time of estimation may change when new information becomes available. Any changes could affect prospective depreciation rates and asset carrying values.

The calculation of the unit of production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proven and probable mineral reserves. Factors which could impact useful economic lives of assets and Ore Reserve estimates include:

- Changes to Proved and Probable Reserves
- The grade of Ore Reserves varying significantly from time to time
- Differences between actual commodity prices and commodity price assumptions used in the estimation of mineral reserves
- Renewal of mining licences
- Unforeseen operational issues at mine sites
- Adverse changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates used to determine mineral reserves.

For property, plant and equipment depreciated on a straight line basis over its useful economic life, management reviews the appropriateness of useful economic life at least annually and any changes could affect prospective depreciation rates and asset carrying values.

Impairment of assets

In making assessments for impairment, management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGUs, and also in estimating the timing and value of underlying cash flows within the calculation of recoverable amount. Factors which could impact underlying cash flows include:

- commodity prices and exchange rates
- timelines of granting of licences and permits
- capital and operating expenditure
- available reserves and resources.

Subsequent changes to the CGU allocation or to the timing of or assumptions used to determine cash flows could impact the carrying value of the respective assets.

Restoration, rehabilitation and environmental costs

Costs for restoration of site damage, rehabilitation and environmental costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

Retirement benefits

The expected costs of providing pensions and post employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial and actuarial assumptions.

Assumptions in respect of the expected costs are set after consultation with qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the Group's other comprehensive income going forward.

Financial assets and liabilities at fair value through profit and loss

The fair value of the Group's financial assets and liabilities held at fair value though profit and loss represents the market value of quoted investments and other traded instruments where available. For financial assets and liabilities held at fair value through profit and loss for which market prices are not readily available, fair value is determined using discounted cash flows or other valuation techniques using assumptions considered to be reasonable and consistent with those that would be used by a market participant. The assessment of assumptions used in applying valuation techniques is inherently subjective and the use of inaccurate assumptions could result in a significant impact on financial results.

Contingent liabilities

On an ongoing basis the Group is a party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognised where, based on the Group's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. Disclosure of other contingent liabilities is made in note 34 unless the possibility of a loss arising is considered remote.

2. SEGMENTAL INFORMATION

The Group's segments are aligned to the structure of business units based around core commodities. Each business unit has a management team that is accountable to the Chief Executive. The Kumba Iron Ore, Iron Ore Brazil and Samancor business units have been aggregated as the Iron Ore and Manganese segment on the basis of the ultimate product produced (ferrous metals).

Following a strategic review during the year, Peace River Coal is now managed as part of the Metallurgical Coal business unit, and accordingly is presented as part of the Metallurgical Coal segment. It was previously reported within the Other Mining and Industrial reporting segment. Comparatives have been reclassified to align with current year presentation.

Catalão and Copebrás, reported in the Other Mining and Industrial segment, are now considered core to the Group. Tarmac and Scaw, which were identified for divestment as part of the restructuring programme announced in October 2009, are not considered to be individually significant to the Group and are therefore also presented in the Other Mining and Industrial reporting segment. Until February 2011, this reporting segment also included the zinc operations.

The Group's Executive Committee evaluates the financial performance of the Group and its segments principally with reference to operating profit before special items and remeasurements which includes the Group's attributable share of associates' operating profit before special items and remeasurements.

Segments predominantly derive revenue as follows – Iron Ore and Manganese: iron ore, manganese ore and alloys; Metallurgical Coal: metallurgical coal; Thermal Coal: thermal coal; Copper and Nickel: base metals; Platinum: platinum group metals; Diamonds: rough and polished diamonds and diamond jewellery; and Other Mining and Industrial: phosphates, niobium, heavy building materials, steel products and, until February 2011, zinc.

The Exploration segment includes the cost of the Group's exploration activities across all segments, excluding Diamonds.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

Analysis by segment

Revenue and operating profit by segment

	Revenue[1]		Operating profit/(loss)[2]	
US$ million	2011	2010	2011	2010
Iron Ore and Manganese	**8,124**	6,612	**4,520**	3,681
Metallurgical Coal	**4,347**	3,522	**1,189**	780
Thermal Coal	**3,722**	2,866	**1,230**	710
Copper	**5,144**	4,877	**2,461**	2,817
Nickel	**488**	426	**57**	96
Platinum	**7,359**	6,602	**890**	837
Diamonds	**3,320**	2,644	**659**	495
Other Mining and Industrial	**4,039**	5,375	**195**	664
Exploration	**–**	–	**(121)**	(136)
Corporate Activities and Unallocated Costs	**5**	5	**15**	(181)
Segment measure	**36,548**	32,929	**11,095**	9,763
Reconciliation:				
Less: associates	**(5,968)**	(4,969)	**(1,427)**	(1,255)
Operating special items and remeasurements	**–**	–	**(229)**	158
Statutory measure	**30,580**	27,960	**9,439**	8,666

(1) Segment revenue includes the Group's attributable share of associates' revenue. This is reconciled to Group revenue from subsidiaries and joint ventures as presented in the Consolidated income statement.

(2) Segment operating profit is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit before special items and remeasurements. This is reconciled to operating profit from subsidiaries and joint ventures after special items and remeasurements as presented in the Consolidated income statement.

Associates' revenue and operating profit

	Associates' revenue		Associates' operating profit/(loss)[1]	
US$ million	2011	2010	2011	2010
Iron Ore and Manganese	**926**	983	**165**	382
Metallurgical Coal	**372**	258	**207**	122
Thermal Coal	**1,080**	761	**482**	308
Platinum	**269**	237	**(86)**	(59)
Diamonds	**3,320**	2,644	**659**	495
Other Mining and Industrial	**1**	86	**–**	7
	5,968	4,969	**1,427**	1,255
Reconciliation:				
Associates' net finance costs			**(48)**	(88)
Associates' income tax expense			**(385)**	(313)
Associates' non-controlling interests			**(16)**	(9)
Share of net income from associates (before special items and remeasurements)			**978**	845
Associates' special items and remeasurements			**(5)**	(22)
Associates' special items and remeasurements tax			**1**	(2)
Associates' non-controlling interests on special items and remeasurements			**3**	1
Share of net income from associates			**977**	822

(1) Associates' operating profit is the Group's attributable share of associates' revenue less operating costs before special items and remeasurements.

2. SEGMENTAL INFORMATION continued

Non-cash items

Significant non-cash items included within operating profit before special items and remeasurements are as follows:

	Depreciation and amortisation[1]		Other non-cash expenses[2]	
US$ million	2011	2010	2011	2010
Iron Ore and Manganese	**180**	142	**127**	90
Metallurgical Coal	**375**	343	**104**	76
Thermal Coal	**128**	113	**30**	40
Copper	**289**	269	**124**	97
Nickel	**27**	26	**10**	23
Platinum	**729**	750	**76**	57
Other Mining and Industrial	**198**	230	**51**	15
Exploration	**–**	–	**3**	4
Corporate Activities and Unallocated Costs	**41**	46	**54**	61
	1,967[3]	1,919[3]	**579**	463

(1) In addition the Group's attributable share of depreciation and amortisation in associates is $286 million (2010: $301 million). This is split by segment as follows: Iron Ore and Manganese $33 million (2010: $33 million), Metallurgical Coal $13 million (2010: $11 million), Thermal Coal $52 million (2010: $49 million), Platinum $53 million (2010: $37 million) and Diamonds $135 million (2010: $171 million).

(2) Other non-cash expenses include equity settled share-based payment charges and amounts included in operating costs in respect of provisions, excluding amounts recorded within special items.

(3) In addition $84 million (2010: $97 million) of accelerated depreciation has been recorded within operating special items (see note 5) and $39 million (2010: nil) of pre-commercial production depreciation has been capitalised.

Capital expenditure and net debt

	Capital expenditure[1]		Net debt[2]	
US$ million	2011	2010	2011	2010
Iron Ore and Manganese	**1,732**	1,195	**1,211**	89
Metallurgical Coal	**695**	235	**(211)**	(635)
Thermal Coal	**190**	274	**81**	(50)
Copper	**1,570**	1,530	**(781)**	(243)
Nickel	**398**	525	**603**	561
Platinum	**970**	1,011	**20**	(65)
Other Mining and Industrial	**152**	206	**338**	385
Exploration	**1**	–	**(6)**	(2)
Corporate Activities and Unallocated Costs	**56**	18	**119**	7,403
	5,764	4,994	**1,374**	7,443
Reconciliation:				
Remove: cash flows from derivatives relating to capital expenditure	**439**	286		
Purchase of property, plant and equipment	**6,203**	5,280		
Interest capitalised	**321**	247		
Non-cash movements[3]	**27**	305		
Net debt in disposal groups			**–**	(59)
	6,551	5,832	**1,374**	7,384
Property, plant and equipment additions in disposal groups[4]	**(2)**	(46)		
Property, plant and equipment additions[5]	**6,549**	5,786		

(1) Capital expenditure is segmented on a cash basis and is reconciled to balance sheet additions. Cash capital expenditure includes cash flows on related derivatives.

(2) Segment net debt includes related hedges and excludes net debt in disposal groups. For a reconciliation of net debt to the balance sheet see note 31b.

(3) Includes movements on capital expenditure accruals, movements relating to deferred stripping and the impact of realised cash flow hedges.

(4) Relates to additions in businesses held in disposal groups, prior to their sale.

(5) Capital expenditure on an accruals basis is split by segment as follows: Iron Ore and Manganese $2,125 million (2010: $1,536 million), Metallurgical Coal $681 million (2010: $314 million), Thermal Coal $231 million (2010: $297 million), Copper $1,877 million (2010: $1,820 million), Nickel $405 million (2010: $602 million), Platinum $1,014 million (2010: $1,043 million), Other Mining and Industrial $159 million (2010: $153 million), Exploration $1 million (2010: $1 million) and Corporate Activities and Unallocated Costs $56 million (2010: $20 million).

2. SEGMENTAL INFORMATION continued

Segment assets and liabilities

The following balance sheet segment measures are provided for information:

	Segment assets[1]		Segment liabilities[2]		Net segment assets/(liabilities)	
US$ million	2011	2010	2011	2010	2011	2010
Iron Ore and Manganese	13,646	12,333	(577)	(632)	13,069	11,701
Metallurgical Coal	5,660	5,159	(968)	(827)	4,692	4,332
Thermal Coal	2,650	2,897	(764)	(786)	1,886	2,111
Copper	8,767	7,300	(1,124)	(1,009)	7,643	6,291
Nickel	2,655	2,443	(120)	(109)	2,535	2,334
Platinum	12,288	14,701	(1,097)	(1,223)	11,191	13,478
Other Mining and Industrial	3,923	4,148	(722)	(755)	3,201	3,393
Exploration	2	3	(3)	(12)	(1)	(9)
Corporate Activities and Unallocated Costs	375	402	(584)	(377)	(209)	25
	49,966	49,386	(5,959)	(5,730)	44,007	43,656
Other assets and liabilities						
Investments in associates[3]	5,240	4,900	–	–	5,240	4,900
Financial asset investments	2,896	3,220	–	–	2,896	3,220
Deferred tax assets/(liabilities)	530	389	(5,730)	(5,641)	(5,200)	(5,252)
Other financial assets/(liabilities) – derivatives	840	842	(1,112)	(835)	(272)	7
Cash and cash equivalents	11,732	6,401	–	–	11,732	6,401
Other non-operating assets/(liabilities)	1,238	1,518	(2,715)	(2,233)	(1,477)	(715)
Borrowings	–	–	(12,873)	(13,439)	(12,873)	(13,439)
Other provisions for liabilities and charges	–	–	(864)	(807)	(864)	(807)
Net assets	72,442	66,656	(29,253)	(28,685)	43,189	37,971

(1) Segment assets at 31 December 2011 are operating assets and consist of intangible assets of $2,322 million (2010: $2,316 million), property, plant and equipment of $40,549 million (2010: $39,810 million), biological assets of $17 million (2010: $2 million), environmental rehabilitation trusts of $360 million (2010: $379 million), retirement benefit assets of $70 million (2010: $112 million), inventories of $3,517 million (2010: $3,604 million) and operating receivables of $3,131 million (2010: $3,163 million).

(2) Segment liabilities at 31 December 2011 are operating liabilities and consist of non-interest bearing current liabilities of $3,982 million (2010: $3,834 million), environmental restoration and decommissioning provisions of $1,338 million (2010: $1,305 million) and retirement benefit obligations of $639 million (2010: $591 million).

(3) See note 17 for a split of investments in associates by segment.

Revenue by product

The Group's analysis of segment revenue by product (including attributable share of revenue from associates) is as follows:

US$ million	2011	2010
Iron ore	6,830	5,234
Manganese ore and alloys	926	983
Metallurgical coal	3,444	2,711
Thermal coal	4,621	3,707
Copper	5,023	4,782
Nickel	948	824
Platinum	4,578	4,053
Palladium	1,076	697
Rhodium	703	782
Diamonds	3,320	2,644
Phosphates	571	461
Heavy building materials	2,347	2,376
Steel products	931	1,568
Other	1,230	2,107
	36,548	32,929

Geographical analysis

Revenue by destination and non-current segment assets by location

The Group's geographical analysis of segment revenue (including attributable share of revenue from associates) allocated based on the country in which the customer is located, and non-current segment assets, allocated based on the country in which the assets are located, is as follows:

	Revenue		Non-current segment assets[1]	
US$ million	2011	2010	2011	2010
South Africa	3,589	3,307	15,215	17,389
Other Africa	618	502	357	373
Brazil	1,177	1,135	12,622	11,159
Chile	2,030	1,940	7,001	5,628
Other South America	50	207	655	589
North America	1,861	1,805	685	540
Australia	312	474	4,170	4,022
China	6,446	5,075	–	5
India	2,343	2,021	–	–
Japan	4,925	4,198	–	–
Other Asia	3,487	2,818	47	42
United Kingdom (Anglo American plc's country of domicile)	3,962	3,980	2,117	2,331
Other Europe	5,748	5,467	2	48
	36,548	32,929	42,871	42,126

(1) Non-current segment assets are non-current operating assets and consist of intangible assets and property, plant and equipment.

2. SEGMENTAL INFORMATION continued

Revenue and operating profit by origin

Segment revenue and operating profit before special items and remeasurements by origin (including attributable share of revenue and operating profit from associates) are provided for information:

	Revenue		Operating profit/(loss) before special items and remeasurements	
US$ million	2011	2010	2011	2010
South Africa	**17,855**	15,711	**6,059**	5,001
Other Africa	**2,763**	2,329	**501**	501
Brazil	**1,404**	1,127	**152**	82
Chile	**5,170**	5,224	**2,581**	2,967
Other South America	**1,364**	1,141	**512**	367
North America	**615**	679	**256**	14
Australia and Asia	**5,058**	4,141	**1,318**	911
Europe	**2,319**	2,577	**(284)**	(80)
	36,548	32,929	**11,095**	9,763

Segment assets and liabilities by location

The Group's geographical analysis of segment assets and liabilities, allocated based on where assets and liabilities are located, is provided for information:

	Segment assets[1]		Segment liabilities		Net segment assets	
US$ million	2011	2010	2011	2010	2011	2010
South Africa	**18,364**	21,294	**(2,620)**	(2,815)	**15,744**	18,479
Other Africa	**385**	377	**(20)**	(26)	**365**	351
Brazil	**13,188**	11,576	**(303)**	(358)	**12,885**	11,218
Chile	**7,950**	6,727	**(1,101)**	(1,005)	**6,849**	5,722
Other South America	**808**	679	**(48)**	(21)	**760**	658
North America	**782**	611	**(107)**	(38)	**675**	573
Australia and Asia	**5,450**	4,849	**(953)**	(851)	**4,497**	3,998
Europe	**3,039**	3,273	**(807)**	(616)	**2,232**	2,657
	49,966	49,386	**(5,959)**	(5,730)	**44,007**	43,656

(1) Investments in associates of $5,240 million (2010: $4,900 million) are not included in segment assets. The geographical distribution of these investments, based on the location of the underlying assets, is disclosed in note 17.

3. OPERATING PROFIT FROM SUBSIDIARIES AND JOINT VENTURES

US$ million	2011	2010
Group revenue	**30,580**	27,960
Cost of sales[1]	**(17,343)**	(15,949)
Gross profit	**13,237**	12,011
Selling and distribution costs	**(1,788)**	(1,740)
Administrative expenses	**(2,034)**	(1,815)
Other gains and losses (see below)	**145**	346
Exploration expenditure (see note 7)	**(121)**	(136)
Operating profit from subsidiaries and joint ventures	**9,439**	8,666

(1) Includes operating special item charges of $164 million (2010: $228 million), see note 5. Operating remeasurements are included in Other gains and losses (see below).

US$ million	2011	2010
Operating profit is stated after charging:		
Depreciation of property, plant and equipment (see note 15)[1]	**1,947**	1,888
Amortisation of intangible assets (see note 14)	**20**	31
Rentals under operating leases	**128**	121
Research and development expenditure	**38**	29
Operating special items (see note 5)	**164**	228
Employee costs (see note 8)	**4,707**	4,367
Adjustment due to provisional pricing[2]	**286**	(168)
Royalties[3]	**742**	586
Other gains and losses comprise:		
Operating remeasurements (see note 5)	**(65)**	386
Other fair value (losses)/gains on derivatives – realised	**(57)**	84
Foreign exchange gains/(losses) on other monetary items	**256**	(124)
Gains on initial recognition of biological assets	**11**	–
Total other gains and losses	**145**	346

(1) In addition $84 million (2010: $97 million) of accelerated depreciation has been recorded within operating special items (see note 5) and $39 million (2010: nil) of pre-commercial production depreciation has been capitalised.

(2) Provisionally priced contracts resulted in a total (realised and unrealised) loss in revenue of $283 million (2010: gain of $199 million) and total (realised and unrealised) loss in operating costs of $3 million (2010: $31 million).

(3) Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

3. OPERATING PROFIT FROM SUBSIDIARIES AND JOINT VENTURES continued

US$ million	2011	2010
Auditors' remuneration		
Audit		
United Kingdom	**2.4**	2.6
Overseas	**7.5**	7.9
Other services provided by Deloitte[1]		
United Kingdom	**1.1**	1.3
Overseas	**2.6**	1.7

[1] Includes $0.2 million (2010: $0.1 million) for services required to be undertaken by Deloitte in their capacity as auditors.

A more detailed analysis of auditors' remuneration is provided below:

	2011				2010			
	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)
US$ million	United Kingdom	Overseas	Total	Overseas	United Kingdom	Overseas	Total	Overseas
Statutory audit services								
Paid to the Company's auditor	**1.7**	**–**	**1.7**	**–**	1.7	–	1.7	–
Subsidiary entities – for purposes of Anglo American plc Annual Report	**–**	**4.3**	**4.3**	**0.1**	–	4.4	4.4	0.1
Subsidiary entities – additional local statutory requirements	**0.7**	**3.2**	**3.9**	**0.6**	0.9	3.5	4.4	0.4
Subsidiary entities – total	**0.7**	**7.5**	**8.2**	**0.7**	0.9	7.9	8.8	0.5
Total	**2.4**	**7.5**	**9.9**	**0.7**	2.6	7.9	10.5	0.5
Other services[1]								
Other services pursuant to legislation	**0.5**	**0.8**	**1.3**	**0.1**	0.5	0.8	1.3	–
Tax services	**0.4**	**0.4**	**0.8**	**0.3**	0.1	0.4	0.5	0.2
Other	**0.2**[2]	**1.4**	**1.6**	**0.5**	0.7[2]	0.5	1.2	0.2
Total	**1.1**	**2.6**	**3.7**	**0.9**	1.3	1.7	3.0	0.4

[1] Includes $0.1 million (2010: $0.2 million) in respect of the audit of Group pension plans.
[2] Includes $0.2 million (2010: $0.1 million) for services required to be undertaken by Deloitte in their capacity as auditors.

4. OPERATING PROFIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses operating profit (including attributable share of associates' operating profit) by segment and reconciles it to underlying earnings by segment. In 2011 Peace River Coal has been reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.

Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance. Underlying earnings is profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax expense and non-controlling interests. For a reconciliation from 'Profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year', see note 13.

	2011					2010				
US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements (note 5)	Net finance costs, income tax expense and non-controlling interests	Underlying earnings	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements (note 5)	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	**4,520**	**4,441**	**79**	**(2,995)**	**1,525**	3,681	4,037	(356)	(2,258)	1,423
Metallurgical Coal	**1,189**	**1,189**	**–**	**(345)**	**844**	780	803	(23)	(194)	586
Thermal Coal	**1,230**	**1,231**	**(1)**	**(328)**	**902**	710	708	2	(198)	512
Copper	**2,461**	**2,460**	**1**	**(851)**	**1,610**	2,817	2,832	(15)	(1,096)	1,721
Nickel	**57**	**(15)**	**72**	**(34)**	**23**	96	45	51	(21)	75
Platinum	**890**	**884**	**6**	**(480)**	**410**	837	765	72	(412)	425
Diamonds	**659**	**641**	**18**	**(216)**	**443**	495	466	29	(193)	302
Other Mining and Industrial	**195**	**125**	**70**	**(88)**	**107**	664	564	100	(143)	521
Exploration	**(121)**	**(121)**	**–**	**3**	**(118)**	(136)	(136)	–	8	(128)
Corporate Activities and Unallocated Costs	**15**	**13**	**2**	**359**	**374**	(181)	(192)	11	(280)	(461)
Total	**11,095**	**10,848**	**247**	**(4,975)**	**6,120**	9,763	9,892	(129)	(4,787)	4,976
Analysed as:										
Core operations	**11,088**	**10,911**	**177**	**(4,962)**	**6,126**	9,245	9,460	(215)	(4,706)	4,539
Non-core operations[2]	**7**	**(63)**	**70**	**(13)**	**(6)**	518	432	86	(81)	437

[1] Operating profit includes attributable share of associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.
[2] Non-core operations relate to Tarmac and Scaw Metals and, until February 2011, the zinc operations.

4. OPERATING PROFIT AND UNDERLYING EARNINGS BY SEGMENT continued

Underlying earnings by origin

US$ million	2011	2010
South Africa	**2,726**	2,218
Other Africa	**326**	350
South America	**2,080**	2,154
North America	**218**	(12)
Australia and Asia	**967**	668
Europe	**(197)**	(402)
	6,120	4,976

5. SPECIAL ITEMS AND REMEASUREMENTS

Special items are those items of financial performance that the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1 paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and principally include impairment charges and reversals and restructuring costs. Non-operating special items include profits and losses on disposals of investments and businesses as well as certain adjustments relating to business combinations.

Remeasurements comprise other items which the Group believes should be reported separately to aid an understanding of the underlying financial performance of the Group. This category includes:

- unrealised gains and losses on 'non-hedge' derivative instruments open at the year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. Where the underlying transaction is recorded in the income statement, the realised gains or losses are recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge. If the underlying transaction is recorded in the balance sheet, e.g. capital expenditure, the realised amount remains in remeasurements on settlement of the derivative. Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.
- foreign exchange impact arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence deferred tax is susceptible to currency fluctuations. Such amounts are included within income tax expense.

	2011			2010		
US$ million	Subsidiaries and joint ventures	Associates[1]	Total	Subsidiaries and joint ventures	Associates[1]	Total
Impairment and related charges	**(154)**	**–**	**(154)**	(107)	(15)	(122)
Restructuring costs	**(10)**	**(9)**	**(19)**	(121)	(10)	(131)
Operating special items	**(164)**	**(9)**	**(173)**	(228)	(25)	(253)
Operating remeasurements	**(65)**	**(9)**	**(74)**	386	(4)	382
Operating special items and remeasurements	**(229)**	**(18)**	**(247)**	158	(29)	129
Disposal of Lisheen and Black Mountain	**397**	**–**	**397**	–	–	–
Platinum BEE transactions and related charges	**(141)**	**–**	**(141)**	–	–	–
Disposals of Tarmac businesses	**(75)**	**–**	**(75)**	(294)	–	(294)
Disposal of Moly-Cop and AltaSteel	**–**	**–**	**–**	555	–	555
Gain on Bafokeng-Rasimone Platinum mine transaction	**–**	**–**	**–**	546	–	546
Disposal of undeveloped coal assets	**–**	**–**	**–**	505	–	505
Disposal of Skorpion	**–**	**–**	**–**	244	–	244
Other	**2**	**20**	**22**	23	19	42
Net profit on disposals	**183**	**20**	**203**	1,579	19	1,598
Financing special items	**–**	**(9)**	**(9)**	–	(13)	(13)
Financing remeasurements	**203**	**2**	**205**	105	1	106
Total special items and remeasurements before tax and non-controlling interests	**157**	**(5)**	**152**	1,842	(22)	1,820
Special items and remeasurements tax	**(119)**	**1**	**(118)**	(110)	(2)	(112)
Non-controlling interests on special items and remeasurements	**12**	**3**	**15**	(141)	1	(140)
Net total special items and remeasurements attributable to equity shareholders of the Company	**50**	**(1)**	**49**	1,591	(23)	1,568

[1] Relates to the Diamonds segment.

Operating special items

Impairment and related charges were $154 million in the year ended 31 December 2011 (2010: $122 million). This principally comprises an impairment of Tarmac Building Products of $70 million (Other Mining and Industrial segment) and accelerated depreciation of $84 million (2010: $97 million), mainly arising at Loma de Níquel (Nickel segment). The accelerated depreciation charge at Loma de Níquel has arisen due to ongoing uncertainty over the renewal of three concessions that expire in 2012 and over the restoration of 13 concessions that have been cancelled.

Restructuring costs principally relate to retrenchment and consultancy costs within the Platinum and Diamond segments (2010: Other Mining and Industrial, Platinum and Diamond segments).

Operating remeasurements

Operating remeasurements reflect a net loss of $74 million (2010: gain of $382 million) principally in respect of non-hedge derivatives of capital expenditure in Iron Ore Brazil. Derivatives which have been realised in the year had a cumulative net operating remeasurement gain since their inception of $383 million (2010: gain of $255 million).

5. SPECIAL ITEMS AND REMEASUREMENTS continued

Profits and losses on disposals

In February 2011 the Group completed the disposal of its 100% interest in the Lisheen operation (Lisheen) and its 74% interest in Black Mountain Mining (Proprietary) Limited (Black Mountain), which holds 100% of the Black Mountain mine and Gamsberg project, resulting in a net cash inflow of $499 million, generating a profit on disposal of $397 million. Lisheen and Black Mountain were included in the Other Mining and Industrial segment.

The charge for Platinum BEE transactions principally relates to an IFRS 2 charge of $131 million resulting from a community economic empowerment transaction involving certain of Platinum's host communities, which completed in December 2011.

The Group sold Tarmac's businesses in China, Turkey and Romania in July, October and November 2011 respectively. Tarmac is included in the Other Mining and Industrial segment.

Financing remeasurements

Financing remeasurements reflect a net gain of $205 million (2010: gain of $106 million) and relate to an embedded interest rate derivative, non-hedge derivatives of debt and other financing remeasurements.

Special items and remeasurements tax

Special items and remeasurements tax amounted to a charge of $118 million (2010: charge of $112 million). This relates to a credit for one-off tax items of $137 million (2010: nil), a tax remeasurement charge of $230 million (2010: credit of $122 million) and a tax charge on special items and remeasurements of $25 million (2010: charge of $234 million).

The total tax charge relating to subsidiaries and joint ventures of $119 million (2010: charge of $110 million), comprises a current tax charge of $12 million (2010: charge of $107 million) and a deferred tax charge of $107 million (2010: charge of $3 million).

The credit relating to one-off tax items of $137 million (2010: nil) principally relates to the recognition of deferred tax assets in Iron Ore Brazil which were originally written off as part of the impairment charges related to the Amapá iron ore system in 2009, and a capital gains tax refund related to a prior year disposal.

6. EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

US$ million	2011	2010
Iron Ore and Manganese	**4,733**	3,856
Metallurgical Coal[1]	**1,577**	1,134
Thermal Coal	**1,410**	872
Copper	**2,750**	3,086
Nickel	**84**	122
Platinum	**1,672**	1,624
Diamonds	**794**	666
Other Mining and Industrial[1]	**393**	894
Exploration	**(121)**	(136)
Corporate Activities and Unallocated Costs	**56**	(135)
EBITDA	**13,348**	11,983

[1] In 2011 Peace River Coal has been reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.

EBITDA is reconciled to operating profit, including attributable share of associates, before special items and remeasurements and to 'Total profit from operations and associates' as follows:

US$ million	2011	2010
Total profit from operations and associates	**10,599**	11,067
Operating special items and remeasurements	**229**	(158)
Net profit on disposals	**(183)**	(1,579)
Associates' net special items and remeasurements	**1**	23
Share of associates' net finance costs, tax and non-controlling interests	**449**	410
Operating profit, including associates, before special items and remeasurements	**11,095**	9,763
Depreciation and amortisation: subsidiaries and joint ventures	**1,967**	1,919
Depreciation and amortisation: associates	**286**	301
EBITDA	**13,348**	11,983

EBITDA is reconciled to 'Cash flows from operations' as follows:

US$ million	2011	2010
EBITDA	**13,348**	11,983
Share of operating profit of associates before special items and remeasurements	**(1,427)**	(1,255)
Cash element of operating special items	**(59)**	(94)
Share of associates' depreciation and amortisation	**(286)**	(301)
Share-based payment charges	**254**	219
Provisions	**6**	(37)
Increase in inventories	**(352)**	(309)
Increase in operating receivables	**(264)**	(587)
Increase in operating payables	**457**	516
Deferred stripping	**(171)**	(196)
Other adjustments	**(8)**	(15)
Cash flows from operations	**11,498**	9,924

7. EXPLORATION EXPENDITURE

US$ million	2011	2010
By commodity		
Iron ore	**5**	14
Metallurgical coal	**5**	3
Thermal coal	**9**	21
Copper	**27**	19
Nickel	**26**	27
Platinum group metals	**5**	11
Zinc	**–**	3
Central exploration activities	**44**	38
	121	136

8. EMPLOYEE NUMBERS AND COSTS

The average number of employees, excluding contractors and associates' employees, and including a proportionate share of employees within joint venture entities, was:

Thousand	2011	2010
By segment		
Iron Ore and Manganese	**8**	8
Metallurgical Coal	**3**	3
Thermal Coal	**9**	9
Copper	**5**	4
Nickel	**2**	2
Platinum	**55**	52
Other Mining and Industrial	**16**	20
Corporate Activities and Unallocated Costs	**2**	2
	100	100

The average number of employees by principal location of employment was:

Thousand	2011	2010
South Africa	**79**	77
Other Africa	**1**	1
South America	**10**	9
North America[1]	**–**	1
Australia and Asia	**4**	4
Europe	**6**	8
	100	100

[1] The average number of employees in North America during 2011 was less than 500, following the disposal of Moly-Cop and AltaSteel on 31 December 2010.

Payroll costs in respect of the employees included in the tables above were:

US$ million	2011	2010
Wages and salaries	**4,201**	3,880
Social security costs	**142**	173
Post employment benefits[1]	**343**	281
Share-based payments (see note 29)	**260**	223
Total payroll costs	**4,946**	4,557
Reconciliation:		
Less: employee costs capitalised	**(229)**	(132)
Less: employee costs included within operating special items	**(10)**	(58)
Employee costs included in operating costs	**4,707**	4,367

[1] Includes contributions to defined contribution pension and medical plans, current and past service costs related to defined benefit pension and medical schemes and other benefits provided to certain employees during retirement.

In accordance with IAS 24 *Related Party Disclosures (Amended)*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive and non-executive) of the Group.

Compensation for key management was as follows:

US$ million	2011	2010
Salaries and short term employee benefits	**23**	19
Social security costs	**2**	5
Post employment benefits	**8**	2
Share-based payments	**22**	15
	55	41

Key management comprises members of the Board and the Executive Committee.

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 2006 and those specified for audit by Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the Remuneration report.

9. NET FINANCE INCOME/(COSTS)

Finance costs and exchange gains/(losses) are presented net of hedges for respective interest bearing and foreign currency borrowings.

The weighted average capitalisation rate applied to qualifying capital expenditure was 5.0% (2010: 4.8%).

US$ million	2011	2010
Investment income		
Interest income from cash and cash equivalents	**239**	118
Other interest income	**194**	224
Expected return on defined benefit arrangements	**199**	205
Dividend income from financial asset investments	**59**	30
	691	577
Less: interest income capitalised	**(23)**	(9)
Total investment income	**668**	568
Interest expense		
Interest and other finance expense	**(615)**	(632)
Interest payable on convertible bond	**(68)**	(68)
Unwinding of discount on convertible bond	**(71)**	(65)
Interest cost on defined benefit arrangements	**(205)**	(219)
Unwinding of discount relating to provisions and other non-current liabilities	**(80)**	(73)
	(1,039)	(1,057)
Less: interest expense capitalised	**344**	256
Total interest expense	**(695)**	(801)
Other financing gains/(losses)		
Net foreign exchange (losses)/gains	**(16)**	17
Net fair value gains/(losses) on fair value hedges	**16**	(7)
Other net fair value gains/(losses)	**7**	(21)
Total other financing gains/(losses)	**7**	(11)
Net finance costs before remeasurements	**(20)**	(244)
Remeasurements (see note 5)	**203**	105
Net finance income/(costs) after remeasurements	**183**	(139)

10. FINANCIAL INSTRUMENT GAINS AND LOSSES

The net gains and losses recorded in the Consolidated income statement in respect of financial instruments were as follows:

US$ million	2011	2010
At fair value through profit and loss		
Cash flow hedge derivatives transferred from equity[1]	**(5)**	(4)
Fair value hedge derivatives	**(263)**	(112)
Fair value hedge underlying instruments	**279**	105
Foreign exchange (losses)/gains	**(9)**	9
Other fair value movements[2]	**(198)**	752
Loans and receivables		
Foreign exchange gains/(losses)	**9**	(292)
Interest income at amortised cost[3]	**361**	160
Available for sale		
Net gain transferred on sale from equity	**10**	–
Dividend income	**59**	30
Other financial liabilities		
Foreign exchange gains	**240**	167
Interest expense at amortised cost[3]	**(345)**	(376)

(1) These amounts are included in Group revenue.
(2) Includes the impact of provisional pricing, see note 3, and operating and financing remeasurements, see note 5.
(3) Interest income and expense at amortised cost are shown net of amounts capitalised. Comparatives have been adjusted accordingly.

11. INCOME TAX EXPENSE

a) Analysis of charge for the year

US$ million	2011	2010
United Kingdom corporation tax at 26.5% (2010: 28%)	**16**	24
South Africa tax	**1,307**	1,199
Other overseas tax	**1,067**	1,333
Prior year adjustments	**(92)**	(7)
Current tax[1]	**2,298**	2,549
Deferred tax	**443**	150
Income tax expense before special items and remeasurements	**2,741**	2,699
Special items and remeasurements tax	**119**	110
Income tax expense	**2,860**	2,809

(1) Includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

11. INCOME TAX EXPENSE continued

b) Factors affecting tax charge for the year

The effective tax rate for the year of 26.5% (2010: 25.7%) is the same as (2010: lower than) the applicable weighted average statutory rate of corporation tax in the United Kingdom of 26.5% (2010: 28%). The reconciling items, excluding the impact of associates, are:

US$ million	2011	2010
Profit before tax	**10,782**	10,928
Less: share of net income from associates	**(977)**	(822)
Profit before tax (excluding associates)	**9,805**	10,106
Tax on profit (excluding associates) calculated at United Kingdom corporation tax rate of 26.5% (2010: 28%)	**2,598**	2,830
Tax effects of:		
Items not taxable/deductible for tax purposes		
Exploration expenditure	**27**	13
Non-deductible/taxable net foreign exchange loss/(gain)	**24**	(3)
Non-taxable/deductible net interest (income)/expense	**(20)**	2
Other non-deductible expenses	**60**	125
Other non-taxable income	**(57)**	(40)
Temporary difference adjustments		
Current year losses not recognised	**38**	19
Utilisation of losses not previously recognised	**–**	(8)
Recognition of losses not previously recognised	**(103)**	(61)
Enhanced tax depreciation	**–**	(41)
Other temporary differences	**(57)**	(69)
Special items and remeasurements	**77**	(406)
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**407**	657
Effect of differences between local and United Kingdom rates	**(61)**	(218)
Prior year adjustments to current tax	**(92)**	(7)
Other adjustments	**19**	16
Income tax expense	**2,860**	2,809

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within Share of net income from associates for the year ended 31 December 2011 is $384 million (2010: $315 million). Excluding special items and remeasurements this becomes $385 million (2010: $313 million).

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the year ended 31 December 2011 was 28.3%. The decrease compared to the equivalent effective rate of 31.9% for the year ended 31 December 2010 is due to a number of non-recurring factors that include the recognition of previously unrecognised tax losses and the reassessment of certain withholding tax provisions across the Group. In future periods it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

c) Tax amounts included in total comprehensive income

An analysis of tax by individual item presented in the Consolidated statement of comprehensive income is presented below:

US$ million	2011	2010
Tax on items recognised directly in equity		
Net gain on revaluation of available for sale investments	**(26)**	(46)
Net loss on cash flow hedges	**20**	(2)
Net exchange difference on translation of foreign operations	**11**	(82)
Actuarial net loss/(gain) on post employment benefit plans	**19**	(19)
	24	(149)
Tax on items transferred from equity		
Transferred to income statement: cash flow hedges	**(2)**	(1)
Transferred to initial carrying amount of hedged items: cash flow hedges	**(12)**	2
	(14)	1

d) Tax amounts recognised directly in equity

Capital gains tax of $1,017 million relating to the profit on sale of a 24.5% share in Anglo American Sur SA (AA Sur) in November 2011, has been charged directly to equity. There were no other material current tax amounts charged directly to equity in 2011 or 2010. Deferred tax of $127 million has been charged (2010: $68 million credited) directly to equity. See note 27.

12. DIVIDENDS

Dividends payable during the year are as follows:

US$ million	2011	2010
Final ordinary dividend for 2010 – 40 US cents per ordinary share (2009: nil)	**495**	–
Interim ordinary dividend for 2011 – 28 US cents per ordinary share (2010: 25 US cents per ordinary share)	**339**	302
	834[1]	302[1]

[1] Of this, $561 million (2010: $212 million) was recognised in the parent Company.

Total dividends paid during the year were $818 million (2010: $302 million). The difference to dividends payable arises due to movements in exchange rates between the date of recognition and the date of payment.

The directors are proposing a final dividend in respect of the financial year ended 31 December 2011 of 46 US cents per share. Based on shares eligible for dividends at 31 December 2011, this will result in an estimated distribution of $557 million of shareholders' funds, of which $350 million will be distributed by the parent Company. These financial statements do not reflect this dividend payable as it is still subject to shareholder approval.

As stated in note 29, the employee benefit trust has waived the right to receive dividends on the shares it holds.

13. EARNINGS PER SHARE

US$	2011	2010
Profit for the financial year attributable to equity shareholders of the Company		
Basic earnings per share	**5.10**	5.43
Diluted earnings per share	**4.89**	5.18
Headline earnings for the financial year[1]		
Basic earnings per share	**4.89**	4.27
Diluted earnings per share	**4.69**	4.09
Underlying earnings for the financial year[1]		
Basic earnings per share	**5.06**	4.13
Diluted earnings per share	**4.85**	3.96

[1] Basic and diluted earnings per share are also shown based on headline earnings, a Johannesburg Stock Exchange (JSE Limited) defined performance measure, and underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. Both earnings measures are further explained below.

The calculation of basic and diluted earnings per share is based on the following data:

US$ million (unless otherwise stated)	2011	2010
Earnings		
Basic earnings, being profit for the financial year attributable to equity shareholders of the Company	**6,169**	6,544
Effect of dilutive potential ordinary shares		
Interest payable on convertible bond (net of tax)	**50**	49
Unwinding of discount on convertible bond (net of tax)	**52**	47
Diluted earnings	**6,271**	6,640
Number of shares (million)		
Basic number of ordinary shares outstanding[1]	**1,210**	1,206
Effect of dilutive potential ordinary shares[2]		
Share options and awards	**10**	14
Convertible bond	**62**	61
Diluted number of ordinary shares outstanding[1]	**1,282**	1,281

[1] Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies.

[2] Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

In the year ended 31 December 2011 there were 270,095 (2010: nil) share options which were potentially dilutive but were not included in the calculation of diluted earnings because they were anti-dilutive.

The Group has $1.7 billion of senior convertible notes in issue (see note 24). The impact of the potential conversion of these notes has been included in diluted earnings and the diluted number of ordinary shares outstanding.

13. EARNINGS PER SHARE continued

Underlying earnings is presented after non-controlling interests and excludes special items and remeasurements (see note 5). Underlying earnings is distinct from 'Headline earnings', which is a JSE Limited defined performance measure.

The calculation of basic and diluted earnings per share, based on headline and underlying earnings, uses the following earnings data:

US$ million	2011	2010
Profit for the financial year attributable to equity shareholders of the Company	**6,169**	6,544
Operating special items	**70**	14
Operating special items – non-controlling interests	**–**	(3)
Net profit on disposals	**(347)**	(1,684)
Net profit on disposals – tax	**36**	123
Net profit on disposals – non-controlling interests	**–**	138
Financing special items	**9**	13
Tax special items	**(24)**	–
Headline earnings for the financial year	**5,913**	5,145
Operating special items[1]	**103**	239
Operating remeasurements	**74**	(382)
Net loss on disposals[2]	**144**	86
Financing remeasurements	**(205)**	(106)
Special items and remeasurements tax[3]	**106**	(11)
Non-controlling interests on special items and remeasurements	**(15)**	5
Underlying earnings for the financial year	**6,120**	4,976

(1) Includes restructuring costs, accelerated depreciation and related charges.
(2) Includes Platinum BEE transactions and related charges (2010: Anglo American Inyosi Coal BEE transaction).
(3) Includes certain tax special items.

14. INTANGIBLE ASSETS

	2011			2010		
US$ million	Licences and other intangibles	Goodwill[1]	Total	Licences and other intangibles	Goodwill[1]	Total
Net book value						
At 1 January	**85**	**2,231**	**2,316**	82	2,694	2,776
Additions	**26**	**–**	**26**	43	–	43
Disposals and transfer to assets held for sale	**–**	**(25)**	**(25)**	(17)	(339)	(356)
Amortisation charge for the year	**(20)**	**–**	**(20)**	(31)	–	(31)
Impairments	**–**	**(15)**	**(15)**	–	–	–
Adjustments relating to deferred and contingent consideration	**–**	**81**	**81**	–	(90)	(90)
Currency movements	**(8)**	**(33)**	**(41)**	8	(34)	(26)
At 31 December	**83**	**2,239**	**2,322**	85	2,231	2,316
Cost	**182**	**2,239**	**2,421**	168	2,231	2,399
Accumulated amortisation	**(99)**	**–**	**(99)**	(83)	–	(83)

(1) The goodwill balances provided are net of cumulative impairment charges of $337 million at 31 December 2011 (2010: $323 million).

Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) or groups of CGUs which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's segments. Any goodwill associated with CGUs subsumed within these segments is not significant when compared to the goodwill of the Group, other than in Iron Ore and Manganese and Other Mining and Industrial where the material components of goodwill are split out. The allocation of goodwill to CGUs or groups of CGUs is as follows:

US$ million	2011	2010
Iron Ore and Manganese		
Iron Ore Brazil	**1,123**	1,148
Thermal Coal	**88**	88
Copper	**124**	124
Nickel	**10**	10
Platinum	**230**	230
Other Mining and Industrial		
Tarmac	**456**	504
Other	**208**	127
	2,239	2,231

For the purposes of goodwill impairment testing, the recoverable amount of a CGU is determined based on a fair value less costs to sell basis, with the exception of Tarmac which is determined on a value in use basis.

Value in use is based on the present value of future cash flows expected to be derived from the CGU or reportable segment in its current state. Fair value less costs to sell is normally supported by observable market data (in the case of listed subsidiaries, market share price at 31 December of the respective entity) or discounted cash flow models taking account of assumptions that would be made by market participants.

14. INTANGIBLE ASSETS continued

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including ore reserves and production estimates, together with economic factors such as commodity prices, discount rates, exchange rates, estimates of costs to produce reserves and future capital expenditure. Management believes that any reasonably possible change in a key assumption on which the recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Cash flow projections are based on financial budgets and mine life plans or non-mine production plans, incorporating key assumptions as detailed below:

Reserves and resources

Ore reserves and, where considered appropriate, mineral resources are incorporated in projected cash flows, based on ore reserves and mineral resource statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the requirements of reserve classification. For further information refer to the Ore Reserves and Mineral Resources section of the Annual Report.

Commodity prices

Commodity prices are based on latest internal forecasts for commodity prices, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.

Operating costs and capital expenditure

Operating costs and capital expenditure are based on financial budgets covering a three year period. Cash flow projections beyond three years are based on mine life plans or non-mine production plans as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith.

Non-commodity based businesses

For non-commodity based businesses, margin and revenue are based on financial budgets covering a three year period. Beyond the financial budget, revenue is forecast using a steady growth rate consistent with the markets in which those businesses operate, and for those periods five years or more from the balance sheet date, at a rate not exceeding the long term growth rate for the country of operation. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.

Discount rates

Cash flow projections used in fair value less costs to sell impairment models are discounted based on a real post-tax discount rate of 6% (2010: 6%). The discount rate for Tarmac is a real pre-tax rate of 8% (2010: 8%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows.

Foreign exchange rates

Foreign exchange rates are based on latest internal forecasts for foreign exchange, benchmarked with external sources of information for relevant countries of operation.

15. PROPERTY, PLANT AND EQUIPMENT

	2011					2010				
US$ million	Mining properties and leases[1]	Land and buildings	Plant and equipment	Other[2]	Total	Mining properties and leases[1]	Land and buildings	Plant and equipment	Other[2]	Total
Net book value										
At 1 January	**15,376**	**2,004**	**10,839**	**11,591**	**39,810**	14,776	1,807	10,003	8,612	35,198
Additions	**352**	**76**	**287**	**5,834**	**6,549**	296	48	237	5,205	5,786
Disposal of assets	**(2)**	**(7)**	**(39)**	**(28)**	**(76)**	(5)	(4)	(36)	(4)	(49)
Disposal of businesses	**(39)**	**(4)**	**(13)**	**(1)**	**(57)**	(260)	(5)	(39)	(110)	(414)
Depreciation charge for the year[3]	**(414)**	**(113)**	**(1,501)**	**(42)**	**(2,070)**	(465)	(89)	(1,392)	(39)	(1,985)
Net impairment (charge)/reversal	**–**	**–**	**(61)**	**–**	**(61)**	2	–	12	–	14
Reclassifications[4]	**532**	**826**	**6,408**	**(7,929)**	**(163)**	583	268	1,765	(2,616)	–
Reversal of contingent consideration[5]	**–**	**–**	**–**	**–**	**–**	(293)	–	–	–	(293)
Transfer to assets held for sale	**–**	**–**	**–**	**–**	**–**	(84)	(125)	(491)	(24)	(724)
Currency movements	**(1,162)**	**(162)**	**(1,098)**	**(961)**	**(3,383)**	826	104	780	567	2,277
At 31 December	**14,643**	**2,620**	**14,822**	**8,464**	**40,549**	15,376	2,004	10,839	11,591	39,810
Cost	**19,532**	**3,450**	**24,116**	**8,648**	**55,746**	20,289	2,792	19,651	11,863	54,595
Accumulated depreciation	**(4,889)**	**(830)**	**(9,294)**	**(184)**	**(15,197)**	(4,913)	(788)	(8,812)	(272)	(14,785)

(1) Includes amounts in relation to deferred stripping.

(2) Includes $8,088 million (2010: $11,190 million) of assets in the course of construction, which are not depreciated.

(3) Includes $1,947 million (2010: $1,888 million) of depreciation within operating profit, $84 million (2010: $97 million) of accelerated depreciation (see note 5) and $39 million (2010: nil) of pre-commercial production depreciation which has been capitalised. See note 2 for a split of depreciation, and amortisation for intangibles, by segment.

(4) Relates mainly to amounts transferred from assets in the course of construction. The net amount of $163 million (2010: nil) relates to federal tax credits on qualifying capital projects in Brazil. These credits have been reclassified, as appropriate, to reflect the expected realisation.

(5) Relates to Iron Ore Brazil.

Included in the additions above is $321 million (2010: $247 million) of net interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

Assets held under finance leases relate to plant and equipment with a net book value of $25 million (2010: $18 million). Depreciation charges in the year amounted to $9 million (2010: $7 million).

15. PROPERTY, PLANT AND EQUIPMENT continued

The net book value of land and buildings comprises:

US$ million	2011	2010
Freehold	**2,604**	1,989
Leasehold – long	**8**	6
Leasehold – short (less than 50 years)	**8**	9
	2,620	2,004

16. ENVIRONMENTAL REHABILITATION TRUSTS

The Group makes contributions to controlled funds that were established to meet the cost of some of its restoration and environmental rehabilitation liabilities, primarily in South Africa. The funds comprise the following investments:

US$ million	2011	2010
Equity	**146**	121
Bonds	**130**	147
Cash	**84**	111
	360	379

These assets are primarily rand denominated. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates. Bonds earn interest at a weighted average fixed rate of 6% (2010: 6%) for an average period of four years (2010: six years). Equity investments are recorded at fair value through profit and loss whilst other assets are treated as loans and receivables.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions (see note 26).

17. INVESTMENTS IN ASSOCIATES

US$ million	2011	2010
At 1 January	**4,900**	3,312
Net income from associates	**977**	822
Dividends received	**(344)**	(255)
Transfer from subsidiary/joint venture[1]	**–**	643
Share of expense recognised directly in equity, net of tax	**(32)**	(41)
Other equity movements	**–**	(140)
Investment in equity and capitalised loans[2]	**47**	632
Interest on capitalised loans	**23**	16
Repayment of capitalised loans	**(4)**	(33)
Transfer to available for sale investments	**(66)**	(100)
Disposals and transfer to assets held for sale	**–**	(126)
Other movements	**(1)**	19
Currency movements	**(260)**	151
At 31 December[3]	**5,240**	4,900

(1) Year ended 31 December 2010 represents the transfer to investments in associates of Anglo American Platinum Limited's retained 33% holding in Bafokeng-Rasimone Platinum mine.
(2) Year ended 31 December 2010 includes $450 million to subscribe to the Group's share of De Beers' rights issue.
(3) The fair value of the Group's investment in Anooraq Resources Corporation at 31 December 2011 was $51 million (2010: $179 million).

The Group's total investments in associates comprise:

US$ million	2011	2010
Equity	**4,593**	4,194
Loans[1]	**647**	706
	5,240	4,900

(1) The Group's total investments in associates include long term debt which in substance forms part of the Group's investment. These loans are not repayable in the foreseeable future.

The Group's attributable share of the summarised income statement information of associates is shown in note 2. Summarised balance sheet information of associates is as follows:

US$ million	2011	2010
Non-current assets	**6,111**	6,923
Current assets	**2,188**	1,805
Current liabilities	**(742)**	(738)
Non-current liabilities	**(2,317)**	(3,090)
Group's share of associates' net assets	**5,240**	4,900

17. INVESTMENTS IN ASSOCIATES continued

Segmental information is provided as follows:

US$ million	Share of net income 2011	Share of net income 2010	Aggregate investment 2011	Aggregate investment 2010
By segment				
Iron Ore and Manganese	**142**	287	**936**	880
Metallurgical Coal	**141**	84	**294**	223
Thermal Coal	**317**	220	**932**	749
Platinum	**(65)**	(44)	**848**	1,112
Diamonds	**442**	270	**2,230**	1,936
Other Mining and Industrial	**–**	5	**–**	–
	977	822	**5,240**	4,900

US$ million	Aggregate investment 2011	Aggregate investment 2010
By geography		
South Africa	**1,950**	2,334
Other Africa	**996**	1,220
South America	**917**	729
North America	**343**	376
Australia and Asia	**794**	698
Europe	**240**	(457)
	5,240	4,900

The Group's share of associates' contingent liabilities incurred jointly by investors is $112 million (2010: $75 million).

Details of principal associates are set out in note 37.

18. JOINT VENTURES

The Group's share of the summarised financial information of joint venture entities that are proportionately consolidated in the Group financial statements is as follows:

US$ million	2011	2010
Non-current assets	**2,546**	2,308
Current assets	**572**	872
Current liabilities	**(434)**	(516)
Non-current liabilities	**(703)**	(869)
Group's share of joint venture entities' net assets	**1,981**	1,795
Revenue	**1,932**	2,014
Operating costs	**(944)**	(761)
Net finance costs	**(44)**	(61)
Income tax expense	**(230)**	(272)
Group's share of joint venture entities' profit for the financial year	**714**	920

The Group's share of joint venture entities' contingent liabilities incurred jointly with other venturers is $32 million (2010: $33 million) and its share of capital commitments is $74 million (2010: $12 million).

Within the Metallurgical Coal segment, the Group also holds interests in a number of proportionately consolidated jointly controlled operations. The Group's share of net assets of such operations is $1,538 million (2010: $1,693 million) and its share of profit for the financial year is $615 million (2010: $593 million). The Group's share of these operations' contingent liabilities incurred jointly with other venturers is $19 million (2010: $19 million) and its share of capital commitments is $80 million (2010: $65 million).

Details of principal joint ventures are set out in note 37.

19. FINANCIAL ASSET INVESTMENTS

US$ million	2011 Loans and receivables	2011 Available for sale investments	2011 Total	2010 Loans and receivables	2010 Available for sale investments	2010 Total
At 1 January	**1,920**	**1,300**	**3,220**	1,595	1,131	2,726
Additions	**4**	**84**	**88**	124	187	311
Interest receivable	**76**	**–**	**76**	84	–	84
Net repayments	**(22)**	**–**	**(22)**	(15)	–	(15)
Disposals	**–**	**(14)**	**(14)**	–	(440)	(440)
Movements in fair value	**(10)**	**115**	**105**	(5)	316	311
Currency movements	**(278)**	**(279)**	**(557)**	137	106	243
At 31 December	**1,690**	**1,206**	**2,896**	1,920	1,300	3,220

No provision for impairment is recorded against financial assets classified as Loans and receivables (2010: nil).

20. INVENTORIES

US$ million	2011	2010
Raw materials and consumables	**837**	823
Work in progress	**1,488**	1,520
Finished products	**1,192**	1,261
	3,517	3,604

The cost of inventories recognised as an expense and included in cost of sales amounted to $16,146 million (2010: $14,262 million).

Inventories held at net realisable value amounted to $285 million (2010: $352 million).

Write-down of inventories (net of revaluation of provisionally priced purchases) amounted to $16 million (2010: $38 million).

There were no inventory write-downs reversed and recognised as a reduction in the inventory expense for the year (2010: $29 million).

21. TRADE AND OTHER RECEIVABLES

	2011			2010		
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	**2,704**	**168**	**2,872**	2,816	178	2,994
Other receivables	**744**	**236**	**980**	755	134	889
Prepayments and accrued income	**226**	**33**	**259**	160	9	169
	3,674	**437**	**4,111**	3,731	321	4,052

The historical level of customer default is minimal and as a result the credit quality of year end trade receivables which are not past due is considered to be high. Of the year end trade receivables balance the following were past due at 31 December (stated after associated impairment provision):

US$ million	2011	2010
Less than one month	**137**	130
Greater than one month, less than two months	**16**	18
Greater than two months, less than three months	**7**	12
Greater than three months	**19**	21
	179	181

The overdue debtor ageing profile above is typical of the industry in which certain of the Group's businesses operate. Given this, the existing insurance cover (including letters of credit from financial institutions) and the nature of the related counterparties, these amounts are considered recoverable.

Total trade receivables are stated net of the following impairment provision:

US$ million	2011	2010
At 1 January	**53**	51
Charge for the year	**6**	4
Disposals and transfer to assets held for sale	**(3)**	(2)
Currency movements	**(2)**	–
At 31 December	**54**	53

22. TRADE AND OTHER PAYABLES

US$ million	2011	2010
Trade payables	**3,001**	2,748
Amounts owed to related parties	**–**	59
Tax and social security	**177**	162
Other payables	**939**	954
Accruals and deferred income	**981**	1,027
	5,098	4,950

23. FINANCIAL ASSETS

The carrying amounts and fair values of financial assets are as follows:

	2011		2010	
US$ million	Estimated fair value	Carrying value	Estimated fair value	Carrying value
At fair value through profit and loss				
Trade and other receivables[1]	**596**	**596**	777	777
Other financial assets (derivatives)[2]	**840**	**840**	842	842
Loans and receivables				
Cash and cash equivalents	**11,732**	**11,732**	6,401	6,401
Trade and other receivables[1]	**3,256**	**3,256**	3,106	3,106
Financial asset investments	**1,647**	**1,690**	1,871	1,920
Available for sale investments				
Financial asset investments	**1,206**	**1,206**	1,300	1,300
Total financial assets	**19,277**	**19,320**	14,297	14,346

(1) Trade and other receivables exclude prepayments and accrued income.
(2) Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 25.

For financial assets which are traded on an active market, such as listed investments, fair value is determined by reference to market value. For non-traded financial assets, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, unless carrying value is considered to approximate fair value.

Fair value hierarchy

An analysis of financial assets carried at fair value is set out below:

	2011				2010			
US$ million	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
At fair value through profit and loss								
Trade and other receivables	**–**	**596**	**–**	**596**	–	777	–	777
Other financial assets (derivatives)	**–**	**677**	**163**	**840**	–	801	41	842
Available for sale investments								
Financial asset investments	**1,142**	**10**	**54**	**1,206**	1,223	22	55	1,300
	1,142	**1,283**	**217**	**2,642**	1,223	1,600	96	2,919

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.
(2) Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
(3) Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. Financial assets included within level 3 primarily consist of embedded derivatives, financial asset investments and certain cross currency swaps of Brazilian real denominated borrowings, whose valuation depends upon unobservable inputs.

There have been no significant transfers between levels in 2011 or 2010. The movements in the fair value of the level 3 financial assets are shown in the following table:

US$ million	2011	2010
At 1 January	**96**	71
Net gain/(loss) recorded in remeasurements	**37**	(6)
Net gain recorded in the statement of comprehensive income	**9**	10
Cash flow	**(29)**	–
Additions	**9**	3
Disposals and transfer to assets held for sale	**(12)**	(26)
Reclassification from/to level 3 financial liabilities	**123**	41
Currency movements	**(16)**	3
At 31 December	**217**	96

For the level 3 financial assets, changing certain inputs to reasonably possible alternative assumptions may change the fair value significantly. Where significant, the effect of a change in these assumptions to a reasonably possible alternative assumption is outlined in the table below. These sensitivities have been calculated by amending the fair value of the level 3 financial assets at 31 December for a change in each individual assumption, as outlined below, whilst keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements.

		2011	2010
US$ million	Change in assumption	Increase/(decrease) in fair value of assets	Increase/(decrease) in fair value of assets
Other financial assets (derivatives)	Increase of 5% in dividend forecast	**10**	11
	Decrease of 5% in dividend forecast	**(10)**	(11)
	Shift of TJLP curve[1]	**n/a**	38
Financial asset investments	Decrease of 10% in liquidity discount percentage	**11**	14
	Increase of 10% in liquidity discount percentage	**(11)**	(14)

(1) TJLP is a Brazilian domestic interest rate. The sensitivities at 31 December 2011 are provided on the net liability position of such level 3 financial instruments and are disclosed in note 24.

Financial asset risk exposures are set out in note 25.

24. FINANCIAL LIABILITIES

The carrying amounts and fair values of financial liabilities are as follows:

US$ million	2011 Estimated fair value	2011 Carrying value	2010 Estimated fair value	2010 Carrying value
At fair value through profit and loss				
Trade and other payables[1]	262	262	434	434
Other financial liabilities (derivatives)[2]	1,112	1,112	835	835
Designated into fair value hedge				
Borrowings	8,867	8,074	8,815	8,192
Financial liabilities at amortised cost				
Trade and other payables[1]	4,637	4,637	4,317	4,317
Borrowings[3]	5,526	4,799	7,216	5,247
Other non-current liabilities[4]	55	55	87	87
Total financial liabilities	20,459	18,939	21,704	19,112

(1) Trade and other payables exclude tax and social security and deferred income.
(2) Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 25.
(3) The fair value of the convertible bond represents the quoted price of the debt and therefore includes the portion accounted for in equity.
(4) Other non-current liabilities exclude non-current deferred income.

For financial liabilities which are traded on an active market, such as listed debt instruments, fair value is determined by reference to market value. For non-traded financial liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, unless carrying value is considered to approximate fair value.

Fair value hierarchy

An analysis of financial liabilities carried at fair value is set out below:

US$ million	2011 Level 1[1]	2011 Level 2[2]	2011 Level 3[3]	2011 Total	2010 Level 1[1]	2010 Level 2[2]	2010 Level 3[3]	2010 Total
At fair value through profit and loss								
Trade and other payables	–	262	–	262	–	434	–	434
Other financial liabilities (derivatives)	–	924	188	1,112	–	775	60	835
	–	1,186	188	1,374	–	1,209	60	1,269

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments.
(2) Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
(3) Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. Financial instruments included within level 3 primarily consist of embedded derivatives and certain cross currency swaps of Brazilian real denominated borrowings, whose valuation depends upon unobservable inputs and commodity sales contracts which do not meet the conditions for the 'own use' exemption under IAS 39.

There have been no significant transfers between levels in 2011 or 2010. The movements in the fair value of the level 3 financial liabilities are shown in the following table:

US$ million	2011	2010
At 1 January	60	113
Net gain recorded in remeasurements	(5)	(121)
Cash flow	15	–
Reclassification to/from level 3 financial assets	123	41
Currency movements	(5)	27
At 31 December	188	60

For the level 3 financial liabilities, changing certain inputs to reasonably possible alternative assumptions may change the fair value significantly. Where significant, the effect of a change in these assumptions to a reasonably possible alternative assumption is outlined in the table below. These sensitivities have been calculated by amending the fair value of the level 3 financial liabilities at 31 December for a change in each individual assumption, as outlined below, whilst keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements.

US$ million	Change in assumption	2011 Increase in fair value of liabilities	2010 Increase in fair value of liabilities
Other financial liabilities (derivatives)	Shift of TJLP curve[1]	21	n/a

(1) TJLP is a Brazilian domestic interest rate. The sensitivities at 31 December 2011 are provided on the net liability position of such level 3 financial instruments.

Financial liability risk exposures are set out in note 25.

24. FINANCIAL LIABILITIES continued

Analysis of borrowings

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

	2011			2010		
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Secured						
Bank loans and overdrafts[1]	**55**	**276**	**331**	57	404	461
Obligations under finance leases[2]	**4**	**17**	**21**	5	5	10
	59	**293**	**352**	62	409	471
Unsecured						
Bank loans and overdrafts	**673**	**1,722**	**2,395**	1,276	1,536	2,812
Bonds issued under EMTN programme	**163**	**4,167**	**4,330**	62	4,346	4,408
US bonds	**–**	**3,408**	**3,408**	–	3,249	3,249
Convertible bond[3]	**–**	**1,504**	**1,504**	–	1,434	1,434
Other loans	**123**	**761**	**884**	135	930	1,065
	959	**11,562**	**12,521**	1,473	11,495	12,968
Total	**1,018**	**11,855**	**12,873**	1,535	11,904	13,439

(1) Assets with a book value of $408 million (2010: $569 million) have been pledged as security, of which $170 million (2010: $212 million) are property, plant and equipment, $113 million (2010: $183 million) are financial assets and $125 million (2010: $174 million) are inventories. Related to these assets are borrowings of $331 million (2010: $461 million) in respect of project financing arrangements.

(2) Details of assets held under finance leases are provided in note 15. The minimum lease payments under finance leases fall due as follows:

US$ million	2011	2010
Within one year	**4**	5
Greater than one year, less than five years	**12**	4
Greater than five years	**13**	1
	29	10
Future finance charges on finance leases	**(8)**	–
Present value of finance lease liabilities	**21**	10

(3) The debt component of the convertible bond includes cumulative unwinding of discount of $175 million (2010: $104 million) and the effect of conversions during the year of $1 million (2010: nil).

Net additional medium and long term borrowings were $964 million (2010: $1,194 million) and net repayments of short term borrowings were $1,261 million (2010: $2,338 million) as disclosed in the Consolidated cash flow statement. Additional borrowings during 2011 primarily comprised funding from the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) for the Barro Alto and Minas-Rio projects in Brazil.

During 2010 the Group raised $150 million through the issuance of notes under the Euro Medium Term Note (EMTN) programme, R1 billion ($151 million) through the issuance of notes under the South African Domestic Medium Term Note programme and $1.25 billion through the issuance of senior notes (US bonds).

Convertible bond

During 2009 the Group issued $1.7 billion of 4% senior convertible notes (the Notes) which, at the holders' election, could be exchanged for ordinary shares of Anglo American plc at a conversion price of £18.6370. The Group will have the option to call the Notes after three years from the date of issuance subject to certain conditions and, unless the Notes are redeemed, converted or cancelled, they will mature in 2014. Following the 2010 final dividend declaration and in accordance with the terms and conditions of the Notes, the conversion price was adjusted to £18.3600 with effect from 13 April 2011.

On issuance of the Notes, the fair values of the debt and equity conversion feature were $1,330 million and $355 million respectively. The equity conversion feature is presented in equity within Fair value and other reserves.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board has approved and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the balance sheet at year end is provided as follows (subcategorised into credit risk, liquidity risk and market risk).

Credit risk

The Group's principal financial assets are cash, trade and other receivables and investments. The Group's maximum exposure to credit risk primarily arises from these financial assets and is as follows:

US$ million	2011	2010
Cash and cash equivalents	**11,732**	6,401
Trade and other receivables[1]	**3,852**	3,883
Financial asset investments[2]	**1,690**	1,920
Other financial assets (derivatives)	**840**	842
Financial guarantees[3]	**51**	92
	18,165	13,138

(1) Trade and other receivables exclude prepayments and accrued income.

(2) Financial asset investments exclude available for sale investments.

(3) Financial guarantees issued by the Group in respect of third party liabilities represent an exposure to credit risk in excess of the Group's financial assets.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

The Group limits exposure to credit risk on liquid funds and derivative financial instruments through adherence to a policy of, where possible:

- acceptable minimum counterparty credit ratings assigned by international credit rating agencies (including long term ratings of A- (Standard & Poor's), A3 (Moody's) or A- (Fitch) or better)
- daily counterparty settlement limits (which are not to exceed three times the credit limit for an individual bank)
- exposure diversification (the aggregate Group exposure to key financial counterparties cannot exceed 5% of the counterparty's shareholders' equity).

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), together with insurance cover (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

An allowance for impairment of trade receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment are disclosed in note 21.

Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any Group distribution restrictions that exist. In addition, certain projects are financed by means of limited recourse project finance, if appropriate.

The expected undiscounted cash flows of the Group's financial liabilities (including associated derivatives), by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

	2011						2010					
	Within one year			One to two years			Within one year			One to two years		
US$ million	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
Financial liabilities (excluding derivatives)	(549)	(181)	(5,962)[1]	(549)	(127)	(2,433)	(566)	(148)	(6,356)[1]	(566)	(126)	(1,155)
Net settled derivatives[2]	470	(246)	2	470	(250)	(140)	485	(303)	13	486	(306)	3
	(79)	(427)	(5,960)	(79)	(377)	(2,573)	(81)	(451)	(6,343)	(80)	(432)	(1,152)

	2011						2010					
	Two to five years			Greater than five years			Two to five years			Greater than five years		
US$ million	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
Financial liabilities (excluding derivatives)	(798)	(254)	(6,551)[3]	(354)	(104)	(3,952)	(1,197)	(137)	(7,504)[3]	(530)	(1,400)	(3,241)
Net settled derivatives[2]	761	(305)	(468)	350	(127)	(219)	1,083	(619)	(337)	530	(282)	(291)
	(37)	(559)	(7,019)	(4)	(231)	(4,171)	(114)	(756)	(7,841)	–	(1,682)	(3,532)

(1) Assumes maximum cash outflow in respect of third party guarantees issued by the Group and repayment of all short term borrowings with no refinancing.
(2) The expected maturities are not materially different from the contracted maturities.
(3) Includes the full outstanding value of the convertible bond and assumes no further conversion.

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	2011	2010
Expiry date		
Within one year[1]	1,781	3,781
Greater than one year, less than two years	1,268	12
Greater than two years, less than five years	5,294	7,269
Greater than five years	76	58
	8,419[2]	11,120

(1) Includes undrawn rand facilities equivalent to $1.6 billion (2010: $1.7 billion) in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.
(2) In February 2011 the Group retired a $2.25 billion revolving credit facility maturing in June 2011.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the Group is exposed are foreign exchange risk, interest rate risk and commodity price risk.

Foreign exchange risk

As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs and to a lesser extent, from non-US dollar revenues. The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the Group, though exceptions can be approved by the Group Management Committee.

In addition, currency exposures exist in US dollar functional currency entities in respect of non-US dollar expenditure on approved capital projects and non-US dollar borrowings. The Group's policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to currency risk is as follows:

	2011				2010			
US$ million	Financial assets (excluding derivatives)	Impact of currency derivatives[1]	Derivative assets	Total financial assets – exposure to currency risk	Financial assets (excluding derivatives)	Impact of currency derivatives[1]	Derivative assets	Total financial assets – exposure to currency risk
US dollar	10,639	(186)	742	11,195	5,293	(140)	765	5,918
Rand	5,761	186	98	6,045	6,065	140	77	6,282
Brazilian real	839	–	–	839	571	–	–	571
Sterling	467	–	–	467	386	–	–	386
Australian dollar	383	–	–	383	811	–	–	811
Euro	9	–	–	9	20	–	–	20
Other currencies	382	–	–	382	358	–	–	358
Total financial assets	18,480	–	840	19,320	13,504	–	842	14,346

	2011				2010			
US$ million	Financial liabilities (excluding derivatives)	Impact of currency derivatives[1]	Derivative liabilities	Total financial liabilities – exposure to currency risk	Financial liabilities (excluding derivatives)	Impact of currency derivatives[1]	Derivative liabilities	Total financial liabilities – exposure to currency risk
US dollar	(6,970)	(5,282)	(1,096)	(13,348)	(6,444)	(5,797)	(813)	(13,054)
Rand	(3,595)	(37)	(16)	(3,648)	(3,906)	(22)	(22)	(3,950)
Brazilian real	(1,608)	1,138	–	(470)	(1,098)	462	–	(636)
Sterling	(1,181)	740	–	(441)	(2,136)	1,796	–	(340)
Australian dollar	(564)	–	–	(564)	(595)	–	–	(595)
Euro	(3,436)	3,428	–	(8)	(3,500)	3,486	–	(14)
Other currencies	(473)	13	–	(460)	(598)	75	–	(523)
Total financial liabilities	(17,827)	–	(1,112)	(18,939)	(18,277)	–	(835)	(19,112)

[1] Where currency derivatives are held to manage financial instrument exposures the notional principal amount is reallocated to reflect the remaining exposure to the Group.

Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact on the value of short term investments and financing activities. Exposure to interest rate risk relates principally to changes in US and South African interest rates.

The Group policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give somewhat of a natural hedge against commodity price movements, given the correlation with economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuation. In certain circumstances, the Group uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing debt. Strategic hedging using fixed rate debt may also be undertaken from time to time if approved by the Group Management Committee.

In respect of financial assets, the Group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

The exposure of the Group's financial assets (excluding intra-group loan balances) to interest rate risk is as follows:

	2011					2010				
	Interest bearing financial assets		Non-interest bearing financial assets			Interest bearing financial assets		Non-interest bearing financial assets		
US$ million	Floating rate	Fixed rate[1]	Equity investments	Other	Total	Floating rate	Fixed rate[1]	Equity investments	Other	Total
Financial assets (excluding derivatives)[2]	12,623	689	1,206	3,962	18,480	6,981	1,068	1,300	4,155	13,504
Derivative assets	638	–	–	202	840	315	–	–	527	842
Financial asset exposure to interest rate risk	13,261	689	1,206	4,164	19,320	7,296	1,068	1,300	4,682	14,346

[1] Includes $534 million (2010: $643 million) of preference shares in BEE entities.
[2] At 31 December 2011 and 31 December 2010 no interest rate swaps were held in respect of financial asset exposures.

Floating rate financial assets consist mainly of cash and bank term deposits. Interest on floating rate financial assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist mainly of financial asset investments and cash, and have a weighted average interest rate of 12.7% (2010: 11.7%) for an average period of three years (2010: three years). Equity investments have no maturity period and the majority are fully liquid.

The exposure of the Group's financial liabilities (excluding intra-group loan balances) to interest rate risk is as follows:

	2011				2010			
	Interest bearing financial liabilities		Non-interest bearing financial liabilities		Interest bearing financial liabilities		Non-interest bearing financial liabilities	
US$ million	Floating rate	Fixed rate		Total	Floating rate	Fixed rate		Total
Financial liabilities (excluding derivatives)	(3,254)	(9,610)	(4,963)	(17,827)	(3,921)	(9,507)	(4,849)	(18,277)
Impact of interest rate swaps[1]	(8,074)	8,074	–	–	(8,046)	8,046	–	–
Derivative liabilities	(158)	–	(954)	(1,112)	(44)	–	(791)	(835)
Financial liability exposure to interest rate risk	(11,486)	(1,536)	(5,917)	(18,939)	(12,011)	(1,461)	(5,640)	(19,112)

[1] Where interest rate swaps are held to manage financial liability exposures the notional principal amount is reallocated to reflect the remaining exposure to the Group.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

Interest on floating rate financial liabilities is based on the relevant national inter-bank rates. Remaining fixed rate borrowings accrue interest at a weighted average interest rate of 9.3% (2010: 9.3%) for an average period of two years (2010: three years). Average maturity on non-interest bearing instruments is 12 months (2010: 14 months).

Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group policy is generally not to hedge price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group uses forward and deferred contracts to hedge the price risk.

Certain of the Group's sales and purchases are provisionally priced and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

	2011				2010			
	Commodity price linked				Commodity price linked			
US$ million	Subject to price movements	Fixed price[1]	Not linked to commodity price	Total	Subject to price movements	Fixed price[1]	Not linked to commodity price	Total
Total net financial instruments (excluding derivatives)	**352**	**945**	**(644)**	**653**	(136)	1,322	(5,959)	(4,773)
Commodity derivatives (net)	**(17)**	**–**	**–**	**(17)**	(26)	–	–	(26)
Non-commodity derivatives (net)	**–**	**–**	**(255)**	**(255)**	–	–	33	33
Total financial instrument exposure to commodity risk	**335**	**945**	**(899)**	**381**	(162)	1,322	(5,926)	(4,766)

[1] Includes receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

Derivatives

In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39, the fair values of derivatives are separately recorded on the balance sheet within Other financial assets (derivatives) and Other financial liabilities (derivatives). Derivatives are classified as current or non-current depending on the expected maturity of the derivative.

The Group utilises derivative instruments to manage certain market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives that are not hedge accounted are classified as 'non-hedges' and fair value movements are recorded in the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value. Embedded derivatives may be designated into hedge relationships and are accounted for in accordance with the Group's accounting policy set out in note 1.

Cash flow hedges

In certain cases the Group classifies its forward foreign currency and commodity price contracts hedging highly probable forecast transactions as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement (or hedged balance sheet item) in accordance with the Group's accounting policy set out in note 1.

Fair value hedges

The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate, in accordance with the Group's policy) have been designated as fair value hedges. The carrying value of the hedged debt is adjusted at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and classified within net finance costs in the income statement.

Non-hedges

The Group may choose not to designate certain derivatives as hedges. This may occur where the Group is economically hedged but IAS 39 hedge accounting cannot be achieved or where gains and losses on both the derivative and hedged item naturally offset in the income statement, which for example may be the case for certain cross currency swaps of non-US dollar debt. Where derivatives have not been designated as hedges, fair value changes are recognised in the income statement in accordance with the Group's accounting policy set out in note 1 and are classified as financing or operating depending on the nature of the associated hedged risk.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

The fair value of the Group's open derivative position at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within Other financial assets (derivatives) and Other financial liabilities (derivatives) is as follows:

	Current				Non-current			
	2011		2010		2011		2010	
US$ million	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Cash flow hedge								
Forward foreign currency contracts	**6**	**(1)**	50	–	**–**	**–**	–	–
Fair value hedge								
Interest rate swaps	**–**	**–**	–	–	**538**	**–**	309	(44)
Forward commodity contracts	**–**	**(5)**	–	–	**–**	**–**	–	–
Non-hedge ('Held for trading')								
Forward foreign currency contracts	**117**	**(121)**	307	(34)	**11**	**(33)**	119	–
Cross currency swaps	**49**	**–**	20	–	**55**	**(908)**	3	(676)
Other	**–**	**(35)**	–	(46)	**64**	**(9)**	34	(35)
	172	**(162)**	377	(80)	**668**	**(950)**	465	(755)

These marked to market valuations are in no way predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at year end, at market prices and rates available at the time.

Normal purchase and normal sale contracts

Commodity based contracts that meet the scope exemption in IAS 39 (in that they are settled through physical delivery of the Group's production or are used within the production process), are classified as normal purchase or sale contracts. In accordance with IAS 39 these contracts are not marked to market.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

In order to manage the short and long term capital structure, the Group adjusts the amount of ordinary dividends paid to shareholders, returns capital to shareholders (via, for example, share buybacks and special dividends), arranges debt to fund new acquisitions and may also sell non-core assets to reduce debt.

The Group monitors capital on the basis of the ratio of net debt to total capital (gearing). Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of debt and the net debt of disposal groups). Total capital is calculated as Net assets (as shown in the Consolidated balance sheet) excluding net debt. Total capital and gearing are as follows:

US$ million	2011	2010
Net assets	**43,189**	37,971
Net debt including hedges (see note 31c)	**1,374**	7,384
Total capital	**44,563**	45,355
Gearing	**3.1%**	16.3%

The decrease in gearing since 31 December 2010 reflects the 81% reduction in net debt in the year. Net assets at 31 December 2011 were 14% higher than at 31 December 2010 due to retained profit for the year and other net gains in equity. A significant portion of these profits and gains were realised in cash, which is excluded from the calculation of total capital. Consequently, total capital remained broadly flat year on year.

Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's financial instruments (at 31 December) to changes in commodity prices, interest rates and foreign currencies.

The sensitivity analysis has been prepared on the basis that the components of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December. In addition, the commodity price impact for provisionally priced contracts is based on the related trade receivables and trade payables at 31 December. As a consequence, this sensitivity analysis relates to the position at 31 December.

The following assumptions were made in calculating the sensitivity analysis:

- All income statement sensitivities also impact equity.
- For debt and other deposits carried at amortised cost, carrying value does not change as interest rates move.
- No sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes.
- Changes in the carrying value of derivatives (from movements in commodity prices and interest rates) designated as cash flow hedges are assumed to be recorded fully within equity on the grounds of materiality.
- No sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed materially to offset one another.
- All hedge relationships are assumed to be fully effective on the grounds of materiality.
- Debt with a maturity of less than one year is floating rate, unless it is a long term fixed rate debt in its final year.
- Translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity.

Using the above assumptions, the following table shows the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant commodity price. The Group has determined that at 31 December 2011 and 31 December 2010, based on the above assumptions there is no significant sensitivity to changes in market interest rates.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

US$ million	2011 Income statement	2011 Equity	2010 Income statement	2010 Equity
Foreign currency sensitivities[1]				
+10% US dollar to rand	**(81)**	**(77)**	(76)	(76)
-10% US dollar to rand	**81**	**77**	76	76
+10% US dollar to Brazilian real[2]	**402**	**405**	456	482
-10% US dollar to Brazilian real[2]	**(279)**	**(282)**	(297)	(302)
+10% US dollar to Australian dollar	**36**	**36**	23	23
-10% US dollar to Australian dollar	**(36)**	**(36)**	(23)	(23)
+10% US dollar to Chilean peso[2]	**15**	**15**	38	60
-10% US dollar to Chilean peso[2]	**(18)**	**(18)**	(46)	(73)
Commodity price sensitivities				
10% increase in the copper price	**37**	**37**	59	59
10% decrease in the copper price	**(37)**	**(37)**	(59)	(59)
10% increase in the platinum price	**(15)**	**(15)**	(19)	(19)
10% decrease in the platinum price	**15**	**15**	19	19

(1) + represents strengthening of US dollar against the respective currency.
(2) Includes sensitivities for non-hedge derivatives related to capital expenditure.

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including:
- fluctuating trade receivable and trade payable balances
- derivative instruments and borrowings settled throughout the year
- fluctuating cash balances
- changes in currency mix.

As the sensitivities are limited to year end financial instrument balances they do not take account of the Group's sales and operating costs which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation, whilst in reality commodity prices, interest rates and foreign currencies do not move independently.

26. PROVISIONS FOR LIABILITIES AND CHARGES

US$ million	Environmental restoration[1]	Decommissioning[1]	Employee benefits	Other	2011 Total
At 1 January	**931**	**374**	**262**	**545**	**2,112**
Charged to the income statement	**112**	**1**	**121**	**164**	**398**
Capitalised	**21**	**25**	**–**	**71**	**117**
Unwinding of discount	**51**	**19**	**1**	**6**	**77**
Amounts applied	**(9)**	**(1)**	**(117)**	**(153)**	**(280)**
Unused amounts reversed	**(12)**	**(27)**	**–**	**(25)**	**(64)**
Disposal of businesses	**(1)**	**(1)**	**–**	**(1)**	**(3)**
Currency movements	**(104)**	**(41)**	**(10)**	**–**	**(155)**
At 31 December	**989**	**349**	**257**	**607**	**2,202**

(1) The Group makes contributions to controlled funds to meet the cost of some of its environmental restoration and decommissioning liabilities (see note 16).

Maturity analysis of total provisions:

US$ million	2011	2010
Current	**372**	446
Non-current	**1,830**	1,666
	2,202	2,112

Environmental restoration
The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Decommissioning
Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Employee benefits
Provision is made for statutory or contractual employee entitlements including long service leave, annual leave, sickness pay obligations and cash settled share-based payment obligations. It is anticipated that these costs will be incurred when employees choose to take their benefits.

Other
Other provisions primarily relate to indemnities, warranties and legal claims. It is anticipated that these costs will be incurred over a five year period.

27. DEFERRED TAX

The movement in deferred tax balances during the year is as follows:

US$ million	2011	2010
Deferred tax assets		
At 1 January	**389**	288
Credited to the income statement	**207**	69
Credited/(charged) to the statement of comprehensive income	**15**	(16)
(Charged)/credited directly to equity	**(21)**	51
Transfers	**–**	(27)
Disposal of businesses	**(1)**	–
Currency movements	**(59)**	24
At 31 December	**530**	389

US$ million	2011	2010
Deferred tax liabilities		
At 1 January	**(5,641)**	(5,192)
Charged to the income statement	**(757)**	(222)
Charged to the statement of comprehensive income	**(5)**	(76)
(Charged)/credited directly to equity	**(106)**	17
Acquired/released in respect of business combinations	**–**	98
Transfers	**–**	52
Disposal of businesses	**6**	119
Currency movements	**773**	(437)
At 31 December	**(5,730)**	(5,641)

The amount of deferred tax recognised in the balance sheet is as follows:

US$ million	2011	2010
Deferred tax assets		
Tax losses	**273**	105
Post employment benefits	**35**	45
Share-based payments	**15**	55
Other temporary differences	**207**	184
	530	389
Deferred tax liabilities		
Capital allowances in excess of depreciation	**(3,334)**	(3,121)
Fair value adjustments	**(1,806)**	(1,903)
Tax losses	**103**	103
Derivatives	**(167)**	(211)
Provisions	**(435)**	(507)
Other temporary differences	**(91)**	(2)
	(5,730)	(5,641)

The amount of deferred tax (charged)/credited to the income statement is as follows:

US$ million	2011	2010
Capital allowances in excess of depreciation	**(615)**	(162)
Fair value adjustments	**(118)**	168
Tax losses	**167**	42
Derivatives	**36**	(105)
Provisions	**82**	(44)
Other temporary differences	**(102)**	(52)
	(550)	(153)

The current expectation regarding the maturity of deferred tax balances is as follows:

US$ million	2011	2010
Deferred tax assets		
Recoverable within one year	**52**	49
Recoverable after one year	**478**	340
	530	389
Deferred tax liabilities		
Payable within one year	**(505)**	(283)
Payable after one year	**(5,225)**	(5,358)
	(5,730)	(5,641)

27. DEFERRED TAX continued

The Group has the following balances in respect of which no deferred tax asset has been recognised:

US$ million	2011 Tax losses – revenue	2011 Tax losses – capital	2011 Other temporary differences	2011 Total	2010 Tax losses – revenue	2010 Tax losses – capital	2010 Other temporary differences	2010 Total
Expiry date								
Within one year	–	–	–	–	–	–	–	–
Greater than one year, less than five years	–	–	–	–	15	–	–	15
Greater than five years	111	–	–	111	84	–	–	84
No expiry date	3,082	1,067	403	4,552	3,023	1,252	8	4,283
	3,193	1,067	403	4,663	3,122	1,252	8	4,382

The Group also has unused tax credits of $18 million (2010: $84 million) for which no deferred tax asset is recognised in the balance sheet. None of these credits expire within five years.

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries, branches and associates and interests in joint ventures is represented by the contribution of those investments to the Group's retained earnings and amounted to $25,876 million (2010: $20,277 million).

28. RETIREMENT BENEFITS

The Group operates a number of defined contribution and defined benefit pension plans. It also operates post employment medical arrangements in southern Africa.

Defined contribution plans

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans. At 31 December 2011 there were no material outstanding or prepaid contributions and so no accrual or prepayment has been disclosed in the balance sheet in relation to these plans.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of the contribution payable by the Group in the financial year. The charge for the year for defined contribution pension plans (net of amounts capitalised) was $254 million (2010: $216 million) and for defined contribution medical plans (net of amounts capitalised) was $57 million (2010: $23 million).

Defined benefit pension plans and post employment medical plans

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice throughout the world. The unfunded pension plans are principally in South America.

The post employment medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post employment medical plan liability.

Independent qualified actuaries carry out full valuations every three years using the projected unit credit method. The actuaries have updated the valuations to 31 December 2011.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits under IAS 19 *Employee Benefits* are detailed below (shown as weighted averages):

%	2011 Southern Africa	2011 The Americas	2011 Europe	2010 Southern Africa	2010 The Americas	2010 Europe
Defined benefit pension plans						
Average discount rate for plan liabilities	8.5	7.8	4.8	8.5	8.5	5.4
Average rate of inflation	6.5	3.6	2.7	5.8	3.8	3.2
Average rate of increase in salaries	7.8[1]	6.5	n/a[2]	7.0	6.8	0.4
Average rate of increase of pensions in payment	6.5	3.3	3.0	5.8	3.6	3.5
Average long term rate of return on plan assets[3]	5.2	12.8	5.0	9.1	12.4	6.1
Post employment medical plans						
Average discount rate for plan liabilities	8.5	n/a	n/a	8.5	n/a	n/a
Average rate of inflation	6.5	n/a	n/a	5.8	n/a	n/a
Expected average increase in healthcare costs	7.9	n/a	n/a	7.2	n/a	n/a

(1) Plans in southern Africa have ceased future accrual of benefits but some benefits remain linked to salary increases.

(2) European plans have ceased future accrual of benefits.

(3) The long term expected return on plan assets has been set with reference to current market yields on government and corporate bonds, plus expected equity and corporate bond-outperformance over government bonds in the relevant jurisdictions. The expected return on cash assets has been set with reference to current bank base rates. The overall long term expected rate of return for each asset class is weighted by the asset allocation to the asset class at the balance sheet date.

28. RETIREMENT BENEFITS continued

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In southern Africa, the PA90 tables (2010: PA90 tables) are used. The main plans in Europe use the SAPS tables (2010: SAPS tables). The main plans in the Americas use the RV2009 and AT2000 tables (2010: RV2004 and AT2000 tables). The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy:

	Male		Female	
Years	2011	2010	2011	2010
Southern Africa	**20.9**	20.6	**25.8**	25.5
The Americas	**23.2**	23.2	**27.2**	27.2
Europe	**27.4**	27.4	**30.0**	30.0

Summary of plans by geography

The Group's plans in respect of pension and post employment healthcare are summarised as follows:

	2011				2010			
US$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Assets[1]								
Defined benefit pension plans in surplus	**70**	**–**	**–**	**70**	112	–	–	112
Liabilities								
Defined benefit pension plans in deficit	**–**	**(181)**	**(171)**	**(352)**	–	(178)	(101)	(279)
Post employment medical plans in deficit	**(287)**	**–**	**–**	**(287)**	(312)	–	–	(312)
	(287)	**(181)**	**(171)**	**(639)**	(312)	(178)	(101)	(591)

(1) Amounts are included in Other non-current assets.

Five year summary of plan assets and liabilities

US$ million	2011	2010	2009	2008	2007
Defined benefit pension plans					
Fair value of plan assets	**2,583**	2,732	2,731	2,073	3,148
Present value of plan liabilities	**(2,792)**	(2,840)	(2,975)	(2,157)	(3,095)
Net (deficit)/surplus	**(209)**	(108)	(244)	(84)	53
Surplus restriction	**(73)**	(59)	(106)	(61)	(136)
Net deficit after surplus restriction	**(282)**	(167)	(350)	(145)	(83)
Actuarial (loss)/gain on plan assets[1]	**(32)**	76	184	(392)	39
Actuarial (loss)/gain on plan liabilities[2]	**(135)**	19	(361)	208	(48)
Post employment medical plans					
Fair value of plan assets	**22**	25	20	17	20
Present value of plan liabilities	**(309)**	(337)	(322)	(241)	(329)
Net deficit	**(287)**	(312)	(302)	(224)	(309)
Actuarial gain on plan assets[3]	**1**	2	–	1	1
Actuarial (loss)/gain on plan liabilities[4]	**(22)**	(13)	(10)	16	(29)

(1) Net experience losses on pension plan assets were $32 million (2010: gains of $76 million; 2009: gains of $184 million; 2008: losses of $392 million; 2007: gains of $32 million).
(2) Net experience losses on pension plan liabilities were $10 million (2010: gains of $38 million; 2009: losses of $17 million; 2008: losses of $29 million; 2007: losses of $112 million).
(3) Net experience gains on medical plan assets were $1 million (2010: gains of $2 million; 2009: nil; 2008: gains of $1 million; 2007: losses of $1 million).
(4) Net experience losses on medical plan liabilities were $1 million (2010: gains of $5 million; 2009: losses of $3 million; 2008: losses of $7 million; 2007: losses of $4 million).

The actuarial loss recognised in the Consolidated statement of comprehensive income of $214 million (2010: gain of $131 million) includes a charge for the increase in the surplus restriction of $26 million (2010: credit for the decrease of $57 million) and, in 2010, an actuarial loss of $10 million related to disposal groups. The movement in the surplus restriction in the Consolidated statement of comprehensive income differs from that in the table above due to exchange differences. Cumulative net actuarial losses recognised in the Consolidated statement of comprehensive income are $592 million (2010: $378 million; 2009: $509 million; 2008: $292 million; 2007: $163 million).

Income statement

The amounts recognised in the income statement are as follows:

	2011			2010		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Analysis of the amount charged to operating profit						
Current service costs	**18**	**3**	**21**	28	3	31
Past service costs and effects of settlements and curtailments	**–**	**–**	**–**	9	(6)	3
Total within operating costs	**18**	**3**	**21**	37	(3)	34
Analysis of the amount charged to net finance costs						
Expected return on plan assets[1]	**(197)**	**(2)**	**(199)**	(203)	(2)	(205)
Interest costs on plan liabilities[2]	**181**	**24**	**205**	193	26	219
Net charge to net finance costs	**(16)**	**22**	**6**	(10)	24	14
Total charge to the income statement	**2**	**25**	**27**	27	21	48

(1) Included in Investment income. See note 9.
(2) Included in Interest expense. See note 9.

28. RETIREMENT BENEFITS continued

Pension plan assets and liabilities by geography

The split of the present value of funded and unfunded obligations in defined benefit pension plans, the fair value of the pension assets and the long term expected rate of return at 31 December are as follows:

	2011							2010					
	Southern Africa		The Americas		Europe		Total	Southern Africa		The Americas		Europe	Total
	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Fair value US$ million
Equity	7.5	283	14.6	13	7.0	726	1,022	11.3	359	16.8	13	7.7	822	1,194
Bonds	4.1	512	12.6	124	3.7	715	1,351	8.0	597	12.0	128	4.7	582	1,307
Other	2.9	42	11.8	5	1.4	163	210	6.5	62	10.8	6	3.0	163	231
Fair value of pension plan assets[1]		837		142		1,604	2,583		1,018		147		1,567	2,732
Present value of funded obligations[1]		(718)		(150)		(1,751)	(2,619)		(847)		(155)		(1,667)	(2,669)
Present value of unfunded obligations		–		(173)		–	(173)		–		(170)		(1)	(171)
Present value of pension plan liabilities		(718)		(323)		(1,751)	(2,792)		(847)		(325)		(1,668)	(2,840)
Net surplus/(deficit) in pension plans		119		(181)		(147)	(209)		171		(178)		(101)	(108)
Surplus restriction related to pension plans		(49)		–		(24)	(73)		(59)		–		–	(59)
Recognised pension plan assets/(liabilities)		70		(181)		(171)	(282)		112		(178)		(101)	(167)
Amounts in the balance sheet														
Pension assets		70		–		–	70		112		–		–	112
Pension liabilities		–		(181)		(171)	(352)		–		(178)		(101)	(279)
		70		(181)		(171)	(282)		112		(178)		(101)	(167)

[1] The fair value of assets was used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 99% (2010: 102%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. Companies within the Group are paying contributions as required in accordance with local actuarial advice.

Movement analysis

The changes in the fair value of plan assets are as follows:

	2011			2010		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	2,732	25	2,757	2,731	20	2,751
Past service costs and effects of settlements and curtailments	(31)	–	(31)	(127)	–	(127)
Expected return	197[1]	2	199	203[1]	2	205
Actuarial (losses)/gains	(32)[1]	1	(31)	76[1]	2	78
Contributions paid by employer[2]	81	–	81	53	–	53
Benefits paid	(136)	(1)	(137)	(160)	(1)	(161)
Contributions paid by plan participants	1	–	1	2	–	2
Transfer to liabilities directly associated with assets held for sale	–	–	–	(113)	–	(113)
Currency movements	(229)	(5)	(234)	67	2	69
At 31 December	2,583	22	2,605	2,732	25	2,757

[1] The actual return on assets in respect of pension plans was $165 million (2010: $279 million).

[2] The Group expects to contribute approximately $38 million to its pension plans and $16 million to its post employment medical plans in 2012.

The changes in the present value of defined benefit obligations are as follows:

	2011			2010		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	(2,840)	(337)	(3,177)	(2,975)	(322)	(3,297)
Current service costs	(18)	(3)	(21)	(28)	(3)	(31)
Past service costs and effects of settlements and curtailments	31	–	31	118	6	124
Interest costs	(181)	(24)	(205)	(193)	(26)	(219)
Actuarial (losses)/gains	(135)	(22)	(157)	19	(13)	6
Benefits paid	136	16	152	160	17	177
Contributions paid by plan participants	(1)	–	(1)	(2)	–	(2)
Transfer to liabilities directly associated with assets held for sale	–	–	–	128	40	168
Reclassification	–	–	–	(8)	–	(8)
Currency movements	216	61	277	(59)	(36)	(95)
At 31 December	(2,792)	(309)	(3,101)	(2,840)	(337)	(3,177)

28. RETIREMENT BENEFITS continued

Healthcare sensitivity analysis

Amounts recognised in the income statement in respect of post employment medical plans are sensitive to assumed healthcare cost trend rates. A 1% change in assumed healthcare cost trend rates would have the following effects:

	1% increase		1% decrease	
US$ million	2011	2010	2011	2010
Effect on the sum of service costs and interest costs	**4**	3	**(3)**	(3)
Effect on defined benefit obligations	**35**	37	**(28)**	(31)

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS

Called-up share capital

	2011		2010	
	Number of shares	US$ million	Number of shares	US$ million
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	**50,000**	**–**	50,000	–
Ordinary shares of $54^{86}/_{91}$ US cents each:				
At 1 January	**1,342,932,714**	**738**	1,342,927,138	738
Allotted during the year	**34,744**	**–**	5,576	–
At 31 December	**1,342,967,458**	**738**	1,342,932,714	738

During 2011 5,487 ordinary shares of $54^{86}/_{91}$ US cents each were allotted to certain non-executive directors by subscription of their after tax directors' fees (2010: 5,576 ordinary shares). In addition, 29,257 ordinary shares of $54^{86}/_{91}$ US cents each were allotted upon the conversion of Anglo American plc convertible bonds due 2014 (2010: nil), see note 24.

Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined in the Tenon and Employee benefit trust sections below) the number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2011 was 1,323,428,547 and $727 million (2010: 1,320,052,246; $725 million).

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

In the event of winding up, the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the cumulative preference shares held by them and any accrued dividend, whether such dividend has been earned or declared or not, calculated up to the date of the winding up.

No ordinary shares were allotted on exercise of employee share option plans (2010: nil).

Treasury shares

At 31 December 2011 the Company held 19,538,911 ordinary shares of $54^{86}/_{91}$ US cents in treasury (2010: 22,880,468 ordinary shares). During 2011 3,341,557 treasury shares (2010: 3,553,042 treasury shares) were transferred to employees in settlement of share awards.

Tenon

Tenon Investment Holdings (Pty) Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Limited (Epoch), Epoch Two Investment Holdings Limited (Epoch Two) and Tarl Investment Holdings Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group. Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market. Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate, which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies, provided all the funding required to acquire the Anglo American plc shares through the market. These payments by Tenon were sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of $6.69 per share to Epoch, $10.41 per share to Epoch Two and $8.64 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, in accordance with paragraph 33 of IAS 32, any resulting gain or loss recorded by Tenon will not be recognised in the income statement of Anglo American plc.

Under the agreements, the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote on those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Epoch Two and Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Epoch Two and Tarl. Any remaining distributable earnings in the Investment Companies, after the above dividends, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with a participation in future dividend receipts. The Investment Companies will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2011 the Investment Companies together held 112,300,129 (2010: 112,300,129) Anglo American plc shares with a market value of $4,125 million (2010: $5,852 million) which represented 8.5% (2010: 8.5%) of the ordinary shares in issue (excluding treasury shares). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Investment Companies continue to meet the accounting definition of a subsidiary in accordance with IAS 27. As a result, the Investment Companies are consolidated in accordance with the definitions of IAS 27 and the principles set out in SIC-12.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes may be facilitated by an employee benefit trust or settled by the issue of treasury shares. During 2011 no shares (2010: 948,259 shares) from the trust were transferred to employees in settlement of share awards. The cost of shares purchased by the trust is presented against retained earnings. The employee benefit trust has waived the right to receive dividends on these shares.

The market value of the 985 shares (2010: 985 shares) held by the trust at 31 December 2011 was $36,000 (2010: $51,000).

The costs of operating the trust are borne by the Group but are not material.

Share-based payments

During the year ended 31 December 2011, the Group had share-based payment arrangements with employees relating to shares of the Company, the details of which are described in the Remuneration report. All of these Company schemes are equity settled, either by award of ordinary shares (BSP, LTIP and SIP) or award of options to acquire ordinary shares (ESOS and SAYE). The ESOS is now closed to new participants, having been replaced with the BSP. The DOP has since replaced the ESOS for use in special circumstances, relating to the recruitment or retention of key executives. No options have been granted under the DOP.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US$ million	2011	2010
BSP	**92**	69
LTIP	**36**	41
Other schemes	**15**	16
Share-based payment charge relating to Anglo American plc shares[1]	**143**	126

(1) There are equity settled employee share-based payment charges of $47 million (2010: $27 million) relating to Kumba Iron Ore Limited shares and $72 million (2010: $61 million) relating to Anglo American Platinum Limited shares. In addition business units had a net cash settled employee share-based payment credit of $2 million (2010: charge of $9 million).

Schemes settled by award of ordinary shares

The fair value of ordinary shares awarded under the BSP, LTIP and LTIP – AOSC, being the more material share schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP – TSR scheme was calculated using a Monte Carlo model. The assumptions used in these calculations are set out below:

	2011				2010			
Arrangement[1]	BSP	LTIP	LTIP – AOSC	LTIP – TSR	BSP	LTIP	LTIP – AOSC	LTIP – TSR
Date of grant	**04/03/11**	**04/03/11**	**04/03/11**	**04/03/11**	19/03/10	12/03/10	12/03/10	12/03/10
Number of instruments	**3,364,610**	**879,630**	**267,407**	**267,407**	3,007,996	871,864	220,369	220,369
Share price at the date of grant (£)	**32.08**	**31.99**	**31.99**	**31.99**	23.80	25.69	25.69	25.69
Contractual life (years)	**3**	**3**	**3**	**3**	3	3	3	3
Vesting conditions	(2)	(3)	(4)	(5)	(2)	(3)	(4)	(5)
Expected volatility	**40%**	**40%**	**40%**	**40%**	40%	40%	40%	40%
Risk free interest rate	**1.9%**	**1.9%**	**1.9%**	**1.9%**	1.9%	1.9%	1.9%	1.9%
Expected departures	**5% pa**	**5% pa**	**5% pa**	**5% pa**	5% pa	5% pa	5% pa	5% pa
Expected outcome of meeting performance criteria (at date of grant)	**100%**	**100%**	**100%**	**n/a**	100%	100%	100%	n/a
Fair value at date of grant (weighted average) (£)	**33.25**	**33.25**	**33.25**	**21.80**	26.64	27.08	27.08	23.56

(1) The number of instruments used in the fair value models may differ from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.
(2) Three years of continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.
(3) Three years of continuous employment.
(4) Variable vesting dependent on three years of continuous employment and Group AOSC target being achieved.
(5) Variable vesting dependent on three years of continuous employment and market based performance conditions being achieved.

The expected volatility is based on historic volatility over the last five years. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the award.

The charges arising in respect of the other Anglo American plc employee share schemes that the Group operated during the year are not considered material.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

The movements in the number of shares for the more significant share-based payment arrangements are as follows:

Bonus Share Plan[1]

Ordinary shares of 54$^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

	2011	2010
Outstanding at 1 January	**9,020,260**	8,589,412
Conditionally awarded in year	**3,366,076**	3,009,494
Vested in year	**(1,052,193)**	(1,592,468)
Forfeited in year	**(1,227,770)**	(986,178)
Outstanding at 31 December	**10,106,373**	9,020,260

(1) The BSP was approved by shareholders in 2004 as a replacement for the ESOS. Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

Long Term Incentive Plan[1][2]

Ordinary shares of 54$^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

	2011	2010
Outstanding at 1 January	**4,012,568**	4,790,915
Conditionally awarded in year	**1,414,444**	1,312,602
Vested in year	**(730,807)**	(1,195,667)
Forfeited in year	**(975,670)**	(895,282)
Outstanding at 31 December	**3,720,535**	4,012,568

(1) The early vesting of share awards is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.
(2) The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.

Share Incentive Plan

Ordinary shares of 54$^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

	Awards outstanding at 31 December 2011	Awards outstanding at 31 December 2010	Latest release date
Share Incentive Plan	**1,016,074**	915,652	7 December 2014

Schemes settled by award of options

The fair value of options granted under the SAYE scheme, being the only material option scheme, was calculated using a Black Scholes model. No ESOS awards were granted in 2011 or 2010. The assumptions used in these calculations for the current and prior years are set out in the table below:

Arrangement[1]	2011 SAYE	2010 SAYE
Date of grant	**20/04/11**	26/04/10
Number of instruments	**115,026**	172,650
Exercise price (£)	**25.47**	22.99
Share price at the date of grant (£)	**31.85**	28.74
Contractual life (years)	**3.5-7.5**	3.5-7.5
Vesting conditions[2]	**3-7**	3-7
Expected volatility	**40%**	40%
Expected option life (years)	**3.5-7.5**	3.5-7.5
Risk free interest rate (weighted average)	**2.3%**	2.7%
Expected departures	**5% pa**	5% pa
Fair value per option granted (weighted average) (£)	**11.77**	13.29

(1) The number of instruments used in the fair value models may differ from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.
(2) Number of years of continuous employment.

The expected volatility is based on historic volatility over the last five years. The expected life is the average expected period to exercise. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the option.

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2011 and the prior year is shown below. All options outstanding at 31 December 2011 with an exercise date on or prior to 31 December 2011 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2011 was £27.96 (2010: £26.71).

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

Executive Share Option Scheme[1]

Options to acquire ordinary shares of 54$^{86}/_{91}$ US cents were outstanding under the terms of this scheme as follows:

	2011		2010	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	**3,488,329**	**11.22**	4,774,568	10.90
Exercised in year	**(949,341)**	**10.75**	(1,228,787)	9.99
Forfeited in year	**(38,881)**	**10.09**	(57,452)	10.49
Outstanding at 31 December	**2,500,107**	**11.42**	3,488,329	11.22

[1] The early exercise of share options is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.

SAYE Share Option Scheme[1]

Options to acquire ordinary shares of 54$^{86}/_{91}$ US cents were outstanding under the terms of this scheme as follows:

	2011		2010	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	**1,669,812**	**12.33**	2,037,426	11.49
Granted in year	**115,026**	**25.47**	172,650	22.99
Exercised in year	**(125,333)**	**14.99**	(330,368)	12.41
Forfeited in year	**(138,828)**	**14.47**	(209,896)	12.77
Outstanding at 31 December	**1,520,677**	**12.91**	1,669,812	12.33

[1] The early exercise of share options is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.

30. CONSOLIDATED EQUITY ANALYSIS

Fair value and other reserves comprise:

US$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves[1]	Total fair value and other reserves
Balance at 1 January 2010	355	305	31	838	1,529
Total comprehensive income	–	270	7	–	277
Changes in ownership interest in subsidiaries	–	(107)	–	–	(107)
Other	–	–	–	(7)	(7)
Balance at 1 January 2011	**355**	**468**	**38**	**831**	**1,692**
Total comprehensive income	**–**	**108**	**(33)**	**–**	**75**
Other	**–**	**–**	**–**	**(7)**	**(7)**
Balance at 31 December 2011	**355**	**576**	**5**	**824**	**1,760**

[1] Other reserves comprise a legal reserve of $675 million (2010: $682 million), a revaluation reserve of $34 million (2010: $34 million) and a capital redemption reserve of $115 million (2010: $115 million).

31. CONSOLIDATED CASH FLOW ANALYSIS

a) Reconciliation of profit before tax to cash flows from operations

US$ million	2011	2010
Profit before tax	**10,782**	10,928
Depreciation and amortisation	**1,967**	1,919
Share-based payment charges	**254**	219
Net profit on disposals	**(183)**	(1,579)
Operating and financing remeasurements	**(138)**	(491)
Non-cash element of operating special items	**105**	134
Net finance costs before remeasurements	**20**	244
Share of net income from associates	**(977)**	(822)
Provisions	**6**	(37)
Increase in inventories	**(352)**	(309)
Increase in operating receivables	**(264)**	(587)
Increase in operating payables	**457**	516
Deferred stripping	**(171)**	(196)
Other adjustments	**(8)**	(15)
Cash flows from operations	**11,498**	9,924

31. CONSOLIDATED CASH FLOW ANALYSIS continued

b) Reconciliation to the balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2011	2010	2011	2010	2011	2010
Balance sheet	11,732	6,401	(1,018)	(1,535)	(11,855)	(11,904)
Balance sheet – disposal groups[1]	–	59	–	–	–	–
Net debt classifications	11,732	6,460	(1,018)	(1,535)	(11,855)	(11,904)

[1] Disposal group balances are shown within Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale on the balance sheet.

c) Movement in net debt

US$ million	Cash and cash equivalents[1]	Debt due within one year	Debt due after one year	Current financial asset investments	Net debt excluding hedges	Hedges[2]	Net debt including hedges
Balance at 1 January 2010	3,319	(1,498)	(12,819)	3	(10,995)	(285)	(11,280)
Cash flow	2,857	2,338	(1,194)	(7)	3,994	(217)	3,777
Unwinding of discount on convertible bond	–	–	(65)	–	(65)	–	(65)
Disposal of businesses	–	1	2	–	3	–	3
Reclassifications	–	(2,359)	2,359	–	–	–	–
Movement in fair value	–	(6)	(180)	–	(186)	95	(91)
Other non-cash movements	–	–	(11)	3	(8)	–	(8)
Currency movements	284	(11)	4	1	278	2	280
Balance at 1 January 2011	6,460	(1,535)	(11,904)	–	(6,979)	(405)	(7,384)
Cash flow	5,983	1,261	(964)	–	6,280	(226)	6,054
Unwinding of discount on convertible bond	–	–	(71)	–	(71)	–	(71)
Disposal of businesses	–	5	–	–	5	–	5
Reclassifications	–	(777)	777	–	–	–	–
Movement in fair value	–	–	(264)	–	(264)	404	140
Other non-cash movements	–	(18)	(38)	–	(56)	–	(56)
Currency movements	(711)	46	609	–	(56)	(6)	(62)
Balance at 31 December 2011	11,732	(1,018)	(11,855)	–	(1,141)	(233)	(1,374)

[1] The Group operates in certain countries where the existence of exchange controls may restrict the use of certain cash balances (principally South Africa and Venezuela). These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations.

[2] Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative assets of $82 million (2010: $2 million) and net non-current derivative liabilities of $315 million (2010: $407 million) which are classified within Other financial assets (derivatives) and Other financial liabilities (derivatives) on the balance sheet.

32. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES

				2011	2010
US$ million	Lisheen and Black Mountain	Tarmac disposals	Other	Total	Total
Net assets disposed					
Property, plant and equipment	110	54	3	167	1,443
Other non-current assets	53	25	1	79	658
Current assets	431	15	15	461	852
Current liabilities	(39)	(7)	(9)	(55)	(240)
Non-current liabilities	(100)	(7)	(1)	(108)	(412)
Net assets	455	80	9	544	2,301
Non-controlling interests	(42)	–	–	(42)	(14)
Group's share of net assets immediately prior to disposal	413	80	9	502	2,287
Fair value adjustment to retained investments[1]	–	–	–	–	440
Less: retained investments	–	–	–	–	(826)
Net assets disposed	413	80	9	502	1,901
Cumulative translation differences recycled from reserves	42	5	(2)	45	(40)
Net gain/(loss) on disposals[1]	397	(75)	15	337	1,246
Net sale proceeds	852	10	22	884	3,107
Net cash and cash equivalents disposed	(356)	(2)	–	(358)	(280)
Non-cash/deferred consideration	–	–	–	–	(83)
Accrued transaction costs and similar items	3	–	–	3	51
Net cash inflow from disposals[2]	499	8	22	529	2,795

[1] Included in net profit on disposals, see note 5.

[2] In addition, in the year ended 31 December 2011, there was a net cash inflow of $4 million in respect of disposals in 2010, resulting in a total net cash inflow from disposals of $533 million (2010: $2,795 million). Of this, a net cash inflow of $514 million (2010: $2,539 million) related to disposals of subsidiaries and $19 million (2010: $256 million) related to the sale of interests in joint ventures.

32. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES continued

Disposals in 2011

Disposals of subsidiaries during the year ended 31 December 2011 mainly related to the disposal of Lisheen and a 74% interest in Black Mountain (the Group's remaining zinc operations) and disposals of Tarmac businesses (China, Turkey and Romania) in the Other Mining and Industrial segment.

Lisheen and Black Mountain

The Group announced the sale of its zinc portfolio to Vedanta Resources plc on 10 May 2010, for a total consideration of $1,338 million, on an attributable debt and cash free basis. The completion of the sale of Lisheen and Black Mountain took place in February 2011 for a combined net cash inflow of $499 million.

Disposals in 2010

Disposals of subsidiaries and joint ventures during 2010 mainly related to disposals in the Other Mining and Industrial, Platinum and Metallurgical Coal segments.

Disposals in the Other Mining and Industrial segment related to Moly-Cop and AltaSteel, the Skorpion zinc operation and Tarmac's Polish and French and Belgian concrete products businesses and the majority of the European aggregates businesses. Disposals in the Platinum segment mainly related to the Bafokeng-Rasimone Platinum mine transaction and disposals in the Metallurgical Coal segment related to undeveloped coal assets.

33. DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE

There were no assets or liabilities in disposal groups or non-current assets classified as held for sale at 31 December 2011.

US$ million	2010[1]
Intangible assets	4
Property, plant and equipment	117
Other non-current assets	49
Total non-current assets	170
Inventories	26
Trade and other receivables	75
Cash and cash equivalents	59
Total current assets	160
Total assets	330
Trade and other payables	(40)
Total current liabilities	(40)
Deferred tax liabilities	(23)
Provisions for liabilities and charges	(72)
Other non-current liabilities	(7)
Total non-current liabilities	(102)
Total liabilities	(142)
Net assets	188

[1] Related to the Group's portfolio of zinc operations for which disposal transactions had not completed at 31 December 2010 (Lisheen and a 74% interest in Black Mountain). Lisheen and Black Mountain were sold during 2011. See note 32.

34. CONTINGENT LIABILITIES

Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the 2007 demerger agreement, Anglo American and the Mondi Group have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Anglo American has also provided Mitsubishi Corporation LLC with indemnities against certain liabilities as part of the sale of a 24.5% interest in AA Sur. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is unlikely.

At 31 December 2011 the Group and its subsidiaries had provided aggregate amounts of $873 million (2010: $813 million) of loan and performance guarantees to banks and other third parties primarily in respect of environmental restoration and decommissioning obligations. For information relating to contingent liabilities in respect of associates and joint ventures, see notes 17 and 18 respectively.

No contingent liabilities were secured on the assets of the Group at 31 December 2011 or 31 December 2010.

Other

Anglo American Sur SA (AA Sur)

Anglo American and Enami, a wholly owned Chilean state controlled minerals company, amended an agreement Anglo American inherited when it acquired AA Sur in 2002. In 2008 the option under this agreement was transferred by Enami to Codelco, the Chilean state copper company. AA Sur is majority owned by the Group and owns the Los Bronces and El Soldado copper mines and the Chagres smelter. The agreement granted Codelco the right, subject to certain conditions and limitations, to acquire up to a 49% interest in AA Sur. The right to exercise the option was restricted to a window that occurred once every three years in the month of January until January 2027. The previous option exercise window was in January 2009.

The calculations of the price at which Codelco could have exercised its rights take account of company profitability over a five year period, shareholder loans and undistributed earnings. Under IAS 39, the fair valuation of an option is required to be performed from the perspective of a market participant in an arm's length transaction and does not take into account specific factors relevant to any individual counterparty. In particular, the IAS 39 valuation does not incorporate any capital gains tax payable by the Group on exercise of the option to Codelco's shareholder, the Chilean government. The valuation also excludes any commercial or strategic benefit to Anglo American in extinguishing the option.

The option's fair value is calculated as the difference between the estimated fair value of the underlying assets to which the option relates and the estimated option price. The estimated fair value of the underlying assets may vary based on a market participant's assumptions at any point in time, including, *inter alia*, commodity prices, foreign exchange rates and discount rates. In addition, the option price cannot be finalised in advance of the option window and must be estimated based on assumptions about inputs that are subject to significant fluctuations.

Further, Anglo American had a right to sell up to 100% of its interest in AA Sur to a third party at any time prior to the exercise of the option, which would correspondingly reduce any value attributed to the option during the non-exercise period.

34. CONTINGENT LIABILITIES continued

Based on a range of scenarios for these key variables, it was concluded that the option had insufficient value to warrant recognition on the balance sheet at 31 December 2010 and 30 June 2011.

In the fourth quarter of 2011 Anglo American entered into discussions with Mitsubishi to sell 24.5% of AA Sur, as it was entitled to do under the option agreement. This highlighted new information about the value of AA Sur from a third party which was not previously available. The fair value of a 24.5% equity interest in AA Sur, based on the consideration received by the Group from its disposal of a 24.5% equity interest in AA Sur to Mitsubishi in November 2011, was $5.4 billion. The option exercise price in the January 2012 option exercise window would have been $2.8 billion, representing a 24.5% equity interest in AA Sur for $2.5 billion, plus 24.5% of shareholder loans.

On 22 December 2011 Anglo American filed a writ with the Court of Appeals in Santiago against Codelco for breach of contract. The breach consisted of Codelco's premature attempt to exercise the option outside of a contractual exercise window and Codelco's actions aimed at preventing Anglo American from exercising its contractual rights under the option agreement. The writ seeks to render ineffective the potential future exercise of the option by Codelco and also seeks damages. In accordance with Anglo American's legal advice, as a result of Codelco's breach of contract, it is no longer entitled to enforce the option to acquire shares of AA Sur and any attempt to do so is ineffective. The Group remains confident that this position will be upheld should the various claims and counter claims proceed to judgment. As a liability would only be recognised by the Group where a present obligation, that could be measured reliably, existed at the balance sheet date, no liability has been recognised as at 31 December 2011. If the option over 24.5% of AA Sur had been legally enforceable at 31 December 2011 an option liability of $2.9 billion would have been recognised by the Group. Had the option been validly exercised in January 2012 this liability would have been reversed and, in addition, an accounting gain of approximately $1.0 billion would have been recognised in equity. The Group remains open to reaching a commercial settlement with Codelco but to date no settlement has been reached.

Kumba Iron Ore (Kumba)

Sishen Supply Agreement arbitration

Sishen Iron Ore Company (SIOC) notified ArcelorMittal South Africa Limited (ArcelorMittal) on 5 February 2010 that it was no longer entitled to receive 6.25 Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining rights. This contract mining agreement, concluded in 2001, was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen mine. As a result of ArcelorMittal's failure to convert its old order mining right, the contract mining agreement automatically lapsed and became inoperative in its entirety as of 1 May 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. During 2011, three arbitrators were appointed and May 2012 was set as the date for the arbitration to begin. On 9 December 2011, SIOC and ArcelorMittal agreed to postpone the arbitration until the final resolution of the mining right dispute (see below).

SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from the Sishen mine. This interim arrangement endured until 31 July 2011. SIOC and ArcelorMittal agreed to an addendum to the interim supply agreement which extended the terms and conditions of the current interim agreement. The new interim pricing agreement, which is on the same terms and conditions as the first interim pricing agreement, commenced on 1 August 2011 and will endure to 31 July 2012.

21.4% undivided share of the Sishen mine mineral rights

After ArcelorMittal failed to convert its old order rights, SIOC applied for the residual 21.4% mining right previously held by ArcelorMittal and its application was accepted by the Department of Mineral Resources (DMR) on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 (Pty) Limited (ICT). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT.

The High Court Review, in which SIOC challenged the award of the 21.4% prospecting right over Sishen mine by the DMR to ICT, was presided over by Judge Raymond Zondo in the North Gauteng High Court in Pretoria, South Africa, from 15 to 18 August 2011.

On 21 December 2011 judgment was delivered in the High Court regarding the status of the mining rights at the Sishen mine. The High Court held that, upon the conversion of SIOC's old order mining right relating to the Sishen mine properties in 2008, SIOC became the exclusive holder of a converted mining right for iron ore and quartzite in respect of the Sishen mine properties. The High Court held further that as a consequence, any decision taken by the DMR after such conversion in 2008, to accept or grant any further rights to iron ore at the Sishen mine properties was void. Finally, the High Court reviewed and set aside the decision of the Minister of Mineral Resources or her delegate to grant a prospecting right to ICT relating to iron ore as to a 21.4% share in respect of the Sishen mine properties. On 3 February 2012, both the DMR and ICT submitted applications for leave to appeal against the High Court judgment.

The High Court order does not affect the interim supply agreement between ArcelorMittal and SIOC, which will endure until 31 July 2012 as indicated above.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in 24 separate lawsuits in South Africa each one of them brought by a former mineworker (or his dependant) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services. In addition, AASA is a defendant in one lawsuit filed in England on behalf of 19 former mineworkers, and a claim form for a second lawsuit has been filed in the High Court in London on behalf of 756 claimants and a 'representative claim' on behalf of all black underground miners in 'Anglo gold mines' seeking damages in relation to silicosis and related diseases, although this second claim has not yet been served.

The aggregate amount of the 24 South African claims is less than $5 million. No specific amount of damages has been specified in the claims filed in England. If these claims are determined adversely to AASA there are a substantial number of additional former mineworkers (or their dependants) who may seek to bring similar claims or whose claims could become part of the representative claim filed in England. The first trials of the South African claims are not expected before 2013. AASA is contesting the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction.

35. COMMITMENTS

At 31 December the Group had the following outstanding capital commitments:

US$ million	2011	2010
Contracted but not provided	**2,131**	2,669

In addition, Kumba Iron Ore Limited had outstanding commitments under contracts relating to shipping services of $1,186 million (2010: $11 million).

At 31 December the Group had the following commitments under non-cancellable operating leases:

US$ million	2011	2010
Expiry date		
Within one year	**161**	135
Greater than one year, less than two years	**112**	85
Greater than two years, less than five years	**185**	158
Greater than five years	**347**	339
	805	717

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

36. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint ventures and associates (see note 37).

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during the year totalled $344 million (2010: $255 million), as disclosed in the Consolidated cash flow statement.

At 31 December 2011 the Group had provided loans to joint ventures of $263 million (2010: $319 million). These loans are included in Financial asset investments. No amounts were payable to joint ventures at 31 December 2011 (2010: $59 million).

In addition to Investments in associates as disclosed on the Consolidated balance sheet, the Group had provided loans to associates at 31 December 2011 of $572 million (2010: $531 million). These are included in Financial asset investments.

At 31 December 2011 the directors of the Company and their immediate relatives controlled 0.1% (2010: 2.5%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the Remuneration report. Remuneration and benefits of key management personnel including directors are disclosed in note 8.

Information relating to pension fund arrangements is disclosed in note 28.

Related party transactions with De Beers

The Group has in prior years entered into various transactions with DB Investments SA and De Beers SA (together De Beers) which were considered to be related party transactions for the purposes of the United Kingdom Listing Authority Listing Rules as a result of the interest in De Beers held by CHL Holdings Limited (CHL) and certain of its subsidiaries in which Mr N. F. Oppenheimer, a director of the Company at the time of these transactions, had a relevant interest for the purpose of the rules. The related party transactions entered into and which continue to be relevant in the current year are detailed below.

At 31 December 2011 the amount of outstanding loans owed by De Beers (and included in the loans to associates amount disclosed above) was $301 million (2010: $355 million), which includes accrued interest of $10 million (2010: net unamortised discount of $3 million). These loans are subordinated in favour of third party lenders and include:

- dividend reinvestment loans of $133 million (2010: $133 million) advanced during 2008 and 2009. These loans were interest free for two years from the date of advance and subsequently became interest bearing in line with market rates at the date of the initial reinvestment.
- a further shareholder loan of $158 million (2010: $225 million) advanced in 2009. This loan was interest free for two years after which it reverted to a rate of interest equal to LIBOR plus 700 basis points. From April 2016, provided all interest payments are up to date, the rate of interest reduces to LIBOR plus 300 basis points. During 2011, De Beers repaid $67 million of this loan, along with accrued interest of $5 million.

On 4 November 2011 Anglo American announced it had entered into an agreement with CHL and Centhold International Limited ('CHL Sellers'), together representing the Oppenheimer family interests in De Beers, to acquire their 40% interest in De Beers for a total cash consideration of $5.1 billion, subject to adjustment and conditions as provided for in the agreement (the 'Transaction').

Under the terms of the existing shareholders' agreement between Anglo American, CHL and the Government of the Republic of Botswana (GRB), the GRB has pre-emption rights in respect of the interests in De Beers to be sold, enabling it to participate in the Transaction and to increase its interest in De Beers, on a pro rata basis, to up to 25%. In the event that the GRB does not exercise pre-emption rights, in whole or in part, Anglo American's interest in De Beers will, assuming satisfaction of the conditions to the Transaction, increase to 85%.

In the event that the GRB exercises its pre-emption rights in full, Anglo American, under the Transaction, would acquire an incremental 30% interest in De Beers, taking its total interest to 75%, and the consideration payable by Anglo American to the sellers would be reduced proportionately.

In view of the fact that the CHL Sellers are ultimately controlled through intermediary companies by trusts (the 'Seller Trusts') of which Mr N. F. Oppenheimer is a potential discretionary beneficiary and Mr N. F. Oppenheimer has been a director of Anglo American within the 12 months preceding agreement of the Transaction, the Transaction is categorised as a related party transaction. As a result, the Transaction required the approval of Anglo American shareholders (other than Mr N. F. Oppenheimer and his associates), which approval was obtained at a general meeting of the Company held on 6 January 2012. The Transaction remains conditional on the satisfaction or waiver of certain specified regulatory and government approvals. Further information in relation to the Transaction is set out in the circular posted to the Company's shareholders in December 2011.

37. GROUP COMPANIES

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group at 31 December 2011, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. As permitted by section 410 of the Companies Act 2006, the Group has restricted the information provided to its principal subsidiaries in order to avoid a statement of excessive length.

			Percentage of equity owned[1]	
Subsidiary undertakings	Country of incorporation	Business	2011	2010
Iron Ore and Manganese				
Kumba Iron Ore Limited	South Africa	Iron ore	**65.2%**	65.3%
Anglo Ferrous Brazil SA	Brazil	Iron ore	**100%**	100%
Anglo Ferrous Minas-Rio Mineração SA	Brazil	Iron ore project	**100%**	100%
Anglo Ferrous Amapá Mineração Limitada	Brazil	Iron ore system	**70%**	70%
Metallurgical Coal				
Anglo American Metallurgical Coal Holdings Limited	Australia	Coal	**100%**	100%
Peace River Coal Inc.[2]	Canada	Coal	**100%**	74.8%
Thermal Coal				
Anglo Coal[3]	South Africa	Coal	**100%**	100%
Copper				
Anglo American Sur SA	Chile	Copper	**75.5%**	100%
Anglo American Norte SA	Chile	Copper	**99.9%**	99.9%
Minera Quellaveco SA	Peru	Copper project	**81.9%**	81.9%
Nickel				
Anglo American Brasil Limitada (Barro Alto)	Brazil	Nickel project	**100%**	100%
Anglo American Brasil Limitada (Codemin)	Brazil	Nickel	**100%**	100%
Minera Loma de Níquel, CA	Venezuela	Nickel	**91.4%**	91.4%
Platinum				
Anglo American Platinum Limited[4]	South Africa	Platinum	**79.8%**	79.7%
Other Mining and Industrial				
Copebrás Limitada	Brazil	Fertilisers and acid	**100%**	100%
Mineração Catalão de Goiás Limitada	Brazil	Niobium	**100%**	100%
Tarmac Group Limited	UK	Construction materials	**100%**	100%
Tarmac Building Products Limited	UK	Construction materials	**100%**	100%
Anglo American Aggregates (Huzhou) Limited[5]	China	Construction materials	**–**	100%
Tarmac Agrega Mining and Construction Industry and Trading Company Limited[5]	Turkey	Construction materials	**–**	100%
Tarmac SRL[5]	Romania	Construction materials	**–**	100%
Lisheen[6]	Ireland	Zinc and lead	**–**	100%
Black Mountain Mining (Proprietary) Limited[7]	South Africa	Zinc, lead and copper	**–**	74%
Gamsberg Zinc[7]	South Africa	Zinc project	**–**	74%
Scaw South Africa (Proprietary) Limited	South Africa	Steel, engineering works and grinding media	**74%**	74%

See page 173 for footnotes.

37. GROUP COMPANIES continued

Joint ventures	Country of incorporation	Business	Percentage of equity owned[8] 2011	2010
LLX Minas-Rio Logística Comercial Exportadora SA	Brazil	Port	**49%**	49%
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	**44%**	44%
Al Futtain Tarmac Quarry Products Limited	Dubai	Construction materials	**49%**	49%
Midland Quarry Products Limited	UK	Construction materials	**50%**	50%
Tarmac Oman Limited	Hong Kong	Construction materials	**50%**	50%
Midmac Tarmac Qatar LLC	Qatar	Construction materials	**50%**	50%

Associates	Country of incorporation	Business	Percentage of equity owned[8] 2011	2010
Samancor Holdings (Pty) Limited[9]	South Africa	Manganese	**40%**	40%
Groote Eylandt Mining Company (Pty) Limited (GEMCO)[9]	Australia	Manganese	**40%**	40%
Tasmanian Electro Metallurgical Company (Pty) Limited (TEMCO)[9]	Australia	Manganese	**40%**	40%
Jellinbah Group (Pty) Limited[10]	Australia	Coal	**33.3%**	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	**33.3%**	33.3%
Carbones del Cerrejón LLC	Anguilla	Coal	**33.3%**	33.3%
DB Investments SA	Luxembourg	Diamonds	**45%**	45%

Proportionately consolidated jointly controlled operations[11]	Location	Business	Percentage owned 2011	2010
Drayton	Australia	Coal	**88.2%**	88.2%
Moranbah North	Australia	Coal	**88%**	88%
German Creek[12]	Australia	Coal	**70%**	70%
Foxleigh	Australia	Coal	**70%**	70%
Dawson	Australia	Coal	**51%**	51%

(1) The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned.
(2) During 2011 Peace River Coal Inc. purchased the non-controlling interests of the Peace River Coal Partnership which was subsequently dissolved. Peace River Coal Inc. is now the principal subsidiary for the Canadian coal operations.
(3) A division of Anglo Operations Limited, a wholly owned subsidiary.
(4) Anglo Platinum Limited changed its name to Anglo American Platinum Limited in 2011.
(5) The Group sold Tarmac's businesses in China, Turkey and Romania in July, October and November 2011 respectively.
(6) The Group's interest in Lisheen was held through Anglo American Lisheen Mining Limited, Killoran Lisheen Mining Limited and Lisheen Milling Limited. The Group owned 100% of the equity of each of these companies at 31 December 2010. Lisheen was sold in February 2011. See note 32.
(7) Gamsberg Zinc was a division of Black Mountain Mining (Proprietary) Limited, which was sold in February 2011. See note 32.
(8) All equity interests shown are ordinary shares.
(9) These entities have a 30 June year end.
(10) Queensland Coal Mine Management (Pty) Limited changed its name to Jellinbah Group (Pty) Limited during 2011. The Group's effective interest in the Jellinbah operation is 23.3%.
(11) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated jointly controlled operations.
(12) The German Creek operation includes both Capcoal Open Cut and Underground operations.

Changes in ownership interests in subsidiaries

In September 2011 the Group completed the purchase of the non-controlling interests in the Peace River Coal Partnership for $166 million.

In November 2011 the Group sold a 24.5% interest in AA Sur to Mitsubishi Corporation LLC for proceeds of $5.39 billion. As disclosed in note 11d, capital gains tax of $1,017 million relating to the profit on sale has been charged directly to equity.

38. EVENTS OCCURRING AFTER END OF YEAR

On 6 January 2012 the Group's shareholders approved, by way of resolution, the acquisition of an incremental interest in De Beers, to take the Group's holding from 45% to up to 85%. The transaction remains subject to regulatory and government approvals.

With the exception of the above and the proposed final dividend for 2011, see note 12, there have been no material reportable events since 31 December 2011.

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY

a) Balance sheet of the Company, Anglo American plc, as at 31 December 2011

US$ million	Note	2011	2010
Fixed assets			
Fixed asset investments	39c	**13,046**	12,904
Current assets			
Amounts due from subsidiaries		**13,496**	7,209
Prepayments and other debtors		**4**	8
Cash at bank and in hand		**23**	74
		13,523	7,291
Creditors due within one year			
Amounts owed to subsidiaries		**(236)**	(190)
Amounts owed to other group undertakings		**(159)**	(25)
Other creditors		**(12)**	(14)
		(407)	(229)
Net current assets		**13,116**	7,062
Total assets less current liabilities		**26,162**	19,966
Liabilities due after more than one year			
Convertible bond		**(1,504)**	(1,434)
Net assets		**24,658**	18,532
Capital and reserves			
Called-up share capital	39b	**738**	738
Share premium account	39b	**2,714**	2,713
Capital redemption reserve	39b	**115**	115
Other reserves	39b	**1,955**	1,955
Share-based payment reserve	39b	**1**	6
Convertible debt reserve	39b	**355**	355
Profit and loss account	39b	**18,780**	12,650
Total shareholders' funds (equity)		**24,658**	18,532

The financial statements of Anglo American plc, registered number 3564138, were approved by the Board of directors on 16 February 2012 and signed on its behalf by:

Cynthia Carroll
Chief Executive

René Médori
Finance Director

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

b) Reconciliation of movements in equity shareholders' funds

US$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves[1]	Share-based payment reserve	Convertible debt reserve	Profit and loss account[2]	Total
Balance at 1 January 2010	738	2,713	115	1,955	15	355	10,106	15,997
Profit for the financial year	–	–	–	–	–	–	2,582	2,582
Dividends paid[3]	–	–	–	–	–	–	(212)	(212)
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	42	42
Share-based payments	–	–	–	–	3	–	–	3
Capital contribution to Group undertakings	–	–	–	–	–	–	120	120
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(12)	–	12	–
Balance at 1 January 2011	**738**	**2,713**	**115**	**1,955**	**6**	**355**	**12,650**	**18,532**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**6,520**	**6,520**
Dividends paid[3]	**–**	**–**	**–**	**–**	**–**	**–**	**(561)**	**(561)**
Issue of treasury shares under employee share schemes	**–**	**–**	**–**	**–**	**–**	**–**	**18**	**18**
Share-based payments	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Capital contribution to Group undertakings	**–**	**–**	**–**	**–**	**–**	**–**	**147**	**147**
Shares issued on conversion of bond	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Transfer between share-based payment reserve and profit and loss account	**–**	**–**	**–**	**–**	**(6)**	**–**	**6**	**–**
Balance at 31 December 2011	**738**	**2,714**	**115**	**1,955**	**1**	**355**	**18,780**	**24,658**

(1) At 31 December 2011 other reserves of $1,955 million (2010: $1,955 million) were not distributable under the Companies Act 2006.
(2) At 31 December 2011 $2,685 million (2010: $385 million) of the Company profit and loss account of $18,780 million (2010: $12,650 million) was not distributable under the Companies Act 2006.
(3) Dividends paid relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association. The directors are proposing a final dividend in respect of the year ended 31 December 2011 of 46 US cents per share (see note 12).

The audit fee in respect of the parent company was $7,156 (2010: $7,000). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 3.

c) Fixed asset investments

US$ million	Investment in subsidiaries 2011	2010
Cost		
At 1 January	**13,232**	13,112
Capital contributions[1]	**140**	120
Additions	**2**	–
At 31 December	**13,374**	13,232
Provisions for impairment		
At 1 January	**(328)**	(8)
Impairment charge	**–**	(320)
At 31 December	**(328)**	(328)
Net book value	**13,046**	12,904

(1) This amount is net of $7 million (2010: nil) of intra-group recharges.

Impairment testing of fixed asset investments

As a result of the Group's ongoing disposal of non-core operations during the year, the Company's investment in Anglo American Finance (UK) plc (AA Finance) was tested for impairment at 31 December 2011 and 31 December 2010. The carrying value of the Company's investment in AA Finance is supported by a number of businesses, including the Tarmac group. In 2010, consistent with the Group's loss on disposal of certain Tarmac European businesses during the year, the Company recognised an impairment charge of $320 million.

A value in use model, using a discount rate of 6%, was utilised to determine the recoverable amount of the investment.

d) Accounting policies: Anglo American plc, the Company

The Anglo American plc (the Company) balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

A summary of the principal accounting policies is set out below.

The preparation of financial statements in accordance with UK GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimated.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to $6,520 million (2010: $2,582 million).

Significant accounting policies

Deferred tax

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using a Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using a Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 29 to the consolidated financial statements of the Group for the year ended 31 December 2011.

Investments

Investments represent equity holdings in subsidiaries and are held at cost less provision for impairment.

Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recognised within borrowings and carried at amortised cost. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.

INTRODUCTION

The Ore Reserve and Mineral Resource estimates presented in this Annual Report are prepared in accordance with the Anglo American plc (AA plc) Reporting of Exploration Results, Mineral Resources and Ore Reserves standard. This standard requires that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 edition (the JORC Code) be used as a minimum standard. Some Anglo American plc subsidiaries have a primary listing in South Africa where public reporting is carried out in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code). The SAMREC Code is similar to the JORC Code and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC (2004) and SAMREC (2007) Codes.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons are lodged with the Anglo American plc Company Secretary and are available on request.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group, or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource, the overall value thereof and time that has lapsed since an independent third party review has been conducted. Those operations/projects subject to independent third party reviews during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. Ore Reserves are dynamic and are more likely to be affected by fluctuations in the prices of commodities, uncertainties in production costs, processing costs and other mining, legal, environmental, social and governmental factors which may impact the financial condition and prospects of the Group. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

To accommodate the various factors that are important in the development of a classified Mineral Resource estimate, a scorecard approach can be used. Mineral Resource classification defines the confidence associated with different parts of the Mineral Resource. The confidence that is assigned refers collectively to the reliability of the Grade and Tonnage estimates. This reliability includes consideration for the fidelity of the base data, the geological continuity predicated by the level of understanding of the geology, the likely precision of the estimated grades and understanding of grade variability, as well as various other factors that may influence the confidence that can be placed on the Mineral Resource. Platinum, Nickel and Kumba Iron Ore have developed and applied their own scorecard approaches to the classification of Mineral Resources.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2011. Unless otherwise stated, Mineral Resources are additional to those resources which have been modified to produce the Ore Reserves and are reported on a dry tonnes basis. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this Annual Report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code.

It is accepted that mine design and planning may include a portion of Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine Plan (LOMP) are described as 'Inferred (in LOMP)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOMP)', as required. These resources are declared without application of any modifying factors.

The direct legal ownership that Anglo American holds in each operation and project is presented as the Attributable Percentage beside the name of each entity. Operations and projects which fall below the internal threshold for reporting (25% attributable interest) are excluded from the Ore Reserves and Mineral Resources estimates. A number of assets were disposed of during 2011 hence the following operations and projects are not reported in 2011: Black Mountain, Lisheen, Gamsberg and River Valley.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004, and effectively transferred custodianship of the previously privately held mineral rights to the State. Mining companies were given up to two years to apply for prospecting permit conversions and five years to apply for mining licence conversions for existing operations.

A Prospecting Right is a new order right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years, that can be obtained either by the conversion of existing Old Order Prospecting Rights or through new applications. An Exploration Right is identical to a Prospecting Right, but is commodity specific in respect of petroleum and gas and is valid for up to three years which can be renewed for a maximum of three periods not exceeding two years each.

A Mining Right is a new order right issued in terms of the MPRDA valid for up to 30 years obtained either by the conversion of an existing Old Order Mining Right, or as a new order right pursuant to the exercise of the exclusive right of the holder of a new order Prospecting Right, or pursuant to an application for a new Mining Right. A Production Right is identical to a Mining Right, but is commodity specific in respect of petroleum and gas.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for new order Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant Ore Reserves and Mineral Resources have been included in the statement.
- Where applications for new order Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant Mineral Resources have been included in the statement (any associated comments appear in the footnotes).

ESTIMATED ORE RESERVES[1] (PROVED + PROBABLE)

as at 31 December 2011

Detailed Proved and Probable figures appear on the referenced pages

KEY

Operation name (OP/OC/UG)[5]
100% ❶ (YY) ❷

❶ Anglo American attributable %
❷ Mine Life[6]

KUMBA IRON ORE (See page 180 for details)	Kolomela (OP) 48.2% (23)	Sishen (OP) 48.2% (18)	Thabazimbi (OP) 48.2% (4)					
Total Saleable Tonnes	203 Mt @ 64.7% Fe	744 Mt @ 65.0% Fe	8 Mt @ 63.1% Fe					
SAMANCOR MANGANESE (See page 182 for details)	GEMCO (OP)[2] 40.0% (12)	Mamatwan (OP) 29.6% (21)	Wessels (UG) 29.6% (48)					
Total ROM Tonnes	105.3 Mt @ 46.3% Mn	74.4 Mt @ 37.2% Mn	71.8 Mt @ 43.1% Mn					
METALLURGICAL COAL (See page 183 for details)	Callide (OC) 100% (25)	Capcoal (OC) 76.8% (25)	Capcoal (UG) 70.0% (12)	Dawson (OC) 51.0% (11)	Drayton (OC) 88.2% (5)	Foxleigh (OC) 70.0% (4)	Moranbah North (UG) 88.0% (18)	Trend (OC) 100% (13)
Total Saleable Tonnes[3]	**Thermal-Domestic:** 246.8 Mt @ 4,350 kcal/kg	**Metallurgical-Coking:** 28.6 Mt @ 7.0 CSN **Metallurgical-Other:** 72.1 Mt @ 6,980 kcal/kg **Thermal-Export:** 4.0 Mt @ 7,050 kcal/kg	**Metallurgical-Coking:** 42.7 Mt @ 9.0 CSN	**Metallurgical-Coking:** 27.5 Mt @ 7.5 CSN **Thermal-Export:** 101.0 Mt @ 6,500 kcal/kg	**Thermal-Export:** 17.3 Mt @ 6,260 kcal/kg	**Metallurgical-Other:** 14.8 Mt @ 6,840 kcal/kg	**Metallurgical-Coking:** 101.3 Mt @ 8.0 CSN	**Metallurgical-Coking:** 15.4 Mt @ 7.0 CSN **Thermal-Export:** 0.2 Mt @ 5,070 kcal/kg
THERMAL COAL (See page 186/7 for details)	Cerrejón (OC) 33.3% (20)	Goedehoop (UG&OC) 100% (11)	Greenside (UG) 100% (11)	Isibonelo (OC) 100% (14)	Kleinkopje (OC) 100% (13)	Kriel (UG&OC) 73.0% (14)	Landau (OC) 100% (9)	Mafube (OC) 50.0% (19)
Total Saleable Tonnes[3]	**Thermal-Export:** 778.7 Mt @ 6,290 kcal/kg	**Thermal-Export:** 45.9 Mt @ 6,220 kcal/kg	**Thermal-Export:** 27.8 Mt @ 6,200 kcal/kg	**Synfuel:** 69.9 Mt @ 4,590 kcal/kg	**Thermal-Export:** 29.3 Mt @ 6,170 kcal/kg **Thermal-Domestic:** 21.8 Mt @ 4,550 kcal/kg	**Thermal-Domestic:** 113.5 Mt @ 4,580 kcal/kg	**Thermal-Export:** 29.8 Mt @ 6,240 kcal/kg **Thermal-Domestic:** 5.0 Mt @ 4,340 kcal/kg	**Thermal-Export:** 33.8 Mt @ 6,210 kcal/kg **Thermal-Domestic:** 31.8 Mt @ 5,110 kcal/kg
THERMAL COAL (Continued)	New Denmark (UG) 100% (23)	New Vaal (OC) 100% (20)	Nooitgedacht 5 Seam (UG) 100% (1)	Zibulo (UG&OC) 73.0% (19)				
Total Saleable Tonnes[3]	**Thermal-Domestic:** 111.1 Mt @ 5,050 kcal/kg	**Thermal-Domestic:** 359.8 Mt @ 3,490 kcal/kg	**Metallurgical-Other:** 0.3 Mt @ 6,370 kcal/kg	**Thermal-Export:** 56.3 Mt @ 6,090 kcal/kg **Thermal-Domestic:** 35.4 Mt @ 4,770 kcal/kg				
COPPER (See page 190 for details)	Collahuasi (OP) 44.0% (68)	El Soldado (OP) 75.5% (23)	Los Bronces (OP) 75.5% (34)	Mantos Blancos (OP) 100% (10)	Mantoverde (OP) 100% (6)			
Total Contained Copper	**Heap Leach:** 224kt [35.4 Mt @ 0.63% TCu] **Flotation – direct:** 18,219kt [1,925.3 Mt @ 0.95% TCu] **Flotation – stockpile:** 4,596kt [935.2 Mt @ 0.49% TCu]	**Flotation:** 1,448kt [162.7 Mt @ 0.89% TCu] **Heap Leach:** 16kt [3.5 Mt @ 0.46% TCu]	**Flotation:** 9,261kt [1,498.4 Mt @ 0.62% TCu] **Dump Leach:** 2,235kt [683.7 Mt @ 0.33% TCu]	**Flotation:** 376kt [46.0 Mt @ 0.82% ICu] **Vat & Heap Leach:** 99kt [24.7 Mt @ 0.40% ASCu] **Dump Leach:** 119kt [51.7 Mt @ 0.23% ASCu]	**Heap Leach:** 248kt [42.7 Mt @ 0.58% ASCu] **Dump Leach:** 116kt [45.4 Mt @ 0.26% ASCu]			
NICKEL (See page 193 for details)	Barro Alto (OP) 100% (32)	Loma de Níquel (OP) 91.4% (4)	Niquelândia (OP) 100% (25)					
Total Contained Nickel	833kt [52.2 Mt @ 1.60% Ni]	68kt [4.6 Mt @ 1.48% Ni]	63kt [4.6 Mt @ 1.35% Ni]					
PLATINUM[4] (See page 194 for details)	Merensky Reef 79.8%	UG2 Reef 79.8%	Platreef 79.8%	Main Sulphide Zone 79.8%				
Total Contained PGE	18.5 Moz (4E)	89.9 Moz (4E)	67.7 Moz (4E)	4.7 Moz (4E)				
OMI – PHOSPHATES (See page 197 for details)	Copebrás (OP) 100% (41)							
Total ROM Tonnes	239.2 Mt @ 13.4% P_2O_5							
OMI – NIOBIUM (See page 198 for details)	Catalão (OP) 100% (4)							
Total Contained Product	45kt [4.3 Mt @ 1.03% Nb_2O_5]							

(1) Estimated Total Ore Reserves are the sum of Proved and Probable Ore Reserves (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves). Please refer to the detailed Business Units/Commodities Ore Reserve estimates tables for the individual Proved and Probable estimates. The Ore Reserve 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. Ore Reserve estimates for operations in South Africa were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007).
The figures reported represent 100% of the Ore Reserves, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

(2) GEMCO Manganese grades are given as per washed ore samples and should be read with the respective yield of 54.7%.

(3) Total Saleable Tonnes represents the product tonnes produced quoted as metric tonnes on a Product moisture basis. The coal quality for Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index. Coal quality parameters for the Coal Reserves for Metallurgical - Coking, Metallurgical - Other and Thermal - Export collieries meet the contractual specifications for Coking Coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Thermal - Domestic and Synfuels collieries meet the specifications of the individual supply contracts.
Metallurgical - Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry.
Metallurgical - Other: Semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.
Thermal - Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal - Domestic: Low- to high-volatile thermal coal primarily for domestic consumption for power generation.
Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals.

(4) Details of the individual operations appear in the Anglo American Platinum Annual Report.
The figures reported represent 100% of the Ore Reserves attributable to Anglo American Platinum unless otherwise noted.
4E is the sum of Platinum, Palladium, Rhodium and Gold.

(5) Mining method: OP = Open Pit, OC = Open Cast, UG = Underground.

(6) Mine Life is the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.

ESTIMATED MINERAL RESOURCES[1] (MEASURED + INDICATED)

as at 31 December 2011

Detailed Measured, Indicated and Inferred figures appear on the referenced pages

KEY

Operation name (OP/OC/UG)[6]
100% -❶

❶ Anglo American attributable %

KUMBA IRON ORE (See page 180 for details)	**Kolomela (OP)** 48.2%	**Sishen (OP)** 48.2%	**Thabazimbi (OP)** 48.2%					
In-situ Tonnes	62.7 Mt @ 65.0% Fe	385.9 Mt @ 61.5% Fe	8.3 Mt @ 61.9% Fe					
IRON ORE BRAZIL (See page 181 for details)	**Amapá** 70.0%	**Itapanhoacanga** 100%	**Serra do Sapo** 100%	**Serro** 100%				
In-situ Tonnes[2]	**Canga:** 13.1 Mt @ 49.6% Fe **Colluvium:** 68.0 Mt @ 38.7% Fe **Friable Itabirite and Hematite:** 145.5 Mt @ 41.4% Fe	**Friable Itabirite and Hematite:** 244.2 Mt @ 41.7% Fe **Compact Itabirite:** 106.7 Mt @ 33.7% Fe	**Friable Itabirite and Hematite:** 1,839.8 Mt @ 37.5% Fe **Compact Itabirite:** 2,818.9 Mt @ 31.1% Fe	**Friable Itabirite and Hematite:** 9.5 Mt @ 63.6% Fe **Compact Itabirite:** Inferred only				
SAMANCOR MANGANESE (See page 182 for details)	**GEMCO (OP)[3]** 40.0%	**Mamatwan (OP)** 29.6%	**Wessels (UG)** 29.6%					
In-situ Tonnes	115.8 Mt @ 46.8% Mn	119.5 Mt @ 35.2% Mn	143.3 Mt @ 44.4% Mn					
METALLURGICAL COAL (See page 184 for details)	**Callide (OC)** 100%	**Capcoal (OC)** 76.8%	**Capcoal (UG)** 70.0%	**Dawson (OC)** 51.0%	**Drayton (OC)** 88.2%	**Foxleigh (OC)** 70.0%	**Moranbah North (UG)** 88.0%	**Trend (OC)** 100%
In-situ Tonnes[4]	525.7 Mt @ 4,870 kcal/kg	41.7 Mt @ 7,080 kcal/kg	144.3 Mt @ 6,680 kcal/kg	441.7 Mt @ 6,660 kcal/kg	14.7 Mt @ 6,850 kcal/kg	33.3 Mt @ 7,110 kcal/kg	76.9 Mt @ 6,640 kcal/kg	21.2 Mt @ 6,500 kcal/kg
THERMAL COAL (See page 188 for details)	**Cerrejón (OC)** 33.3%	**Goedehoop (UG&OC)** 100%	**Greenside (UG)** 100%	**Isibonelo (OC)** 100%	**Kleinkopje (OC)** 100%	**Kriel (UG&OC)** 73.0%	**Landau (OC)** 100%	**Mafube (OC)** 50.0%
In-situ Tonnes[4]	1,081.1 Mt @ 6,450 kcal/kg	155.4 Mt @ 5,470 kcal/kg	14.2 Mt @ 5,650 kcal/kg	20.9 Mt @ 5,210 kcal/kg	28.5 Mt @ 4,970 kcal/kg	19.3 Mt @ 5,060 kcal/kg	60.8 Mt @ 5,020 kcal/kg	9.9 Mt @ 5,210 kcal/kg
THERMAL COAL (Continued)	**New Denmark (UG)** 100%	**New Vaal (OC)** 100%	**Nooitgedacht 5 Seam (UG)** 100%	**Zibulo (UG&OC)** 73.0%				
In-situ Tonnes[4]	Inferred only	-	1.1 Mt @ 5,370 kcal/kg	320.6 Mt @ 4,910 kcal/kg				
COPPER (See page 191 for details)	**Collahuasi (OP)** 44.0%	**El Soldado (OP)** 75.5%	**Los Bronces (OP)** 75.5%	**Mantos Blancos (OP)** 100%	**Mantoverde (OP)** 100%			
Contained Copper	**Heap Leach:** 90kt [15.1 Mt @ 0.60% TCu] **Flotation – direct:** 5,704kt [630.1 Mt @ 0.91% TCu] **Flotation – stockpile:** 704kt [153.7 Mt @ 0.46% TCu]	**Flotation:** 315kt [40.7 Mt @ 0.77% TCu] **Heap Leach:** 1kt [0.2 Mt @ 0.71% TCu]	**Flotation:** 4,918kt [1,133.9 Mt @ 0.43% TCu] **Dump Leach:** Inferred only	**Flotation:** 738kt [116.0 Mt @ 0.64% ICu] **Vat & Heap Leach:** 111kt [24.5 Mt @ 0.45% ASCu] **Dump Leach:** 17kt [8.3 Mt @ 0.20% ASCu]	**Heap Leach:** 131kt [34.2 Mt @ 0.38% ASCu] **Dump Leach:** Inferred only			
NICKEL (See page 193 for details)	**Barro Alto (OP)** 100%	**Loma de Níquel (OP)** 91.4%	**Niquelândia (OP)** 100%					
Contained Nickel	171kt [13.2 Mt @ 1.30% Ni]	75kt [5.7 Mt @ 1.32% Ni]	75kt [6.0 Mt @ 1.25% Ni]					
PLATINUM[5] (See page 195 for details)	**Merensky Reef** 79.8%	**UG2 Reef** 79.8%	**Platreef** 79.8%	**Main Sulphide Zone** 79.8%				
Contained PGE	77.8 Moz (4E)	158.8 Moz (4E)	86.2 Moz (4E)	4.0 Moz (4E)				
OMI – PHOSPHATES (See page 197 for details)	**Copebrás (OP)** 100%							
In-situ Tonnes	64.2 Mt @ 11.9% P_2O_5							
OMI – NIOBIUM (See page 198 for details)	**Catalão (OP)** 100%							
Contained Product	35kt [2.8 Mt @ 1.22% Nb_2O_5]							

(1) Estimated Measured plus Indicated Resources are the sum of the Measured and Indicated Mineral Resources (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves). Please refer to the detailed Business Units/Commodities Mineral Resource estimates tables for the individual Measured, Indicated and Inferred estimates. The 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 Mineral Resource estimates for operations in South Africa were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007).
The figures reported represent 100% of the Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

(2) Tonnages are reported on a wet basis.

(3) GEMCO Manganese grades are given as per washed samples and should be read with the respective yield of 47.4%

(4) Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis. The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

(5) Details of the individual operations appear in the Anglo American Platinum Annual Report. Merensky Reef and UG2 Reef Mineral Resources are estimated over a practical minimum mining width suitable for the deposit known as the 'Resource Cut'. The minimum mining width over which Mineral Resources are declared is 90cm. The 'Resource Cut' width takes cognisance of the mining method and geotechnical aspects in the hanging wall or footwall of the reef. The figures reported represent 100% of the Ore Reserves attributable to Anglo American Platinum unless otherwise noted. 4E is the sum of Platinum, Palladium, Rhodium and Gold.

(6) Mining method: OP = Open Pit, OC = Open Cast, UG = Underground.

IRON ORE

estimates as at 31 December 2011

KUMBA IRON ORE

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 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.

Kumba Iron Ore – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Saleable product 2011		Saleable product 2010	
Kolomela Mine (OP)[1]	48.2	23		Mt	Mt	%Fe	%Fe	Mt	%Fe	Mt	%Fe
			Proved	109.7	118.5	64.9	64.5	110	65.0	118	64.5
			Probable	93.7	84.0	64.3	64.1	94	64.4	84	64.1
			Total	**203.4**	**202.4**	**64.6**	**64.3**	**203**	**64.7**	**202**	**64.3**
Sishen Mine (OP)[2]	48.2	18				%Fe	%Fe				
			Proved	525.8	576.3	58.9	59.8	393	65.0	439	65.5
			Probable	458.1	500.6	59.3	58.7	351	65.1	366	65.1
			Total	**983.9**	**1,077.0**	**59.1**	**59.3**	**744**	**65.0**	**805**	**65.3**
Thabazimbi Mine (OP)[3]	48.2	4				%Fe	%Fe				
			Proved	2.7	9.0	61.4	61.1	2	63.2	8	62.6
			Probable	7.7	4.9	60.4	60.6	6	63.0	4	61.9
			Total	**10.4**	**13.9**	**60.7**	**61.0**	**8**	**63.1**	**12**	**62.3**

Kumba Iron Ore – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Kolomela Mine (OP)[4]	48.2		Mt	Mt	%Fe	%Fe
		Measured	46.6	49.1	65.0	65.1
		Indicated	16.1	20.0	65.1	65.0
		Measured and Indicated	**62.7**	**69.2**	**65.0**	**65.1**
		Inferred (in LOMP)	45.9	35.1	64.3	65.7
		Inferred (ex. LOMP)	53.7	47.7	62.7	62.5
		Total Inferred	**99.6**	**82.7**	**63.4**	**63.9**
Sishen Mine (OP)[5]	48.2				%Fe	%Fe
		Measured	111.1	127.0	61.3	59.4
		Indicated	274.8	410.5	61.6	58.5
		Measured and Indicated	**385.9**	**537.5**	**61.5**	**58.7**
		Inferred (in LOMP)	173.4	17.9	49.1	59.7
		Inferred (ex. LOMP)	217.2	116.2	53.8	59.6
		Total Inferred	**390.6**	**134.1**	**51.7**	**59.6**
Thabazimbi Mine (OP)[6][7]	48.2				%Fe	%Fe
		Measured	1.1	3.4	61.1	61.8
		Indicated	7.2	1.2	62.0	61.2
		Measured and Indicated	**8.3**	**4.6**	**61.9**	**61.6**
		Inferred (in LOMP)	3.0	0.9	61.8	61.9
		Inferred (ex. LOMP)	3.9	0.9	61.8	61.5
		Total Inferred	**6.9**	**1.8**	**61.8**	**61.7**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Kumba Iron Ore – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Phoenix Project[7]	48.2		Mt	Mt	%Fe	%Fe
		Inferred	11.3	–	63.0	–

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
The tonnage is quoted as dry metric tonnes and abbreviated as Mt for million tonnes.
The Mineral Resources are constrained by a resource pit shell, which defines the spatial limits of eventual economic extraction.
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.
The Zandrivierspoort Project is not reported as Anglo American's shareholding is below the internal threshold for reporting. Details of this project are presented in the Kumba Iron Ore Annual Report.

(1) **Kolomela Mine – Ore Reserves:** The increase is primarily due to production which has been offset by a lowering of the cut-off grade applied during the Life of Mine Plan scheduling to equalise plant feed grade in the initial years which previously exceeded client quality specifications. A revision of the Mineral Resource classification using a quantitative scorecard approach was carried out in 2011 and impacts on the Ore Reserve classification. The calculated 2011 Mine Life excludes Inferred Resources.

(2) **Sishen Mine – Ore Reserves:** The net decrease is due to production as well as a revision of the Life of Mine schedule necessitated by a downgrade of Banded Iron Formation Mineral Resources. The impact of this reduction was offset by blending in lower quality material that in the previous Life of Mine Plan remained on run-of-mine stockpiles after the Mine Life ran out and were considered as mining losses. Inclusion of this material has been confirmed by economic studies. The calculated 2011 Mine Life excludes Inferred Resources.

(3) **Thabazimbi Mine – Ore Reserves:** The decrease is due to a revision of the geological interpretations, geological modelling and subsequent Mineral Resource estimation, the effects of which were carried through to the Ore Reserves, especially in the Kumba mining area.

(4) **Kolomela Mine – Mineral Resources:** The net increase is primarily the result of geological model refinements undertaken in 2011 to consider a structural re-interpretation conducted for the ore bodies scheduled in the Life of Mine Plan by an external structural geology expert. 3.6 Mt of the Inferred Mineral Resources are extrapolated Inferred Mineral Resources as opposed to the rest being interpolated Inferred Mineral Resources.

(5) **Sishen Mine – Mineral Resources:** The significant increase in Mineral Resources can primarily be attributed to a re-allocation of Banded Iron Formation lower grade iron ore (Jig beneficiation feed) Mineral Resources to an Inferred status to appropriately reflect the uncertainty in grade estimates associated with historical selective high grade sampling practices. This caused a decrease in the overall average grade above the 40% Fe cut-off.

(6) **Thabazimbi Mine – Mineral Resources:** The primary contributing factor to the increase in Mineral Resources was a significant increase in the long term forward looking iron ore price, which is converted to a revenue factor to derive an optimistic pit shell which spatially defines eventual economic extraction for the Kumba Iron Ore Group. This had the effect of converting Mineral Inventory into Mineral Resources, especially at the Kumba mining area. The increase was offset by the revised geological model which resulted in Mineral Resource write-offs, particularly at the Kumba mining area as well as Mineral Resource classification downgrading to consider the fact that Thabazimbi Mine mainly relies on percussion drilling to define Mineral Resources as compared to other Kumba operations which use a combination of percussion and core drilling, with the latter a large portion of the data used for Mineral Resource grade estimations.

(7) **Phoenix Project:** The Phoenix Project addresses possible or potential beneficiation opportunities for the Hematite ore (reported as Vanderbijl Pit Hematite in 2010 for the ring-fenced Vanderbijl mining area) in combination with other low grade material in the same area (not reported in 2010). The total Hematite Mineral Resource for this project has been reclassified as Inferred, primarily due to the low confidence associated with the historical information currently considered in the project resource definition.

Assumption with respect to Mineral Tenure

Sishen Mine: On 21 December 2011 judgment was delivered in the North Gauteng High Court regarding the status of the Mining Rights at the Sishen Mine. The High Court held that, upon the conversion of Sishen Iron Ore Company's (SIOC) Old Order Mining Right relating to the Sishen Mine properties in 2008, SIOC became the exclusive holder of a converted Mining Right for iron ore and quartzite in respect of the Sishen Mine properties. Accordingly, Kumba Iron Ore Group attributable percentage in SIOC increased to 73.9% in 2011. As a consequence, the Anglo American plc attributable percentage in Sishen Mine increases to 48.2%. On 3 February 2012 both the South African Department of Mineral Resources, as well as Imperial Crown Trading 289 (Pty) Ltd, submitted applications seeking leave to appeal against the High Court order.

IRON ORE

estimates as at 31 December 2011

IRON ORE 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 Compact Itabirite, have been identified at Serra do Sapo and Itapanhoacanga. Only the friable material 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 in the second half of 2013.

The 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 Mineral Resources. Rounding of figures may cause computational discrepancies.

Iron Ore Brazil – Operations

MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Amapá (OP)[1][2]	70.0		Mt	Mt	%Fe	%Fe
Canga		Measured	2.6	–	54.2	–
		Indicated	10.5	12.0	48.5	53.1
		Measured and Indicated	**13.1**	**12.0**	**49.6**	**53.1**
		Inferred	1.3	3.9	41.5	45.1
Colluvium		Measured	12.0	13.5	40.4	41.9
		Indicated	56.0	34.3	38.3	40.5
		Measured and Indicated	**68.0**	**47.9**	**38.7**	**40.9**
		Inferred	18.6	25.8	34.7	35.6
Friable Itabirite and Hematite		Measured	33.5	14.7	40.5	44.5
		Indicated	112.0	78.9	41.7	42.6
		Measured and Indicated	**145.5**	**93.7**	**41.4**	**42.9**
		Inferred	26.0	54.5	40.1	40.3

Iron Ore Brazil – Projects

MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Itapanhoacanga (OP)[3][4]	100		Mt	Mt	%Fe	%Fe
Friable Itabirite and Hematite		Measured	25.0	25.0	42.5	42.5
		Indicated	219.2	219.2	41.6	41.6
		Measured and Indicated	**244.2**	**244.2**	**41.7**	**41.7**
		Inferred	74.7	74.7	41.7	41.7
Compact Itabirite		Measured	10.9	10.9	33.2	33.2
		Indicated	95.8	95.8	33.8	33.8
		Measured and Indicated	**106.7**	**106.7**	**33.7**	**33.7**
		Inferred	43.9	43.9	33.2	33.2
Serra do Sapo (OP)[3][5]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	561.3	502.7	35.3	37.8
		Indicated	1,278.5	1,070.0	38.5	37.2
		Measured and Indicated	**1,839.8**	**1,572.6**	**37.5**	**37.4**
		Inferred	165.1	275.8	36.3	39.9
Compact Itabirite		Measured	565.0	497.7	31.0	31.5
		Indicated	2,253.9	1,819.8	31.1	31.0
		Measured and Indicated	**2,818.9**	**2,317.5**	**31.1**	**31.1**
		Inferred	477.3	709.2	31.1	30.2
Serro (OP)[3][6]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	–	–	–	–
		Indicated	9.5	9.5	63.6	63.6
		Measured and Indicated	**9.5**	**9.5**	**63.6**	**63.6**
		Inferred	74.2	74.2	35.3	35.3
Compact Itabirite		Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred	308.2	308.2	31.6	31.6

Mining method: OP = Open Pit.
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) **Amapá – Mineral Resources:** The cut-off grade used is 25% Fe. Assays are on a dry basis. Tonnages are reported on a wet basis with an average moisture content of 11.3 wt% for Canga, 10.5 wt% for Colluvium and 9.9 wt% for Friable Itabirite and Hematite ore. Mineral Resources increase due to new in-fill drilling information and the inclusion of the Dragão area. The classification methodology was also refined during 2011. Additional metallurgical studies will be completed to assess the viability of processing Hydrothermally Altered Itabirite (ZAH) and Magnetite-bearing carbonated rock (RCB).

(2) **Amapá:** Friable Itabirite and Hematite includes Friable Itabirite, Altered Friable Itabirite and Friable Hematite. The Mineral Resources comprise the Mário Cruz, Mário Cruz Leste, Martelo, Taboca, Taboca Leste, Vila do Meio, Vila do Meio Leste and Dragão areas.

(3) **Minas Rio Project – Mineral Resources:** The cut-off grade used is 25% Fe. Assays are on a dry basis. Tonnages are reported on a wet basis with an average moisture content of 4.2 wt% for Friable ore. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Itabirite, Soft Hematite and Canga.
The Minas Rio Project comprises the following sub-areas: Itapanhoacanga, Serra do Sapo and Serro.

(4) **Itapanhoacanga:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, Soft Hematite and Hard Hematite.

(5) **Serra do Sapo:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Itabirite, Soft Hematite and Canga. The Mineral Resources increase due to new information obtained from infill drilling in the North Domain (100x100m) and deep drill holes as well as a refinement to the geotechnical model resulting in new geotechnical domains and slope angles. The classification methodology was also refined during 2011. The Canga material (Indicated: 34.5 Mt at 60.6% Fe; Inferred: 6.8 Mt at 56.5% Fe) is included and supported by geometallurgical tests.

(6) **Serro:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite and Hard Hematite (9.5 Mt @ 63.6% Fe).

Audits related to the generation of the Mineral Resource statements were carried out by independent consultants during 2011 at the following operations and projects:
Amapá.

MANGANESE

estimates as at 31 December 2011

SAMANCOR MANGANESE

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) and The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2007) as applicable. The figures reported represent 100% of the Ore Reserves and Mineral Resources (source: BHP Billiton). Rounding of figures may cause computational discrepancies.

Samancor Manganese – Operations				Tonnes		Grade		Yield	
ORE RESERVES	Attributable %	Mine Life	Classification	2011	2010	2011	2010	2011	2010
GEMCO (OP)[1]	40.0	12		Mt	Mt	%Mn	%Mn	%	%
			Proved	79.4	63.2	46.5	46.9	54.8	50.7
			Probable	25.9	42.0	45.6	46.4	54.2	47.6
			Total	**105.3**	**105.2**	**46.3**	**46.7**	**54.7**	**49.5**
Hotazel Manganese Mines	29.6					%Mn	%Mn		
Mamatwan (OP)[2]		21	Proved	43.9	48.9	37.3	37.2		
			Probable	30.5	32.0	37.1	37.0		
			Total	**74.4**	**80.9**	**37.2**	**37.1**		
Wessels (UG)[3]		48	Proved	4.1	5.0	44.0	45.1		
			Probable	67.7	76.4	43.0	42.9		
			Total	**71.8**	**81.4**	**43.1**	**43.1**		

Samancor Manganese – Operations			Tonnes		Grade		Yield	
MINERAL RESOURCES	Attributable %	Classification	2011	2010	2011	2010	2011	2010
GEMCO (OP)[4]	40.0		Mt	Mt	%Mn	%Mn	%	%
		Measured	87.0	67.0	47.1	46.3	47.4	44.4
		Indicated	28.7	45.5	46.0	45.9	47.6	43.9
		Measured and Indicated	**115.8**	**112.4**	**46.8**	**46.2**	**47.4**	**44.2**
		Inferred	49.4	38.9	43.9	43.3	47.8	45.2
Hotazel Manganese Mines	29.6				%Mn	%Mn		
Mamatwan (OP)[5]		Measured	64.8	68.9	35.7	35.6		
		Indicated	54.7	54.7	34.5	34.6		
		Measured and Indicated	**119.5**	**123.6**	**35.2**	**35.2**		
		Inferred	4.2	4.2	34.4	34.4		
Wessels (UG)[6]		Measured	13.8	14.6	46.0	45.9		
		Indicated	129.5	128.4	44.2	44.2		
		Measured and Indicated	**143.3**	**143.0**	**44.4**	**44.4**		
		Inferred	–	–	–	–		

THE MINERAL RESOURCES INCLUDE ORE RESERVES

Samancor Gabon – Projects			Tonnes		Grade		Yield	
MINERAL RESOURCES	Attributable %	Classification	2011	2010	2011	2010	2011	2010
Franceville Project – Beniomi[7]	40.0		Mt	Mt	%Mn	%Mn	%	%
Plaquette Ore		Measured	11.0	11.0	36.1	36.1	72.0	72.0
		Indicated	6.6	6.6	36.1	36.1	74.4	74.4
		Measured and Indicated	**17.5**	**17.5**	**36.1**	**36.1**	**72.9**	**72.9**
		Inferred	2.9	2.9	36.1	36.1	71.8	71.8
Transition Ore		Measured	4.1	4.1	24.3	24.3	73.1	73.1
		Indicated	2.4	2.4	24.5	24.5	75.1	75.1
		Measured and Indicated	**6.5**	**6.5**	**24.4**	**24.4**	**73.8**	**73.8**
		Inferred	5.0	5.0	24.2	24.2	68.4	68.4
Franceville Project – Bordeaux[7]	40.0				%Mn	%Mn		
Plaquette Ore		Measured	4.6	4.6	36.4	36.4	72.0	72.0
		Indicated	0.8	0.8	36.1	36.1	67.8	67.8
		Measured and Indicated	**5.4**	**5.4**	**36.4**	**36.4**	**71.4**	**71.4**
		Inferred	0.8	0.8	36.8	36.8	69.5	69.5
Transition Ore		Measured	2.3	2.3	24.7	24.7	74.0	74.0
		Indicated	0.5	0.5	24.1	24.1	70.3	70.3
		Measured and Indicated	**2.8**	**2.8**	**24.6**	**24.6**	**73.3**	**73.3**
		Inferred	1.8	1.8	25.1	25.1	67.1	67.1

Mining method: OP = Open Pit, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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) **GEMCO – Ore Reserves:** Production during 2011 has been balanced by the inclusion of additional G Quarry Ore Reserves. Manganese grades are given as per washed ore samples and should be read together with their respective yields.

(2) **Mamatwan – Ore Reserves:** The decrease is primarily due to production depletion and the re-running of the resource model. A Section 102 application has been approved by the South African Department of Mineral Resources to amend the Mamatwan Mining Rights area to include the Ntsimbintle Prospecting Right.

(3) **Wessels – Ore Reserves:** The decrease is primarily due to a revised Upper Body pillar design, redefinition of mining areas as per Life of Mine Plan and updating of geological and mining losses. A Section 102 application has been approved by the South African Department of Mineral Resources to amend the Wessels Mining Rights area to include the Ntsimbintle Prospecting Right. The Wessels and Ntsimbintle Lower Body Mineral Resources and Ore Reserves, which were previously declared separately, are therefore combined and declared as a single Ore Reserve and a single Mineral Resource respectively.

(4) **GEMCO – Mineral Resources:** The change is primarily due to the inclusion of additional resource definition drilling data, resulting in the upgrade in confidence of a large proportion of Indicated to Measured Mineral Resources and the inclusion of Inferred Resources from the Eastern Exploration Areas into the Mineral Resource statement.

(5) **Mamatwan – Mineral Resources:** A cut-off grade of 35% Mn is used to declare Mineral Resources within the M, C and N Zones at Mamatwan. Mineral Resources have also been declared from the X Zone, using a cut-off of 35% Mn, however, the Top Cut Resources comprising a total of 42.3 Mt are declared above a cut-off of 28% Mn.

(6) **Wessels – Mineral Resources:** A new Mineral Resource model was developed during 2010 and this model has resulted in the increase in Mineral Resource after consideration of depletion.

(7) **Beniomi and Bordeaux:** Mn grades are for +0.15mm screen size fraction and should be read together with their respective tonnage yields. The feasibility phase study for the establishment of a 300 ktpa mine in Franceville, Gabon, commenced in July 2010 and the study is expected to be completed in the first quarter of FY2012. The pre-feasibility phase study for phase 2 to increase the production capacity to 1.8 mtpa is expected to commence in the second quarter of FY2012. However, the Gabon Mining Concession and Mining Convention remain subject to ongoing negotiation. No Ore Reserves are yet reportable.

COAL

estimates as at 31 December 2011

METALLURGICAL COAL

The Coal Reserve and Coal 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 Coal Reserves and Coal Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. Anglo American Metallurgical Coal comprises export metallurgical and thermal coal operations located in Australia and Canada.

Metallurgical Coal – Australia Operations

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2011	ROM Tonnes[3] 2010	Yield[4] 2011	Yield[4] 2010	Saleable Tonnes[3] 2011	Saleable Tonnes[3] 2010	Saleable Quality[5] 2011	Saleable Quality[5] 2010
Callide (OC)	100	25		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Domestic			Proved	199.9	130.6	98.0	98.1	195.8	128.1	4,380	3,740
			Probable	52.0	90.6	98.0	99.5	51.0	90.1	4,250	3,890
			Total	**251.9**	**221.2**	**98.0**	**98.7**	**246.8**	**218.2**	**4,350**	**3,800**
Capcoal (OC)	76.8	25								CSN	CSN
Metallurgical – Coking			Proved	77.1	84.7	20.4	21.2	16.3	18.7	7.0	7.0
			Probable	72.5	72.5	16.4	16.8	12.3	12.3	6.5	6.5
			Total	**149.5**	**157.1**	**18.5**	**19.2**	**28.6**	**31.0**	**7.0**	**7.0**
										kcal/kg	kcal/kg
Metallurgical – Other			Proved			46.3	44.3	37.0	39.0	6,970	6,970
			Probable			46.5	46.7	35.0	35.0	6,990	6,990
			Total			**46.4**	**45.4**	**72.1**	**74.0**	**6,980**	**6,980**
										kcal/kg	kcal/kg
Thermal – Export			Proved			2.8	3.0	2.3	2.7	7,060	7,060
			Probable			2.3	2.3	1.7	1.7	7,030	7,030
			Total			**2.6**	**2.7**	**4.0**	**4.4**	**7,050**	**7,050**
Capcoal (UG)	70.0	12								CSN	CSN
Metallurgical – Coking			Proved	40.6	45.7	73.7	72.9	31.6	35.2	9.0	9.0
			Probable	14.7	14.7	72.0	72.0	11.2	11.2	9.0	9.0
			Total	**55.3**	**60.4**	**73.2**	**72.7**	**42.7**	**46.3**	**9.0**	**9.0**
Dawson (OC)	51.0	11								CSN	CSN
Metallurgical – Coking			Proved	15.0	17.9	19.9	22.1	3.1	4.0	7.5	7.5
			Probable	149.0	156.0	16.0	17.7	24.5	28.4	7.5	7.5
			Total	**163.9**	**173.8**	**16.4**	**18.2**	**27.5**	**32.4**	**7.5**	**7.5**
										kcal/kg	kcal/kg
Thermal – Export			Proved			65.2	61.3	10.0	11.2	6,500	6,500
			Probable			59.4	57.6	90.9	92.4	6,500	6,500
			Total			**59.9**	**58.0**	**101.0**	**103.7**	**6,500**	**6,500**
Drayton (OC)	88.2	5								kcal/kg	kcal/kg
Thermal – Export			Proved	3.2	4.2	75.3	76.7	2.4	3.2	6,260	6,260
			Probable	19.7	24.3	75.6	76.7	14.9	18.6	6,260	6,260
			Total	**22.9**	**28.5**	**75.6**	**76.7**	**17.3**	**21.8**	**6,260**	**6,260**
Foxleigh (OC)	70.0	4								kcal/kg	kcal/kg
Metallurgical – Other			Proved	4.1	5.8	79.3	76.9	3.5	4.8	6,940	6,960
			Probable	13.7	14.7	77.2	76.8	11.3	12.0	6,810	6,810
			Total	**17.8**	**20.5**	**77.7**	**76.8**	**14.8**	**16.8**	**6,840**	**6,850**
Moranbah North (UG)	88.0	18								CSN	CSN
Metallurgical – Coking			Proved	114.8	116.8	76.4	76.9	92.6	94.8	8.0	8.0
			Probable	11.3	13.1	72.7	72.3	8.7	10.0	8.0	8.0
			Total	**126.1**	**130.0**	**76.1**	**76.4**	**101.3**	**104.8**	**8.0**	**8.0**
Australia Metallurgical – Coking	77.5			Mt	Mt	Plant %	Plant %	Mt	Mt	CSN	CSN
			Proved	454.6	405.5	68.2	62.3	143.5	152.7	8.0	8.0
			Probable	332.8	385.8	35.8	29.6	56.6	61.9	7.5	7.5
			Total	**787.4**	**791.4**	**59.0**	**52.4**	**200.1**	**214.5**	**8.0**	**8.0**
Australia Metallurgical – Other	75.6									kcal/kg	kcal/kg
			Proved			49.1	34.0	40.5	43.7	6,970	6,970
			Probable			54.0	48.3	46.3	47.1	6,940	6,940
			Total			**51.7**	**40.8**	**86.8**	**90.8**	**6,960**	**6,960**
Australia Thermal – Export	57.1									kcal/kg	kcal/kg
			Proved			57.3	55.0	14.7	17.1	6,550	6,540
			Probable			60.7	59.9	107.5	112.7	6,480	6,470
			Total			**60.3**	**59.2**	**122.2**	**129.8**	**6,480**	**6,480**
Australia Thermal – Domestic	100									kcal/kg	kcal/kg
			Proved			98.0	98.1	195.8	128.1	4,380	3,740
			Probable			98.0	99.5	51.0	90.1	4,250	3,890
			Total			**98.0**	**98.7**	**246.8**	**218.2**	**4,350**	**3,800**

Metallurgical Coal – Canada Operations

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2011	ROM Tonnes[3] 2010	Yield[4] 2011	Yield[4] 2010	Saleable Tonnes[3] 2011	Saleable Tonnes[3] 2010	Saleable Quality[5] 2011	Saleable Quality[5] 2010
Trend (OC)	100	13		Mt	Mt	ROM %	ROM %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	20.3	20.4	65.0	64.6	13.9	13.9	7.0	7.0
			Probable	2.3	2.4	61.7	62.2	1.5	1.5	7.0	7.0
			Total	**22.6**	**22.8**	**64.7**	**64.4**	**15.4**	**15.4**	**7.0**	**7.0**
										kcal/kg	kcal/kg
Thermal – Export			Proved			0.7	0.7	0.1	0.2	5,070	5,300
			Probable			1.1	1.1	0.0	0.0	5,070	5,300
			Total			**0.7**	**0.7**	**0.2**	**0.2**	**5,070**	**5,300**

Mining method: OC = Open Cut, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
For the multi-product operations, the ROM tonnage figures apply to each product.
The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.
Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
Additional footnotes appear at the end of the section.

Metallurgical – Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry; quality measured as Crucible Swell Number (CSN).
Metallurgical – Other refers to semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal; quality measured by calorific value (CV).
Thermal – Export refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic refers to low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).

COAL

estimates as at 31 December 2011

Metallurgical Coal – Australia Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Callide	100					
		Measured	260.7	220.0	4,940	4,870
		Indicated	265.1	324.0	4,810	4,790
		Measured and Indicated	**525.7**	**543.9**	**4,870**	**4,820**
		Inferred (in LOMP)[8]	15.3	12.1	4,240	4,260
Capcoal (OC)	76.8	Measured	13.8	13.8	7,080	7,080
		Indicated	27.9	27.9	7,080	7,080
		Measured and Indicated	**41.7**	**41.7**	**7,080**	**7,080**
		Inferred (in LOMP)[8]	36.6	36.6	6,710	6,710
Capcoal (UG)	70.0	Measured	76.3	76.3	6,730	6,730
		Indicated	68.0	68.0	6,620	6,620
		Measured and Indicated	**144.3**	**144.3**	**6,680**	**6,680**
		Inferred (in LOMP)[8]	0.3	0.3	6,630	6,630
Dawson	51.0	Measured	163.1	163.1	6,670	6,670
		Indicated	278.6	278.6	6,660	6,660
		Measured and Indicated	**441.7**	**441.7**	**6,660**	**6,660**
		Inferred (in LOMP)[8]	103.5	103.5	6,870	6,870
Drayton	88.2	Measured	2.4	2.4	6,870	6,870
		Indicated	12.3	12.3	6,850	6,850
		Measured and Indicated	**14.7**	**14.7**	**6,850**	**6,850**
		Inferred (in LOMP)[8]	0.4	0.4	6,050	6,050
Foxleigh	70.0	Measured	17.3	17.3	7,130	7,130
		Indicated	16.1	16.1	7,090	7,090
		Measured and Indicated	**33.3**	**33.3**	**7,110**	**7,110**
		Inferred (in LOMP)[8]	7.0	7.0	6,830	6,830
Moranbah North	88.0	Measured	55.7	39.5	6,670	6,630
		Indicated	21.3	20.4	6,570	6,500
		Measured and Indicated	**76.9**	**59.9**	**6,640**	**6,590**
		Inferred (in LOMP)[8]	0.1	0.2	6,980	6,680
Australia – Mine Leases	77.3	Measured	589.2	532.3	5,940	5,960
		Indicated	689.2	747.3	5,970	5,870
		Measured and Indicated	**1,278.4**	**1,279.6**	**5,960**	**5,910**
		Inferred (in LOMP)[8]	163.3	160.2	6,580	6,630

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Canada Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Trend (OC)	100					
		Measured	15.9	15.9	6,500	6,500
		Indicated	5.3	5.3	6,500	6,500
		Measured and Indicated	**21.2**	**21.2**	**6,500**	**6,500**
		Inferred (in LOMP)[8]	1.4	1.4	6,500	6,500

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Australia Projects

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2011 Mt	ROM Tonnes[3] 2010 Mt	Yield[4] 2011 ROM %	Yield[4] 2010 ROM %	Saleable Tonnes[3] 2011 Mt	Saleable Tonnes[3] 2010 Mt	Saleable Quality[5] 2011 CSN	Saleable Quality[5] 2010 CSN
Grosvenor	100	21									
Metallurgical – Coking			Proved	76.1	63.3	66.2	64.9	53.2	43.3	8.5	8.5
			Probable	62.6	49.9	65.2	64.3	43.1	33.8	8.0	8.0
			Total	**138.7**	**113.2**	**65.7**	**64.6**	**96.3**	**77.2**	**8.5**	**8.5**

Metallurgical Coal – Australia Projects

COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Dartbrook	83.3					
		Measured	386.1	386.1	5,720	5,720
		Indicated	24.8	24.8	5,460	5,460
		Measured and Indicated	**410.9**	**410.9**	**5,700**	**5,700**
Drayton South	88.2	Measured	405.7	405.7	6,580	6,580
		Indicated	173.4	173.4	6,540	6,540
		Measured and Indicated	**579.2**	**579.2**	**6,570**	**6,570**
Grosvenor	100	Measured	145.1	168.5	6,420	6,410
		Indicated	72.5	55.3	6,550	6,430
		Measured and Indicated	**217.6**	**223.8**	**6,460**	**6,410**
Moranbah South	50.0	Measured	191.5	146.4	6,050	6,030
		Indicated	307.1	325.4	6,350	6,300
		Measured and Indicated	**498.6**	**471.7**	**6,230**	**6,220**
Theodore	51.0	Measured	–	–	–	–
		Indicated	258.5	258.5	6,260	6,260
		Measured and Indicated	**258.5**	**258.5**	**6,260**	**6,260**
Australia – Projects	73.9	Measured	1,128.4	1,106.7	6,180	6,180
		Indicated	836.3	837.4	6,350	6,320
		Measured and Indicated	**1,964.7**	**1,944.1**	**6,250**	**6,240**

COAL

estimates as at 31 December 2011

Metallurgical Coal – Australia Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Total	75.2					
		Measured	1,717.6	1,638.9	6,090	6,110
		Indicated	1,525.5	1,584.7	6,180	6,110
		Measured and Indicated	**3,243.1**	**3,223.6**	**6,130**	**6,110**
		Inferred (in LOMP)[8]	172.8	196.0	6,570	6,590

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Canada Projects

COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Belcourt Saxon	50.0					
		Measured	166.7	166.7	6,500	7,000
		Indicated	4.3	4.3	6,500	7,000
		Measured and Indicated	**171.0**	**171.0**	**6,500**	**7,000**
Roman Mountain	100	Measured	20.0	20.0	6,640	6,970
		Indicated	6.8	6.8	6,660	6,970
		Measured and Indicated	**26.7**	**26.7**	**6,650**	**6,970**
Canada – Projects	56.8	Measured	186.7	186.7	6,510	7,000
		Indicated	11.0	11.0	6,600	6,980
		Measured and Indicated	**197.7**	**197.7**	**6,520**	**7,000**

Metallurgical Coal – Canada Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Total	61.0					
		Measured	202.7	202.7	6,510	6,960
		Indicated	16.3	16.3	6,570	6,830
		Measured and Indicated	**219.0**	**219.0**	**6,520**	**6,950**
		Inferred (in LOMP)[8]	1.4	1.4	6,500	6,920

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

(2) Attributable (%) refers to 2011 only. For the 2010 Reported and Attributable figures, please refer to the 2010 Annual Report.

(3) The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.

(4) Yield – ROM % 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 whereas Plant % is based on the 'Feed to Plant' tonnes. The product yields (ROM %) for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.

(5) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export 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 Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.

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

(7) The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

(8) Inferred (in LOMP) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the Life of Mine Plan but within the mine lease area are not reported due to the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration, such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics.

Jellinbah is not reported as Anglo American's shareholding is below the internal threshold for reporting. Monash Energy's resources have been removed from the 2011 report following the cancellation of their tenure near Flynn in the Latrobe Valley, Victoria. Anglo American is in liaison with the Victorian Government regarding the cancellation.
Estimates for the following operations were updated by depletion and new geological models and revised Life of Mine Plans are scheduled for 2012: Capcoal (OC), Capcoal (UG), Dawson and Foxleigh.

Summary of material changes (±10%) at reporting level

Callide: Increase in Coal Reserves mainly due to conversion of resources to reserves following re-estimation based on a revised Life of Mine Plan.
Drayton: Decrease in Coal Reserves due to production.
Moranbah North: Increase in Coal Resources resulting from changes in mine design (wider panels and shorter blocks).
Trend: Estimates by depletion due to time constraints following incorporation of Peace River Coal into Anglo American Metallurgical Coal (AAMC). Minor differences in coal qualities are as a result of a detailed review of available quality data and subsequent update to the appropriate default quality values.
Grosvenor: Increase in Coal Reserves as a result of additional drilling information and model update as part of the requirements for a Feasibility Study and conversion of resources to reserves.
Moranbah South: Increase in Coal Resources due to new exploration data incorporated into the geological model, including a new mine plan as part of Pre-Feasibility study.
Belcourt Saxon: Minor differences in coal qualities are as a result of a detailed review of available quality data and subsequent update to the appropriate default quality values.
Roman Mountain: Minor differences in coal qualities are as a result of a detailed review of available quality data and subsequent update to the appropriate default quality values.

Assumption with respect to Mineral Tenure

Callide: A Mining Lease Application has been lodged for the northern part of the Kilburnie area and AAMC has reasonable expectation that it will be granted. A Mining Lease Application has been lodged for the Amy's Find area as an extension to the existing mining area at The Hut and AAMC has reasonable expectation that it will be granted.
Foxleigh: A Mining Lease Application has been submitted for part of the Plains area, and an application for the remainder together with the associated Environmental Impact Statement (EIS) will be submitted in early 2012. AAMC has reasonable expectation that both will be granted.
Grosvenor: A Mining Lease Application has been submitted and AAMC has a reasonable expectation that it will granted; land purchase is currently in progress.

Reviews by independent third parties were carried out in 2011 on the following operations and projects:
Foxleigh, Moranbah North and Grosvenor.

COAL

estimates as at 31 December 2011

THERMAL COAL

The Coal Reserve and Coal Resource estimates were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as applicable. The figures reported represent 100% of the Coal Reserves and Coal Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. Anglo American Thermal Coal comprises the dominantly export and domestic thermal coal operations, located in Colombia and South Africa.

Thermal Coal – Colombia Operations				ROM Tonnes[3]		Yield[4]		Saleable Tonnes[3]		Saleable Quality[5]	
COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	2011	2010	2011	2010	2011	2010	2011	2010
Cerrejón (OC)	33.3	20		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export			Proved	718.8	659.0	96.8	95.2	695.5	634.8	6,300	6,230
			Probable	86.0	64.1	96.8	95.3	83.2	61.7	6,240	6,230
			Total	**804.8**	**723.1**	**96.8**	**95.2**	**778.7**	**696.5**	**6,290**	**6,230**
Colombia Thermal – Export	33.3									kcal/kg	kcal/kg
			Proved	718.8	659.0	96.8	95.2	695.5	634.8	6,300	6,230
			Probable	86.0	64.1	96.8	95.3	83.2	61.7	6,240	6,230
			Total	**804.8**	**723.1**	**96.8**	**95.2**	**778.7**	**696.5**	**6,290**	**6,230**

Thermal Coal – South Africa Operations				ROM Tonnes[3]		Yield[4]		Saleable Tonnes[3]		Saleable Quality[5]	
COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	2011	2010	2011	2010	2011	2010	2011	2010
Goedehoop (UG&OC)	100	11		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export			Proved	37.4	46.8	53.0	53.9	20.2	25.7	6,230	6,220
			Probable	48.6	45.6	51.7	55.0	25.6	25.6	6,210	6,220
			Total	**86.0**	**92.4**	**52.3**	**54.4**	**45.9**	**51.3**	**6,220**	**6,220**
Greenside (UG)	100	11								kcal/kg	kcal/kg
Thermal – Export			Proved	25.8	37.3	58.1	58.6	15.5	22.7	6,200	6,190
			Probable	21.9	2.3	53.9	62.8	12.3	1.5	6,190	6,190
			Total	**47.8**	**39.6**	**56.2**	**58.8**	**27.8**	**24.2**	**6,200**	**6,190**
Isibonelo (OC)	100	14								kcal/kg	kcal/kg
Synfuel			Proved	69.9	74.9	100	100	69.9	74.9	4,590	4,640
			Probable	–	–	–	–	–	–	–	–
			Total	**69.9**	**74.9**	**100**	**100**	**69.9**	**74.9**	**4,590**	**4,640**
Kleinkopje (OC)	100	13								kcal/kg	kcal/kg
Thermal – Export			Proved	64.5	77.5	35.9	37.1	23.7	29.0	6,170	6,220
			Probable	12.0	12.3	45.9	45.8	5.6	5.7	6,180	6,240
			Total	**76.4**	**89.8**	**37.5**	**38.3**	**29.3**	**34.7**	**6,170**	**6,220**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			33.8	31.7	21.8	24.9	4,550	4,460
			Probable			–	–	–	–	–	–
			Total			**28.5**	**27.4**	**21.8**	**24.9**	**4,550**	**4,460**
Kriel (UG&OC)	73.0	14								kcal/kg	kcal/kg
Thermal – Domestic			Proved	46.0	61.2	100	100	46.0	61.2	4,790	4,800
			Probable	67.5	69.6	100	100	67.5	69.6	4,430	4,450
			Total	**113.5**	**130.8**	**100**	**100**	**113.5**	**130.8**	**4,580**	**4,610**
Landau (OC)	100	9								kcal/kg	kcal/kg
Thermal – Export			Proved	36.4	44.7	48.5	50.7	17.8	23.0	6,240	6,250
			Probable	24.4	24.7	48.5	48.7	11.9	12.2	6,230	6,250
			Total	**60.7**	**69.4**	**48.5**	**50.0**	**29.8**	**35.2**	**6,240**	**6,250**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			8.8	8.5	3.2	3.8	4,550	4,100
			Probable			7.3	8.5	1.8	2.1	3,970	4,400
			Total			**8.2**	**8.5**	**5.0**	**6.0**	**4,340**	**4,210**
Mafube (OC)	50.0	19								kcal/kg	kcal/kg
Thermal – Export			Proved	24.8	30.1	46.5	49.0	11.6	14.8	6,220	6,270
			Probable	66.6	–	33.1	–	22.2	–	6,210	–
			Total	**91.3**	**30.1**	**36.7**	**49.0**	**33.8**	**14.8**	**6,210**	**6,270**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			27.1	23.1	6.8	6.9	5,460	5,490
			Probable			37.3	–	25.0	–	5,010	–
			Total			**34.5**	**23.1**	**31.8**	**6.9**	**5,110**	**5,490**
New Denmark (UG)	100	23								kcal/kg	kcal/kg
Thermal – Domestic			Proved	30.2	40.4	100	100	30.2	40.4	4,880	4,930
			Probable	80.9	92.9	100	100	80.9	92.9	5,120	5,070
			Total	**111.1**	**133.3**	**100**	**100**	**111.1**	**133.3**	**5,050**	**5,030**

COAL

estimates as at 31 December 2011

Thermal Coal – South Africa Operations continued

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2011	ROM Tonnes[3] 2010	Yield[4] 2011	Yield[4] 2010	Saleable Tonnes[3] 2011	Saleable Tonnes[3] 2010	Saleable Quality[5] 2011	Saleable Quality[5] 2010
New Vaal (OC)	100	20		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Domestic			Proved	371.8	397.5	93.4	93.4	359.8	384.6	3,490	3,490
			Probable	–	–	–	–	–	–	–	–
			Total	**371.8**	**397.5**	**93.4**	**93.4**	**359.8**	**384.6**	**3,490**	**3,490**
Nooitgedacht 5 Seam (UG)	100	1								kcal/kg	kcal/kg
Metallurgical – Other			Proved	0.4	1.2	63.6	28.4	0.3	0.4	6,370	6,280
			Probable	–	–	–	–	–	–	–	–
			Total	**0.4**	**1.2**	**63.6**	**28.4**	**0.3**	**0.4**	**6,370**	**6,280**
Zibulo (UG&OC)	73.0	19								kcal/kg	kcal/kg
Thermal – Export			Proved	86.1	–	49.4	–	43.0	–	6,090	–
			Probable	28.6	111.9	46.1	41.0	13.3	46.3	6,070	6,320
			Total	**114.7**	**111.9**	**48.6**	**41.0**	**56.3**	**46.3**	**6,090**	**6,320**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			29.8	–	26.4	–	4,820	–
			Probable			30.4	35.6	8.9	40.9	4,640	4,990
			Total			**29.9**	**35.6**	**35.4**	**40.9**	**4,770**	**4,990**
South Africa Thermal – Export	85.6			Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
			Proved	793.3	811.7	48.2	49.3	131.8	115.7	6,170	6,230
			Probable	350.5	359.3	45.9	46.6	90.9	91.3	6,190	6,280
			Total	**1,143.8**	**1,171.0**	**47.0**	**48.1**	**222.7**	**207.0**	**6,180**	**6,250**
South Africa Thermal – Domestic	91.7									kcal/kg	kcal/kg
			Proved			86.9	90.2	494.2	522.0	3,850	3,830
			Probable			87.2	86.2	184.1	205.5	4,820	4,840
			Total			**86.8**	**88.9**	**678.4**	**727.5**	**4,110**	**4,120**
South Africa Synfuel	100									kcal/kg	kcal/kg
			Proved			100	100	69.9	74.9	4,590	4,640
			Probable			–	–	–	–	–	–
			Total			**100**	**100**	**69.9**	**74.9**	**4,590**	**4,640**
South Africa Metallurgical – Other	100									kcal/kg	kcal/kg
			Proved			63.6	28.4	0.3	0.4	6,370	6,280
			Probable			–	–	–	–	–	–
			Total			**63.6**	**28.4**	**0.3**	**0.4**	**6,370**	**6,280**

Thermal Coal – Operations

TOTAL COAL RESERVES[1]	Attributable %[2]	Classification	ROM Tonnes[3] 2011	ROM Tonnes[3] 2010	Yield[4] 2011	Yield[4] 2010	Saleable Tonnes[3] 2011	Saleable Tonnes[3] 2010	Saleable Quality[5] 2011	Saleable Quality[5] 2010
Thermal – Export	44.9		Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
		Proved	1,512.1	1,470.7	89.1	88.1	827.3	750.5	6,280	6,230
		Probable	436.5	423.3	70.2	66.2	174.2	153.1	6,210	6,260
		Total	**1,948.6**	**1,894.0**	**85.7**	**84.4**	**1,001.4**	**903.6**	**6,270**	**6,230**
Thermal – Domestic	91.7								kcal/kg	kcal/kg
		Proved			86.9	90.2	494.2	522.0	3,850	3,830
		Probable			87.2	86.2	184.1	205.5	4,820	4,840
		Total			**86.8**	**88.9**	**678.4**	**727.5**	**4,110**	**4,120**
Synfuel	100								kcal/kg	kcal/kg
		Proved			100	100	69.9	74.9	4,590	4,640
		Probable			–	–	–	–	–	–
		Total			**100**	**100**	**69.9**	**74.9**	**4,590**	**4,640**
Metallurgical – Other	100								kcal/kg	kcal/kg
		Proved			63.6	28.4	0.3	0.4	6,370	6,280
		Probable			–	–	–	–	–	–
		Total			**63.6**	**28.4**	**0.3**	**0.4**	**6,370**	**6,280**

Mining method: OC = Open Cast, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
For the multi-product operations, the ROM tonnage figures apply to each product.
The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.
Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
Additional footnotes appear at the end of the section.

Thermal – Export refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic refers to low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).
Synfuel refers to a coal specifically for the domestic production of synthetic fuel and chemicals; quality measured by calorific value (CV).
Metallurgical – Other refers to semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal; quality measured by calorific value (CV).

COAL

estimates as at 31 December 2011

Thermal Coal – Colombia Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Cerrejón	33.3					
		Measured	907.2	870.4	6,460	6,420
		Indicated	173.9	194.4	6,370	6,490
		Measured and Indicated	**1,081.1**	**1,064.8**	**6,450**	**6,430**
		Inferred (in LOMP)[8]	69.2	47.7	6,750	6,910
Colombia – Mine Leases	33.3	Measured	907.2	870.4	6,460	6,420
		Indicated	173.9	194.4	6,370	6,490
		Measured and Indicated	**1,081.1**	**1,064.8**	**6,450**	**6,430**
		Inferred (in LOMP)[8]	69.2	47.7	6,750	6,910

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Thermal Coal – South Africa Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Goedehoop	100					
		Measured	79.8	111.2	5,470	5,460
		Indicated	75.6	79.9	5,480	5,280
		Measured and Indicated	**155.4**	**191.1**	**5,470**	**5,380**
		Inferred (in LOMP)[8]	–	–	–	–
Greenside	100	Measured	11.4	–	5,700	–
		Indicated	2.8	–	5,430	–
		Measured and Indicated	**14.2**	**–**	**5,650**	**–**
		Inferred (in LOMP)[8]	–	13.0	–	5,470
Isibonelo	100	Measured	–	–	–	–
		Indicated	20.9	20.3	5,210	5,360
		Measured and Indicated	**20.9**	**20.3**	**5,210**	**5,360**
		Inferred (in LOMP)[8]	–	–	–	–
Kleinkopje	100	Measured	28.5	30.2	4,970	5,020
		Indicated	–	–	–	–
		Measured and Indicated	**28.5**	**30.2**	**4,970**	**5,020**
		Inferred (in LOMP)[8]	–	–	–	–
Kriel	73.0	Measured	9.0	7.4	5,290	5,240
		Indicated	10.2	18.4	4,860	4,810
		Measured and Indicated	**19.3**	**25.8**	**5,060**	**4,930**
		Inferred (in LOMP)[8]	–	–	–	–
Landau	100	Measured	26.5	30.4	4,810	5,730
		Indicated	34.3	41.7	5,180	4,600
		Measured and Indicated	**60.8**	**72.1**	**5,020**	**5,080**
		Inferred (in LOMP)[8]	–	–	–	–
Mafube	50.0	Measured	2.5	79.9	5,090	5,320
		Indicated	7.4	–	5,250	–
		Measured and Indicated	**9.9**	**79.9**	**5,210**	**5,320**
		Inferred (in LOMP)[8]	17.0	–	5,170	–
New Denmark	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOMP)[8]	17.0	18.6	5,310	5,220
New Vaal	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOMP)[8]	–	–	–	–
Nooitgedacht 5 Seam	100	Measured	1.1	1.1	5,370	4,990
		Indicated	–	–	–	–
		Measured and Indicated	**1.1**	**1.1**	**5,370**	**4,990**
		Inferred (in LOMP)[8]	–	–	–	–
Zibulo	73.0	Measured	136.3	79.7	4,950	4,980
		Indicated	184.2	174.6	4,880	4,870
		Measured and Indicated	**320.6**	**254.3**	**4,910**	**4,900**
		Inferred (in LOMP)[8]	29.3	43.7	5,470	5,400
South Africa – Mine Leases	84.7	Measured	295.2	339.9	5,120	5,290
		Indicated	335.4	334.9	5,080	4,960
		Measured and Indicated	**630.6**	**674.8**	**5,100**	**5,130**
		Inferred (in LOMP)[8]	63.3	75.4	5,350	5,370

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Thermal Coal – Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Total	52.2					
		Measured	1,202.4	1,210.3	6,130	6,100
		Indicated	509.3	529.2	5,520	5,520
		Measured and Indicated	**1,711.7**	**1,739.5**	**5,950**	**5,930**
		Inferred (in LOMP)[8]	132.4	123.0	6,080	5,970

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

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estimates as at 31 December 2011

Thermal Coal – South Africa Projects

COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Elders	73.0					
		Measured	218.1	207.9	5,110	4,980
		Indicated	107.9	30.8	5,400	5,390
		Measured and Indicated	**326.0**	**238.6**	**5,210**	**5,030**
Kriel Block F	100	Measured	–	–	–	–
		Indicated	62.8	62.8	5,310	5,310
		Measured and Indicated	**62.8**	**62.8**	**5,310**	**5,310**
Kriel East	73.0	Measured	81.5	81.5	4,940	4,940
		Indicated	36.0	36.0	4,950	4,950
		Measured and Indicated	**117.5**	**117.5**	**4,940**	**4,940**
New Largo	73.0	Measured	484.9	350.8	4,300	4,400
		Indicated	159.3	286.0	3,920	4,230
		Measured and Indicated	**644.3**	**636.8**	**4,210**	**4,320**
Nooitgedacht 2+4 Seam	100	Measured	34.7	55.5	5,310	5,330
		Indicated	10.6	3.4	5,450	5,300
		Measured and Indicated	**45.3**	**59.0**	**5,340**	**5,330**
South Rand	73.0	Measured	78.6	78.9	4,850	4,870
		Indicated	168.1	142.2	4,770	4,840
		Measured and Indicated	**246.7**	**221.1**	**4,800**	**4,850**
Vaal Basin	100	Measured	208.2	128.9	3,980	3,730
		Indicated	362.5	149.3	4,140	4,000
		Measured and Indicated	**570.7**	**278.2**	**4,080**	**3,870**
South Africa – Projects	82.1	Measured	1,106.0	903.5	4,520	4,580
		Indicated	907.2	710.5	4,500	4,490
		Measured and Indicated	**2,013.2**	**1,613.9**	**4,510**	**4,540**

Thermal Coal – Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011 MTIS[6]	Tonnes 2010 MTIS[6]	Coal Quality 2011 kcal/kg[7]	Coal Quality 2010 kcal/kg[7]
Total	68.4					
		Measured	2,308.3	2,113.8	5,360	5,450
		Indicated	1,416.6	1,239.7	4,860	4,930
		Measured and Indicated	**3,724.9**	**3,353.5**	**5,170**	**5,260**
		Inferred (in LOMP)[8]	132.4	123.0	6,080	5,970

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Attributable percentages for country totals are weighted by Measured and Indicated MTIS.

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) Attributable (%) refers to 2011 only. For the 2010 Reported and Attributable figures, please refer to the 2010 Annual Report.
(3) The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
(4) Yield – ROM % 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 whereas Plant % is based on the 'Feed to Plant' tonnes. The product yields (ROM %) for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.
(5) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export 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 Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg.
(6) Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis.
(7) The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.
(8) Inferred (in LOMP) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the Life of Mine Plan but within the mine lease area are not reported due to the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration, such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics.

Summary of material changes (±10%) at reporting level

Cerrejón: Increase in Coal Reserves due to conversion of Resources resulting from changes in mine design to enable expansion from 32 mtpa to 40 mtpa.
Goedehoop: Decrease in Coal Resources resulting from the transfer of Resources to Deposit due to re-evaluation of market potential, limited washability data and remnant blocks which have been removed from the mine plan.
Greenside: Increase in Coal Reserves primarily due to conversion of Resources as result of increased geological confidence. Increase in Coal Resources as a result of model update and interpretation.
Kleinkopje: Decrease in Coal Reserves resulting from the removal of the pre-mined 3A East 2 & 1 seam from the mine plan, which was transferred to Deposit due changes in economic assumptions and the transfer of virgin 3A East 4 seam to Greenside Colliery.
Kriel: Decrease in Coal Reserves primarily due to production. Decrease in Coal Resources attributed to re-evaluation of mini-pits and removal of remnant blocks due to lack of accessibility.
Landau: Decrease in Coal Reserves primarily due to production. Decrease in Coal Resource primarily due to Concept study on Landau Life Extension which resulted in additional surface and environmental changes being considered.
Mafube: Following the submission of the Mining Right Application, Nooitgedacht 2 seam Resources were converted to Probable Reserve. Inferred Resources in Mine Lease were moved to Inferred (in LOMP). The conversion to reserves resulted in the increase of Mine Life from 6 to 19 years. Inferred Resources in Mine Plan comprise of 15% of the Reserves, however these Resources are outside of the five year horizon. Drilling is planned to reduce proportion to below 10% by mid 2012.
New Denmark: Decrease in Coal Reserves primarily due to transfer of Resources to Deposit resulting from change in the reserve thickness cut-off parameter, previously applied a standard 1.5 m cut-off, now applying the mining layout and practical equipment limits. Consequently Mine Life has been reduced from 27 to 23 years.
Nooitgedacht: Decrease in 5 seam Coal Reserves primarily due to production. Decrease in 2 and 4 seam Coal Resources attributed to reclassification of resources using an alternative methodology.
Zibulo: Increase in Coal Resources due to upgrade of Zondagsfontein West resources resulting from increased drilling and geological confidence. Inferred Resources in Mine Plan comprise 12% of the Reserves, however these Resources are outside of the five year horizon. Drilling is planned to reduce proportion to below 10% by mid 2012.
Elders: Upgrade of Coal Resources resulting from additional drilling and washability data.
South Rand: Upgrade of Coal Resources resulting from additional drilling.
Vaal Basin: Increase in Coal Resources as estimates are now based on raw qualities due to proven lack of export potential. There are significantly more boreholes with raw qualities, hence resource categories were upgraded.

Assumption with respect to Mineral Tenure

Cerrejón: Reserves are estimated for the area defined by the current approved Mining Right which expires in 2033. In order to exploit the Coal Resources, a renewal will be applied for at the appropriate time, Anglo American Thermal Coal has reasonable expectation that such renewal will not be withheld.
Mafube: Application for conversion to a Mining Right has been submitted; in addition the environmental permitting applications will be submitted in 2012 as per legislative requirements. There is a reasonable expectation that such conversion will not be withheld.
New Largo: The New Largo Mining Right Application was submitted in April 2011. The relevant South African Departments responsible for approvals, as well as key stakeholders, have been actively engaged with regard to the Colliery's potential impacts on wetlands. There is a reasonable expectation that such conversion will not be withheld.

Royalty Payment

South Africa: Royalty payments commenced in February 2010 in accordance with the Royalties Act (No. 28 of 2008) and have been taken into consideration in economic assessment of the reserves.

Reviews by independent third parties were carried out in 2011 on the following operations and project areas:
Goedehoop, Greenside, Mafube and New Denmark.

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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.

Copper – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Collahuasi (OP)[1]	44.0	68		Mt	Mt	%Cu	%Cu	kt	kt
Oxide and Mixed (TCu)			Proved	0.0	0.1	0.60	1.66	0	2
Heap Leach			Probable	35.4	29.3	0.63	0.66	224	193
			Total	**35.4**	**29.4**	**0.63**	**0.66**	**224**	**195**
Sulphide (TCu)			Proved	285.0	286.6	1.07	1.04	3,042	2,985
Flotation – direct feed			Probable	1,640.3	1,366.8	0.93	0.95	15,177	12,968
			Total	**1,925.3**	**1,653.4**	**0.95**	**0.96**	**18,219**	**15,952**
Low Grade Sulphide (TCu)			Proved	–	–	–	–	–	–
Flotation – stockpile			Probable	935.2	775.9	0.49	0.51	4,596	3,924
			Total	**935.2**	**775.9**	**0.49**	**0.51**	**4,596**	**3,924**
El Soldado (OP)	75.5	23				%Cu	%Cu		
Sulphide (TCu)			Proved	95.4	84.2	0.96	1.00	915	843
Flotation[2]			Probable	67.3	52.4	0.79	0.83	533	433
			Total	**162.7**	**136.6**	**0.89**	**0.93**	**1,448**	**1,276**
Oxide (TCu)			Proved	–	1.9	–	0.81	–	16
Heap Leach[3]			Probable	3.5	3.5	0.46	0.52	16	18
			Total	**3.5**	**5.4**	**0.46**	**0.62**	**16**	**33**
Los Bronces (OP)[4]	75.5	34				%Cu	%Cu		
Sulphide (TCu)			Proved	899.6	712.9	0.69	0.73	6,208	5,205
Flotation[5]			Probable	598.8	794.5	0.51	0.55	3,054	4,370
			Total	**1,498.4**	**1,507.4**	**0.62**	**0.64**	**9,261**	**9,575**
Sulphide (TCu)			Proved	486.6	384.4	0.35	0.37	1,703	1,421
Dump Leach[6]			Probable	197.1	350.1	0.27	0.29	532	1,015
			Total	**683.7**	**734.5**	**0.33**	**0.33**	**2,235**	**2,436**
Mantos Blancos (OP)	100	10				%Cu	%Cu		
Sulphide (ICu)			Proved	26.3	16.2	0.83	0.88	218	143
Flotation[7]			Probable	19.7	29.6	0.80	0.84	157	249
			Total	**46.0**	**45.8**	**0.82**	**0.85**	**376**	**392**
Oxide (ASCu)			Proved	8.3	6.2	0.54	0.53	45	33
Vat and Heap Leach[8]			Probable	16.3	15.6	0.33	0.30	54	47
			Total	**24.7**	**21.8**	**0.40**	**0.37**	**99**	**80**
Oxide (ASCu)			Proved	2.1	2.3	0.18	0.19	4	4
Dump Leach[9]			Probable	49.6	57.2	0.23	0.23	115	134
			Total	**51.7**	**59.5**	**0.23**	**0.23**	**119**	**138**
Mantoverde (OP)	100	6				%Cu	%Cu		
Oxide (ASCu)			Proved	33.3	36.5	0.59	0.57	196	208
Heap Leach[10]			Probable	9.5	15.3	0.55	0.55	52	84
			Total	**42.7**	**51.8**	**0.58**	**0.56**	**248**	**292**
Oxide (ASCu)			Proved	27.2	29.1	0.24	0.24	65	70
Dump Leach[11]			Probable	18.2	22.1	0.28	0.28	51	62
			Total	**45.4**	**51.2**	**0.26**	**0.26**	**116**	**132**

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.
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) **Collahuasi:** The increase in Ore Reserves is due to a combination of conversion from Mineral Resources to Ore Reserves due to new information and higher Long Term metal prices resulting in changes to the pit designs for Rosario along with a decrease in overall cut-off grade (0.34%-0.30%TCu). The sub-product average estimated grade for molybdenum is 0.022% for Ore Reserves and the average estimated grade for Mineral Resources is 0.021%.

(2) **El Soldado – Sulphide (Flotation):** Changes in Ore Reserves are primarily due to economic assumptions (increase in metal price) resulting in the addition of a new phase 7 to the Life of Mine Plan which is supported by new drilling information from the 'Manto Rojo' area leading to conversion of Mineral Resources to Ore Reserves. Other changes influencing the increase in Ore Reserves include the closure of the underground operations in November 2010, resulting in the re-allocation of Ore Reserves from underground to the revised open-pit. Mineral Resources decreased due to conversion to Ore Reserves as a result of the change in the Life of Mine Plan. This was partially offset by a gain as a result of the increase in the Long Term Copper price and new Information.

(3) **El Soldado – Oxide (Heap Leach):** The decrease in Ore Reserves is primarily due to production. The Mineral Resources decrease due to conversion to Ore Reserves.

(4) **Los Bronces:** The sub-product average estimated grade for molybdenum is 0.014% for the total Ore Reserves quoted and the average estimated grade for Mineral Resources is 0.008%.

(5) **Los Bronces – Sulphide (Flotation):** The decrease in Ore Reserves is due to production and changes in the reserve model as a result of the 2010–11 infill drilling programme. Mineral Resources increase due to an increase in the Long Term metal prices and new information included within the Mineral Resource model.

(6) **Los Bronces – Sulphide (Dump Leach):** The decrease in Ore Reserves is primarily due to production and changes in the reserves model due to new drilling information, which was partially offset by conversion of Mineral Resources to Ore Reserves.

(7) **Mantos Blancos – Sulphide (Flotation):** While there are no significant changes in Ore Reserves, the increase in Mineral Resources is mainly due to the change in economic assumptions (increase in Long Term metal price) and new drilling information at Argentina deposit.

(8) **Mantos Blancos – Oxide (Vat and Heap Leach):** The increase in Ore Reserves is due to increased Long Term metal prices resulting in changes to cut-off grade criteria and the inclusion of new drilling information in oxide pits. The increase in Long Term metal price also accounts for the increase in the Mineral Resources.

(9) **Mantos Blancos – Oxide (Dump Leach):** The decrease in Ore Reserves is primarily due to production. The increase in Mineral Resources is primarily due to the addition of inferred stockpile material primarily from Phase 2 of the Mercedes Dump, followed by old vat tailings from other sources such as 'Banquedaño' Dump.

(10) **Mantoverde – Oxide (Heap Leach):** The decrease in Ore Reserves is primarily due to production and losses associated with a change in model estimation methodology for Kuroki heap material. These losses were partially offset by the addition of Kuroki phase 3 due to the purchase of the Laura-Laurita-Las Casas property. The effects of the increased metal price are offset by higher costs (acid, energy) which result in a decrease in the Mineral Resources. The decrease was partially offset by the re-allocation of Ore Reserves to Mineral Resources at Llano Sur due to higher strip ratios.

(11) **Mantoverde – Oxide (Dump Leach):** The decrease in Ore Reserves is primarily due to production, while the decrease in Mineral Resources is primarily driven by the increase in process and mining costs (acid, energy, contractor mining) resulting in the loss of satellite oxide pits and smaller resource increments.

(12) **Copper Resources:** A test of reasonable eventual economic extraction is applied through consideration of an optimised pit shell. Materials outside the optimised shell that have potential of eventual economic extraction via underground means are included in the Mineral Resource statement.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2011 at the following operations:
El Soldado, Los Bronces, Mantos Blancos and Mantoverde.

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Copper – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Collahuasi (OP)[1][12]	44.0		Mt	Mt	%Cu	%Cu	kt	kt
Oxide and Mixed (TCu)		Measured	–	–	–	–	–	–
Heap Leach		Indicated	15.1	10.5	0.60	0.61	90	64
		Measured and Indicated	**15.1**	**10.5**	**0.60**	**0.61**	**90**	**64**
		Inferred (in LOMP)	3.9	10.2	0.62	0.84	24	86
		Inferred (ex. LOMP)	0.3	9.4	0.61	0.72	2	68
		Total Inferred	**4.2**	**19.7**	**0.62**	**0.78**	**26**	**153**
Sulphide (TCu)		Measured	1.2	2.6	0.78	0.75	9	19
Flotation – direct feed		Indicated	628.9	411.2	0.91	0.92	5,694	3,787
		Measured and Indicated	**630.1**	**413.8**	**0.91**	**0.92**	**5,704**	**3,806**
		Inferred (in LOMP)	660.6	567.7	0.99	0.99	6,532	5,602
		Inferred (ex. LOMP)	1,944.6	2,329.8	0.91	0.93	17,676	21,736
		Total Inferred	**2,605.3**	**2,897.5**	**0.93**	**0.94**	**24,208**	**27,338**
Low Grade Sulphide (TCu)		Measured	1.2	3.7	0.44	0.45	5	17
Flotation – stockpile		Indicated	152.5	151.1	0.46	0.47	698	703
		Measured and Indicated	**153.7**	**154.7**	**0.46**	**0.47**	**704**	**720**
		Inferred (in LOMP)	579.0	234.4	0.44	0.49	2,564	1,153
		Inferred (ex. LOMP)	736.8	909.8	0.46	0.47	3,414	4,273
		Total Inferred	**1,315.8**	**1,144.2**	**0.45**	**0.47**	**5,978**	**5,426**
El Soldado (OP)[12]	75.5				%Cu	%Cu		
Sulphide (TCu)		Measured	21.9	27.8	0.82	0.73	180	203
Flotation[2]		Indicated	18.8	17.0	0.72	0.67	135	114
		Measured and Indicated	**40.7**	**44.8**	**0.77**	**0.71**	**315**	**317**
		Inferred (in LOMP)	20.9	17.5	0.81	0.81	169	142
		Inferred (ex. LOMP)	12.7	22.3	0.71	0.61	90	136
		Total Inferred	**33.6**	**39.8**	**0.77**	**0.70**	**260**	**278**
Oxide (TCu)		Measured	0.1	0.3	0.75	0.82	1	2
Heap Leach[3]		Indicated	0.1	0.2	0.69	0.78	1	2
		Measured and Indicated	**0.2**	**0.5**	**0.71**	**0.80**	**1**	**4**
		Inferred (in LOMP)	–	0.2	–	0.66	–	1
		Inferred (ex. LOMP)	0.1	0.5	0.69	0.74	0	3
		Total Inferred	**0.1**	**0.7**	**0.69**	**0.72**	**0**	**5**
Los Bronces (OP)[4][12]	75.5				%Cu	%Cu		
Sulphide (TCu)		Measured	211.1	118.2	0.45	0.48	950	567
Flotation[5]		Indicated	922.9	1,030.0	0.43	0.42	3,968	4,326
		Measured and Indicated	**1,133.9**	**1,148.1**	**0.43**	**0.43**	**4,918**	**4,893**
		Inferred (in LOMP)	83.7	68.0	0.58	0.54	485	367
		Inferred (ex. LOMP)	3,115.6	2,853.4	0.39	0.38	12,151	10,843
		Total Inferred	**3,199.3**	**2,921.4**	**0.39**	**0.38**	**12,636**	**11,210**
Sulphide (TCu)		Measured	–	–	–	–	–	–
Dump Leach[6]		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOMP)	114.4	108.4	0.26	0.26	298	282
		Inferred (ex. LOMP)	–	–	–	–	–	–
		Total Inferred	**114.4**	**108.4**	**0.26**	**0.26**	**298**	**282**
Mantos Blancos (OP)[12]	100				%Cu	%Cu		
Sulphide (ICu)		Measured	47.8	16.4	0.75	0.75	359	123
Flotation[7]		Indicated	68.1	101.8	0.56	0.63	379	642
		Measured and Indicated	**116.0**	**118.2**	**0.64**	**0.65**	**738**	**765**
		Inferred (in LOMP)	2.7	0.8	0.57	0.78	16	6
		Inferred (ex. LOMP)	27.8	8.3	0.55	0.57	153	47
		Total Inferred	**30.5**	**9.1**	**0.55**	**0.59**	**168**	**53**
Oxide (ASCu)		Measured	14.1	5.8	0.47	0.43	66	25
Vat and Heap Leach[8]		Indicated	10.5	16.6	0.43	0.42	45	70
		Measured and Indicated	**24.5**	**22.4**	**0.45**	**0.42**	**111**	**95**
		Inferred (in LOMP)	1.9	0.6	0.53	0.38	10	2
		Inferred (ex. LOMP)	3.3	3.5	0.47	0.44	16	15
		Total Inferred	**5.2**	**4.1**	**0.49**	**0.43**	**26**	**18**
Oxide (ASCu)		Measured	–	–	–	–	–	–
Dump Leach[9]		Indicated	8.3	–	0.20	–	17	–
		Measured and Indicated	**8.3**	**–**	**0.20**	**–**	**17**	**–**
		Inferred (in LOMP)	65.8	0.3	0.23	0.17	154	1
		Inferred (ex. LOMP)	–	13.0	–	0.24	–	31
		Total Inferred	**65.8**	**13.3**	**0.23**	**0.24**	**154**	**32**
Mantoverde (OP)[12]	100				%Cu	%Cu		
Oxide (ASCu)		Measured	21.1	22.3	0.36	0.33	76	74
Heap Leach[10]		Indicated	13.1	25.8	0.42	0.35	55	90
		Measured and Indicated	**34.2**	**48.1**	**0.38**	**0.34**	**131**	**164**
		Inferred (in LOMP)	0.6	0.7	0.53	0.50	3	3
		Inferred (ex. LOMP)	0.9	2.5	0.29	0.31	3	8
		Total Inferred	**1.5**	**3.2**	**0.38**	**0.35**	**6**	**11**
Oxide (ASCu)		Measured	–	–	–	–	–	–
Dump Leach[11]		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOMP)	0.9	2.3	0.22	0.22	2	5
		Inferred (ex. LOMP)	–	–	–	–	–	–
		Total Inferred	**0.9**	**2.3**	**0.22**	**0.22**	**2**	**5**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

COPPER

estimates as at 31 December 2011

Copper – Projects ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Quellaveco (OP)[1]	81.9	28		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)			Proved	701.8	701.8	0.65	0.65	4,562	4,562
Flotation			Probable	214.6	214.6	0.63	0.63	1,352	1,352
			Total	**916.4**	**916.4**	**0.65**	**0.65**	**5,914**	**5,914**

Copper – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Quellaveco (OP)[1]	81.9		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)		Measured	196.8	196.8	0.40	0.40	787	787
Flotation		Indicated	627.0	627.0	0.45	0.45	2,822	2,822
		Measured and Indicated	**823.8**	**823.8**	**0.44**	**0.44**	**3,609**	**3,609**
		Inferred (in LOMP)	8.1	8.1	0.72	0.72	58	58
		Inferred (ex. LOMP)	174.9	174.9	0.44	0.44	770	770
		Total Inferred	**183.0**	**183.0**	**0.45**	**0.45**	**828**	**828**
Mantoverde Sulphide Project[2]	100				%Cu	%Cu		
Sulphide (TCu)		Measured	109.8	81.1	0.67	0.68	736	552
Flotation		Indicated	34.2	37.8	0.63	0.68	216	257
		Measured and Indicated	**144.0**	**119.0**	**0.66**	**0.68**	**951**	**809**
		Inferred	44.3	53.1	0.65	0.64	288	340
Pebble (OP/UG)[3][4][5][6][7]	50.0				%Cu	%Cu		
Cu-Au-Mo Porphyry		Measured[4]	507.9	510.0	0.34	0.34	1,715	1,734
		Indicated[5]	4,761.0	4,890.0	0.46	0.46	21,739	22,494
		Measured and Indicated	**5,268.8**	**5,400.0**	**0.45**	**0.45**	**23,454**	**24,228**
		Inferred[6]	2,709.5	2,840.0	0.32	0.32	8,587	9,088
Los Sulfatos[8]	75.5				%Cu	%Cu		
Sulphide (TCu)		Inferred	1,200	1,200	1.46	1.46	17,520	17,520
San Enrique Monolito[9]	75.5				%Cu	%Cu		
Sulphide (TCu)		Inferred	900	900	0.81	0.81	7,290	7,290
West Wall[10]	50.0				%Cu	%Cu		
Sulphide (TCu)		Inferred	750	750	0.54	0.54	4,050	4,050

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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) **Quellaveco:** During 2011 no new drilling was completed at Quellaveco project, therefore Ore Reserves and Mineral Resources remain unchanged. The sub-product estimated grade for molybdenum is 0.019% for Ore Reserves, while the average estimated grade for Mineral Resources is 0.016%.
(2) **Mantoverde Sulphide Project:** Drilling information, a higher copper price and an acquisition of Laura-Laurita-Las Casas sector resulted in the increase of Mineral Resources.
(3) **Pebble:** The Mineral Resources are based on drilling to May 2009 and a block model finalised in December 2009. Reported Mineral Resources fall within a volume defined by resource price estimates and are based on a cut-off grade of 0.40% CuEq. Calculation of copper equivalent (CuEq) is based on Long Term metal prices and takes into consideration the recovery of Copper, Gold and Molybdenum. At a cut-off of 0.60% CuEq the estimate of Measured Resources is 278 Mt at 0.40% Cu, 0.42 g/t Au, 0.020% Mo while the estimate of Indicated Resources is 3,319 Mt at 0.55% Cu, 0.42 g/t Au, 0.030% Mo.
(4) **Pebble co-product estimated grades 2011 (Measured):** Gold 0.36g/t, Molybdenum 0.018%, CuEq average grade 0.66%.
(5) **Pebble co-product estimated grades 2011 (Indicated):** Gold 0.37g/t, Molybdenum 0.027%, CuEq average grade 0.85%.
(6) **Pebble co-product estimated grades 2011 (Inferred):** Gold 0.31g/t, Molybdenum 0.026%, CuEq average grade 0.67%.
(7) **Pebble:** The property comprises 2,042 located Alaska State mineral claims which total 209,996 acres (84,982 hectares) and which are currently valid.
(8) **Los Sulfatos:** The development of 'Tunel Sur', an 8km exploration tunnel that provides safe access to continue drilling the deposit, was completed in 2011. During 2012 drill stations are planned to be excavated, whilst further exploration and resource drilling is expected to start in 2013. The reported resources include mineralisation inside a 1% nominal copper grade cut-off envelope down to the current drillhole depths of 1,000 metres below surface. The test for reasonable prospects of eventual economic extraction is based on an underground operation.
(9) **San Enrique Monolito:** The test for reasonable prospects of eventual economic extraction is based on an underground operation.
(10) **West Wall:** The test for reasonable prospects of eventual economic extraction is based on an open pit operation to a depth of 600m below surface.

NICKEL

estimates as at 31 December 2011

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 %	Mine Life	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Barro Alto (OP)[1]	100	32		Mt	Mt	%Ni	%Ni	kt	kt
Laterite			Proved	21.2	16.0	1.66	1.75	352	279
			Probable	31.0	31.6	1.55	1.65	481	520
			Total	**52.2**	**47.5**	**1.60**	**1.68**	**833**	**798**
Loma de Níquel (OP)[2]	91.4	4				%Ni	%Ni		
Laterite			Proved	2.1	3.9	1.53	1.54	32	60
			Probable	2.5	5.8	1.44	1.44	36	83
			Total	**4.6**	**9.7**	**1.48**	**1.48**	**68**	**143**
Niquelândia (OP)[3]	100	25				%Ni	%Ni		
Laterite			Proved	3.7	5.8	1.35	1.29	50	74
			Probable	0.9	1.9	1.33	1.24	12	24
			Total	**4.6**	**7.7**	**1.35**	**1.28**	**63**	**98**

Nickel – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Barro Alto (OP)[1]	100		Mt	Mt	%Ni	%Ni	kt	kt
Laterite		Measured	7.8	9.1	1.42	1.50	111	137
		Indicated	5.3	9.8	1.12	1.22	59	119
		Measured and Indicated	**13.2**	**18.9**	**1.30**	**1.35**	**171**	**256**
		Inferred (in LOMP)	45.4	45.5	1.51	1.51	686	685
		Inferred (ex. LOMP)	16.2	17.1	1.20	1.18	194	202
		Total Inferred	**61.6**	**62.6**	**1.43**	**1.42**	**880**	**887**
Loma de Níquel (OP)[2]	91.4				%Ni	%Ni		
Laterite		Measured	1.8	0.5	1.37	1.43	24	7
		Indicated	3.9	1.5	1.30	1.37	51	21
		Measured and Indicated	**5.7**	**2.0**	**1.32**	**1.39**	**75**	**28**
		Inferred (in LOMP)	0.1	0.1	1.38	1.78	2	2
		Inferred (ex. LOMP)	1.5	1.1	1.38	1.59	21	18
		Total Inferred	**1.7**	**1.3**	**1.38**	**1.61**	**23**	**20**
Niquelândia (OP)[3]	100				%Ni	%Ni		
Laterite		Measured	2.9	1.0	1.26	1.25	37	12
		Indicated	3.1	2.2	1.24	1.24	39	27
		Measured and Indicated	**6.0**	**3.2**	**1.25**	**1.24**	**75**	**40**
		Inferred (in LOMP)	–	–	–	–	–	–
		Inferred (ex. LOMP)	–	–	–	–	–	–
		Total Inferred	**–**	**–**	**–**	**–**	**–**	**–**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Nickel – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained metal 2011	Contained metal 2010
Jacaré[4]	100		Mt	Mt	%Ni	%Ni	kt	kt
Ferruginous Laterite		Measured	6.3	0.5	1.15	1.19	72	6
		Indicated	53.8	96.8	1.21	1.18	653	1,144
		Measured and Indicated	**60.1**	**97.3**	**1.21**	**1.18**	**726**	**1,149**
		Inferred	125.0	73.9	1.17	1.15	1,468	850
Saprolite		Measured	–	–	–	–	–	–
		Indicated	39.6	33.9	1.49	1.52	589	517
		Measured and Indicated	**39.6**	**33.9**	**1.49**	**1.52**	**589**	**517**
		Inferred	81.9	83.7	1.39	1.37	1,138	1,149

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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:** The increase in Ore Reserves is as a result of the application of a higher metal price resulting in updated mining factors allowing the inclusion of lower grade blocks. The increased high-grade production, higher mining rate and therefore higher dilution also contributed to the decrease in overall grade. The decrease in Mineral Resources is as a result of conversion to Ore Reserves due to infill drilling leading to an updated geological model. Mineral Resources are quoted above a 0.9% Ni cut-off and below an iron content of 30% Fe. The Mineral Resources include 7.2 Mt of Ferruginous Laterite at an average grade of 1.18% Ni.

(2) **Loma de Níquel:** The decrease in Ore Reserves is primarily due to re-allocation of Ore Reserves to Mineral Resources as a result of the final pit being redesigned and constrained within the concession areas covered by the relevant permits. Production accounts for 1.6 Mt of the decrease in Ore Reserves. The Mineral Resources increased solely as a result of re-allocation of Ore Reserves to Mineral Resources. Refer to note 5 in the Financial statements. The mining concessions are due for renewal in November 2012. 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 decrease in Ore Reserves is a result of increased mining and processing costs within the latest mine plan developed for Niquelândia and the re-allocation of Ore Reserves to Mineral Resources, increasing the the Mineral Resources. Mineral Resources are quoted above a 0.9% Ni cut-off and below an Iron content of 30% Fe. Codemin is the the Ferro-Nickel smelter adjacent to the Niquelândia Mine.

(4) **Jacaré:** The overall increase in the Ferruginous Laterite and Saprolite Mineral Resources is due to the completion of a drilling campaign, the results of which have been included in the current Mineral Resource model with a new classification methodology applied. In addition to the Resource pit shell developed for the Concept Study and use of a cut-off of 1.3% Ni, a minimum mineralised width of 1m must be present to allow material to be categorised as higher-grade Saprolite Mineral Resource. 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 hydrometallurgical treatment of the Ferruginous Laterite material while still recovering Nickel in the process.

PLATINUM GROUP METALS

estimates as at 31 December 2011

PLATINUM

The Ore Reserve and Mineral Resource estimates were compiled in compliance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007). Operations and Projects outside South Africa 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. Details of the individual operations appear in Anglo American Platinum's Annual Report. Merensky Reef and UG2 Reef Mineral Resources are reported over an economic and mineable cut appropriate to the specific reef. The figures reported represent 100% of the Mineral Resources and Ore Reserves attributable to Anglo American Platinum Limited unless otherwise noted. Rounding of figures may cause computational discrepancies.

Anglo American plc's interest in Anglo American Platinum Limited is 79.8%.

Platinum – South Africa Operations		Tonnes[1]		Grade[2]		Contained metal[3]		Contained metal[3]	
ORE RESERVES	Classification	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Merensky Reef[4][5]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	63.9	89.2	5.05	4.97	322.7	443.5	10.4	14.3
	Probable	49.1	51.0	5.16	5.05	253.4	257.7	8.1	8.3
	Total	**113.0**	**140.2**	**5.10**	**5.00**	**576.2**	**701.3**	**18.5**	**22.5**
UG2 Reef[4][6]	Proved	390.7	425.9	4.10	4.14	1,600.7	1,762.2	51.5	56.7
	Probable	250.0	204.2	4.78	4.72	1,194.1	963.3	38.4	31.0
	Total	**640.7**	**630.2**	**4.36**	**4.33**	**2,794.8**	**2,725.4**	**89.9**	**87.6**
Platreef[7]	Proved	538.8	381.3	2.84	2.93	1,532.3	1,118.5	49.3	36.0
	Proved primary ore stockpile[8]	20.0	11.7	1.71	1.96	34.3	23.0	1.1	0.7
	Probable	166.5	216.3	3.24	2.68	539.9	579.4	17.4	18.6
	Total	**725.4**	**609.3**	**2.90**	**2.82**	**2,106.6**	**1,720.9**	**67.7**	**55.3**
All Reefs	Proved	1,013.4	908.1	3.44	3.69	3,490.1	3,347.2	112.2	107.6
	Probable	465.7	471.5	4.27	3.82	1,987.4	1,800.4	63.9	57.9
	Total[9]	**1,479.1**	**1,379.7**	**3.70**	**3.73**	**5,477.5**	**5,147.6**	**176.1**	**165.5**
Tailings[10]	Proved	–	–	–	–	–	–	–	–
	Probable	18.9	21.8	0.86	1.13	16.2	24.6	0.5	0.8
	Total	**18.9**	**21.8**	**0.86**	**1.13**	**16.2**	**24.6**	**0.5**	**0.8**

Platinum – Zimbabwe Operations		Tonnes[1]		Grade[2]		Contained metal[3]		Contained metal[3]	
ORE RESERVES	Classification	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Main Sulphide Zone[11]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	15.0	14.3	3.68	3.69	55.2	52.9	1.8	1.7
	Probable	23.7	27.3	3.85	3.82	91.2	104.4	2.9	3.4
	Total	**38.7**	**41.7**	**3.79**	**3.78**	**146.5**	**157.3**	**4.7**	**5.1**

(1) **Tonnage:** Quoted as dry metric tonnes.
(2) **Grade:** 4E PGE is the sum of Platinum, Palladium, Rhodium and Gold grades in grammes per tonne (g/t). The reported grades are as delivered for treatment.
(3) **Contained Metal:** Contained Metal is presented in metric tonnes and million troy ounces (Moz).
(4) **Merensky Reef and UG2 Reef:** The pay limits built into the basic mining equation are directly linked to the 2012 Business plan. The pay limit is based on Cost 4 which consists of 'Direct Cash Cost' (on and off mine), 'Other Indirect Costs' and 'Stay in Business Capital' (on and off mine). The reserve pay-limit varies across all operations between 1.8g/t and 3.7g/t (4E PGE). The range is a function of various factors including depth of the ore body, geological complexity, infrastructure and economic parameters.
(5) **Merensky Reef:** The global Ore Reserve 4E ounce content decreased primarily due to re-allocation of previously reported Ore Reserves back to Mineral Resources as a result of changes in economic assumptions and extraction strategy at Thembelani Mine (-17.7 Mt / -2.9 Moz) and portions of the 4-shaft area at Tumela Mine (-3.2 Mt / -0.6 Moz). In addition, changes in reserve classification for portions of Tumela's 4-shaft area contribute to the Proved Ore Reserve tonnage decrease as Proved Ore Reserves have been re-classified as Probable Ore Reserves.
(6) **UG2 Reef:** The global Ore Reserve 4E ounce content increased primarily due to conversion of Mineral Resources to Ore Reserves at Thembelani Mine (+26.0 Mt / +3.5 Moz) and Siphumelele Mine (+9.2 Mt / +0.9 Moz) with additional contributions from Union, Twickenham and Khomanani Mines. However, the UG2 Ore Reserves were negatively influenced due to changes in extraction strategy for portions of Tumela's 4-shaft area which resulted in the re-allocation of previously reported Ore Reserves back to Mineral Resources (-19.6 Mt / -2.8 Moz).
(7) **Platreef:** The Ore Reserves 4E ounce content (inclusive of Proved primary ore stockpiles) increased due to additional drilling and re-evaluation at Mogalakwena South (+118.6 Mt / +13.0 Moz), previously this area was not considered for conversion to Ore Reserves. The Mine Life has been extended significantly as a result. For Mogalakwena North, Central and South (previously known as Zwartfontein North) the 4E pay limit is 1.0 g/t. For Sandsloot and Zwartfontein South the pay limit is unchanged at 1.7 g/t.
(8) **Platreef stockpiles:** Mined ore being held for long-term future treatment. These are reported separately as Proved Ore Reserves and aggregated into the summation tabulations.
(9) **Alternative units – All Reefs Total:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2011 is:
Total – 1,630.4 Mton (2010: 1,520.8 Mton)
Total – 0.108 oz/ton (2010: 0.109 oz/ton)
(10) **Tailings:** Operating tailings dams cannot be geologically assessed and therefore are not reported as part of the Ore Reserves. At Rustenburg mines a dormant dam has been evaluated and the tailings form part of the Ore Reserves statement. Tailings dam Ore Reserves are reported separately as Ore Reserves and are not aggregated to the global Ore Reserve summation.
(11) **Main Sulphide Zone:** The Main Sulphide Zone within the Great Dyke of Zimbabwe is the orebody mined at Unki Mine. The Ore Reserves for the Main Sulphide Zone relate to the Unki East mine only. Anglo American Platinum owns an effective 100% interest in Southridge Limited.

PLATINUM GROUP METALS

estimates as at 31 December 2011

Platinum – South Africa Operations		Tonnes[1]		Grade[2]		Contained metal[3]		Contained metal[3]	
MINERAL RESOURCES	Classification	2011	2010	2011	2010	2011	2010	2011	2010
Merensky Reef[4][5]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	162.1	152.5	5.57	5.53	903.7	843.1	29.1	27.1
	Indicated	273.5	254.2	5.54	5.54	1,515.4	1,408.8	48.7	45.3
	Measured and Indicated	**435.6**	**406.7**	**5.55**	**5.54**	**2,419.1**	**2,251.9**	**77.8**	**72.4**
	Inferred (in LOMP)	22.7	30.6	8.05	8.22	182.7	251.3	5.9	8.1
	Inferred (ex. LOMP)	547.1	584.9	5.08	5.28	2,778.8	3,089.0	89.3	99.3
	Total Inferred	**569.8**	**615.5**	**5.20**	**5.43**	**2,961.5**	**3,340.3**	**95.2**	**107.4**
UG2 Reef[4][6]	Measured	391.9	408.4	5.33	5.42	2,090.5	2,213.6	67.2	71.2
	Indicated	547.2	521.0	5.21	5.48	2,849.6	2,853.1	91.6	91.7
	Measured and Indicated	**939.1**	**929.4**	**5.26**	**5.45**	**4,940.1**	**5,066.7**	**158.8**	**162.9**
	Inferred (in LOMP)	9.0	25.1	4.97	4.95	44.9	124.0	1.4	4.0
	Inferred (ex. LOMP)	660.1	735.4	5.23	5.55	3,449.4	4,080.0	110.9	131.2
	Total Inferred	**669.1**	**760.5**	**5.22**	**5.53**	**3,494.3**	**4,204.0**	**112.3**	**135.2**
Platreef[7]	Measured	219.1	110.3	2.38	2.38	522.0	262.3	16.8	8.4
	Indicated	980.9	860.1	2.20	2.19	2,158.3	1,883.2	69.4	60.5
	Measured and Indicated	**1,199.9**	**970.3**	**2.23**	**2.21**	**2,680.3**	**2,145.5**	**86.2**	**69.0**
	Inferred (in LOMP)	10.0	90.0	4.15	2.96	41.3	266.6	1.3	8.6
	Inferred (ex. LOMP)	1,575.5	1,110.1	2.12	1.80	3,344.8	1,993.6	107.5	64.1
	Total Inferred	**1,585.5**	**1,200.1**	**2.14**	**1.88**	**3,386.0**	**2,260.2**	**108.9**	**72.7**
All Reefs	Measured	773.1	671.2	4.55	4.95	3,516.2	3,319.0	113.0	106.7
	Indicated	1,801.5	1,635.3	3.62	3.76	6,523.3	6,145.1	209.7	197.6
	Measured and Indicated[8]	**2,574.7**	**2,306.4**	**3.90**	**4.10**	**10,039.5**	**9,464.1**	**322.8**	**304.3**
	Inferred (in LOMP)	41.7	145.7	6.45	4.41	268.9	642.0	8.6	20.6
	Inferred (ex. LOMP)	2,782.7	2,430.5	3.44	3.77	9,572.9	9,162.5	307.8	294.6
	Total Inferred	**2,824.4**	**2,576.1**	**3.48**	**3.81**	**9,841.8**	**9,804.5**	**316.4**	**315.2**
Tailings[9]	Measured	87.6	87.6	1.08	1.08	94.3	94.3	3.0	3.0
	Indicated	17.9	0.4	1.13	0.89	20.2	0.4	0.6	0.0
	Measured and Indicated	**105.5**	**88.1**	**1.09**	**1.08**	**114.5**	**94.7**	**3.7**	**3.0**
	Inferred (in LOMP)	–	–	–	–	–	–	–	–
	Inferred (ex. LOMP)	–	–	–	–	–	–	–	–
	Total Inferred	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Platinum – Zimbabwe Operations		Tonnes[1]		Grade[2]		Contained metal[3]		Contained metal[3]	
MINERAL RESOURCES	Classification	2011	2010	2011	2010	2011	2010	2011	2010
Main Sulphide Zone[10]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	8.7	8.7	4.15	4.12	36.0	35.7	1.2	1.1
	Indicated	21.2	19.2	4.13	4.17	87.5	80.2	2.8	2.6
	Measured and Indicated	**29.8**	**27.9**	**4.14**	**4.16**	**123.5**	**116.0**	**4.0**	**3.7**
	Inferred (in LOMP)	14.2	14.2	4.19	4.19	59.5	59.6	1.9	1.9
	Inferred (ex. LOMP)	35.5	35.5	4.09	4.09	144.9	144.8	4.7	4.7
	Total Inferred	**49.6**	**49.7**	**4.12**	**4.12**	**204.4**	**204.5**	**6.6**	**6.6**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO 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) **Tonnage:** Quoted as dry metric tonnes.

(2) **Grade:** 4E PGE is the sum of Platinum, Palladium, Rhodium and Gold grades in grammes per tonne (g/t).
3E PGE is the sum of Platinum, Palladium and Gold grades in grammes per tonne (g/t).

(3) **Contained Metal:** Contained Metal is presented in metric tonnes and million troy ounces (Moz).

(4) **Merensky Reef and UG2 Reef:** The Mineral Resources are estimated over a practical minimum mining width suitable for the deposit known as the 'Resource Cut'. The minimum mining width over which Mineral Resources are declared is 90cm. The 'Resource Cut' width takes cognisance of the mining method and geotechnical aspects in the hanging wall or footwall of the reef. The delineation of the Resources that meet the requirements of reasonable expectation of eventual economic extraction has been defined using the modifying factors as defined in the SAMREC code. These include but are not limited to mineability, geological complexity, processability and economic factors relevant to Anglo American Platinum. The minimum resource grades per reef and per operation are in all instances greater than the Cost 4 pay limit. Investigations conducted in 2011 to determine maximum mining depths related to virgin rock temperatures have been concluded. A virgin rock temperature of 75° Celsius is currently considered to be the limit to mining given anticipated technology, metal prices and energy costs. The affected portions of the Inferred Mineral Resources within the Mining Rights of Tumela Mine, Twickenham Mine and Ga-Phasha PGM Project are therefore re-classified as Deposit within the Anglo American Platinum's portfolio (-128.7 Mt / -26.1 Moz).
During 2011 Wesizwe Platinum issued additional shares which diluted Anglo American Platinum's attributable share in Wesizwe Platinum to 13% (from the previous 26.6%). As a result Anglo American Platinum can no longer apply equity accounting but has to reflect the investment as an asset held for sale valued at market value (-27.0 Mt / -4.6 Moz).

(5) **Merensky Reef:** The decrease in Mineral Resources is primarily due to previously reported Mineral Resources being re-classified as Deposit in areas where the virgin rock temperature is expected to be above 75° Celsius. This applies mainly to Tumela Mine (-26.6 Mt / -6.7 Moz). Disposal of Wesizwe's Mineral Resources (-12.0 Mt / -2.4 Moz) also contributes to the decrease.
However the Merensky Reef Mineral Resources were positively influenced due to re-allocation of previously reported Ore Reserves back to Mineral Resources as a result of changes in economic assumptions at Thembelani Mine (+13.8 Mt / + 3.1 Moz).

(6) **UG2 Reef:** The decrease in Mineral Resources is primarily due to previously reported Mineral Resources being re-classified as Deposit in areas where the virgin rock temperature is expected to be above 75° Celsius. This applies to Tumela Mine, Twickenham Mine and Ga-Phasha PGM Project (-101.9 Mt / -19.4 Moz). The exclusion of Wesizwe's Mineral Resources (-15.0 Mt / -2.2 Moz) and conversion of Mineral Resources to Ore Reserves at Thembelani and Siphumelele (-27.1 Mt / -4.5 Moz) also contributes to the decrease. The decrease is offset by an increase of Mineral Resources at the Der Brochen Project due to a change in the mining method (from ultra-low profile to low-profile mechanised board and pillar mining) which increases the resource cut (+81.0 Mt / +2.8 Moz).

(7) **Platreef:** A 1.0g/t (4E PGE) cut-off has been used to define Mineral Resources. The Mineral Resource 4E ounce content increased primarily due to additional borehole information which has confirmed the presence of the Platreef at higher elevation in localised areas to the west and below the original pit shell. Until a better understanding of this structure has been determined, a low classification confidence and a 100m swathe of geological loss have been applied to these elevated resources. Conceptual pit shell evaluations have indicated that the pit could extend to the west and deeper to exploit these resources. Consequently, the Mineral Resource reporting depth has increased by approximately 200m to 650m below surface elevation (equivalent to 400m a.m.s.l.). Due to this increase in reporting depth the Mineral Resources increase substantially. Pit design test work has confirmed that these resources are potentially open pitable. The increase in tonnage is offset by the decrease of Mineral Resources due to additional conversion of Mineral Resources to Ore Reserves at Mogalakwena South (-123.6 Mt / -13.9 Moz) and at Sandsloot, where previously reported Mineral Resources are excluded as the limit of surface mining has been reached (-34.6 Mt / -3.2 Moz). No Mineral Resources applicable to underground mining have been included. However, stockpile material is included which comprises calc-silicate and oxidised material with a cut-off grade of greater than 3g/t (5.2 Mt / 0.6 Moz).

(8) **Alternative units – All Reefs Measured and Indicated:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2011 is:
Measured and Indicated – 2,838.1 Mton (2010: 2,542.4 Mton)
Measured and Indicated – 0.114 oz/ton (2010: 0.120 oz/ton)

(9) **Tailings:** Operating tailings dams cannot be geologically assessed and therefore are not reported as part of the Mineral Resources. At Rustenburg mines a dormant dam has been evaluated and the tailing forms part of the Mineral Resource statement. During 2010 the tailings dams at Union Mine were reactivated and their resources were removed from the Mineral Resource statement. However, for 2011, some of the Union tailings were de-activated and as consequence now form part of the Mineral Resource statement. A dormant tailings dam at Amandelbult is currently being drilled and its resources will be evaluated in 2012.

(10) **Main Sulphide Zone:** The Main Sulphide Zone is the orebody mined at Unki Mine. The Mineral Resources for the Main Sulphide Zone relate to the Unki East and West mines only. Anglo American Platinum owns an effective 100% interest in Southridge Limited. During 2011 a new resource evaluation was completed covering Unki South, Helvetia and Paarl projects (contained within the special mining lease held by Southridge Limited). However, an independent external review of these Mineral Resource is outstanding and will only be completed during the first quarter of 2012 and therefore the Mineral Resources reported re-state the Unki East and West mines resources.

PLATINUM GROUP METALS

estimates as at 31 December 2011

Platinum – Other Projects MINERAL RESOURCES	Classification	Tonnes[1] 2011	Tonnes[1] 2010	Grade[2] 2011	Grade[2] 2010	Contained metal[3] 2011	Contained metal[3] 2010	Contained metal[3] 2011	Contained metal[3] 2010
South Africa		Mt	Mt	3E PGE	3E PGE	3E tonnes	3E tonnes	3E Moz	3E Moz
Boikgantsho[4]	Measured	–	–	–	–	–	–	–	–
Platreef	Indicated	37.0	86.6	1.30	1.35	47.9	116.9	1.5	3.8
	Measured and Indicated	**37.0**	**86.6**	**1.30**	**1.35**	**47.9**	**116.9**	**1.5**	**3.8**
	Inferred	1.8	51.0	1.14	1.23	2.1	62.7	0.1	2.0
Sheba's Ridge[5]				3E PGE	3E PGE				
	Measured	28.0	111.8	0.88	0.85	24.6	95.1	0.8	3.1
	Indicated	34.0	128.4	0.85	0.95	29.1	122.1	0.9	3.9
	Measured and Indicated	**62.0**	**240.1**	**0.87**	**0.90**	**53.6**	**217.2**	**1.7**	**7.0**
	Inferred	149.9	0.9	0.96	0.85	144.5	0.8	4.6	0.0
Brazil				3E PGE	3E PGE				
Pedra Branca[6]	Inferred	6.6	6.6	2.27	2.27	15.0	15.0	0.5	0.5

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) **Tonnage:** Quoted as dry metric tonnes.
(2) **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).
3E PGE is the sum of platinum, palladium and gold grades in grammes per tonne (g/t).
(3) **Contained Metal:** Contained Metal is presented in metric tonnes and million troy ounces (Moz).
(4) **Boikgantsho:** Anglo American Platinum holds an attributable interest of 49% of the Joint Venture between Anglo American Platinum and Anooraq Resources. During 2011 a new resource evaluation was completed resulting in a significant change to the previous reporting which was unchanged since 2004. A cut-off grade of 1g/t (3E) was applied, the same as for Mogalakwena Platreef (1g/t 4E). The new evaluation excludes oxidised material up to a depth of 40m. The resources are reported only to a depth of 300m below surface and excludes losses due to the major dykes and a swathe of 200m either side of the major Drenthe fault, which has a displacement of approximately 2.2km.
(5) **Sheba's Ridge:** Anglo American Platinum holds an attributable interest of 35% of the Joint Venture between Anglo American Platinum, Aquarius Platinum and the South African Industrial Development Corporation (IDC). Re-interpretation of the geology together with structural complexity resulted in a revised model with a significant decrease of the resource classification confidence. Additionally, the reporting depth below surface has been reduced. Note that since 2011 the joint venture area encompasses all Prospects Rights of the Sheba's Ridge project. The geological loss increased from a previously used 0.5% to 5% within the Measured category and to 10% within the Indicated and Inferred categories. Previously the cutoff grade used was $10.5/t recoverable value, a figure supplied by Ridge Mining using metal price projections and metallurgical recoveries. This was changed to 0.5g/t (3E) in the current model.
(6) **Pedra Branca:** Anglo American Platinum holds an attributable interest of 51% of the Joint Venture between Anglo American Platinum and Solitario Resources & Royalty. A cut-off of 0.7g/t (3E PGE) was applied for resource definition.

The following Operations and Projects contributed to the combined 2011 Ore Reserve and Mineral Resource estimates stated per reef (excluding Other Projects):

Operations:	%	Mine Life
Bafokeng Rasimone Platinum Mine (BRPM) – MR/UG2	33%	30+
Bathopele Mine – UG2	100%	15
Bokoni Platinum Mine – MR/UG2	49%	30+
Dishaba Mine – MR/UG2	100%	30+
Khomanani Mine – MR/UG2	100%	17
Khuseleka Mine – MR/UG2	100%	27
Kroondal Platinum Mine – UG2	50%	7
Marikana Platinum Mine – UG2	50%	7
Modikwa Platinum Mine – MR/UG2	50%	19
Mogalakwena Mine – PR	100%	30+
Mototolo Platinum Mine – UG2	50%	5*
Pandora – UG2	42.5%	23
Siphumelele Mine – MR/UG2	100%	30+
Thembelani Mine – MR/UG2	100%	27
Tumela Mine – MR/UG2	100%	30+
Twickenham Platinum Mine – MR/UG2	100%	30+
Union Mine – MR/UG2	85%	26
Unki Mine – MSZ	100%	27

Projects:	%
Der Brochen Project – MR/UG2	100%
Ga-Phasha PGM Project – MR/UG2	49%
Magazynskraal Project – MR/UG2	20%
Other Exploration Projects (portions of Driekop/Rustenburg) – MR/UG2	37.5% to 100%
Rustenburg – Non Mine Projects – MR/UG2	100%

MR = Merensky Reef, UG2 = UG2 Reef, PR = Platreef, MSZ = Main Sulphide Zone;
% = Anglo American Platinum Limited attributable interest;
Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only considering the combined MR and UG2 production where applicable;
* Only 5 years of Ore Reserves are declared as per Xstrata policy.

Information was provided by the Joint Venture partners for the following operations and projects:
Operations – BRPM, Bokoni, Kroondal, Marikana, Modikwa, Mototolo, Pandora, (only Ore Reserve information for BRPM and Modikwa)
Projects – Pedra Branca, Sheba's Ridge, Ga-Phasha, Magazynskraal

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2011 at the following operations:
Bathopele, Dishaba, Khomanani, Mogalakwena, Siphumelele, Thembelani, Tumela, Union.

PHOSPHATE PRODUCTS

estimates as at 31 December 2011

OTHER MINING AND INDUSTRIAL

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.

Phosphate Products – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Copebrás (OP)[1]	100	41		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex			Proved	87.9	92.4	14.0	14.0
Oxide			Probable	151.3	151.5	13.0	13.0
			Total	**239.2**	**243.9**	**13.4**	**13.4**

Phosphate Products – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Copebrás (OP)[2]	100		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex		Measured	3.9	4.0	13.4	13.4
Oxide		Indicated	60.2	60.2	11.8	11.8
		Measured and Indicated	**64.2**	**64.2**	**11.9**	**11.9**
		Inferred (in LOMP)	7.6	7.9	13.2	13.0
		Inferred (ex. LOMP)	50.7	51.0	10.9	10.9
		Total Inferred	**58.2**	**58.9**	**11.2**	**11.1**

Phosphate Products – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010
Coqueiros (OP)[3]	100		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex		Measured	1.8	1.8	10.5	10.5
Oxide		Indicated	16.5	16.5	12.9	12.9
		Measured and Indicated	**18.3**	**18.3**	**12.6**	**12.6**
		Inferred	26.2	26.2	11.2	11.2
Carbonatite Complex		Measured	1.2	1.2	7.3	7.3
Fresh Rock		Indicated	34.0	34.0	8.5	8.5
		Measured and Indicated	**35.2**	**35.2**	**8.5**	**8.5**
		Inferred	16.2	16.2	7.6	7.6

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. Mine Life = the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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) **Copebrás – Oxide Ore Reserves:** The decrease is due to production.
(2) **Copebrás – Oxide Mineral Resources:** Mineral Resources are quoted above a 7% P_2O_5 cut-off and a CaO/P_2O_5 ratio between 1 and 1.4.
(3) **Coqueiros:** The Oxide mineralisation is defined by a cut-off grade of 7% P_2O_5 and a CaO/P_2O_5 ratio between 1 and 1.4. The Fresh Rock resources are defined by a cut-off grade of 5% P_2O_5. The metallurgical recovery characteristics of the Fresh Rock appear superior to those of the oxidised materials, permitting the application of a lower cut-off grade. A further exploration drilling campaign is awaiting approval of the exploration report from Brazil's Departamento Nacional de Produção Mineral (DNPM).

NIOBIUM

estimates as at 31 December 2011

Niobium – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained product 2011	Contained product 2010
Catalão (OP)	100	4		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex			Proved	3.4	4.0	1.03	1.09	35	44
Oxide[1]			Probable	1.0	1.1	1.04	1.01	10	11
			Total	**4.3**	**5.1**	**1.03**	**1.07**	**45**	**55**

Niobium – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained product 2011	Contained product 2010
Catalão (OP)	100		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex		Measured	2.0	2.0	1.30	1.30	26	26
Oxide[2]		Indicated	0.8	0.8	1.04	1.04	8	8
		Measured and Indicated	**2.8**	**2.8**	**1.22**	**1.22**	**35**	**35**
		Inferred (in LOMP)	0.3	0.4	0.95	0.94	3	4
		Inferred (ex. LOMP)	0.8	0.8	0.87	0.86	7	7
		Total Inferred	**1.1**	**1.2**	**0.89**	**0.89**	**9**	**10**

Niobium – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2011	Tonnes 2010	Grade 2011	Grade 2010	Contained product 2011	Contained product 2010
Catalão (OP)	100		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex		Measured	13.7	13.7	1.24	1.24	170	170
Fresh Rock[3]		Indicated	19.5	19.5	1.24	1.24	243	243
		Measured and Indicated	**33.2**	**33.2**	**1.24**	**1.24**	**413**	**413**
		Inferred	18.1	18.1	1.37	1.37	248	248

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. Mine Life = the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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) **Catalão – Oxide Ore Reserves:** The decrease is primarily due to production.
(2) **Catalão – Oxide Mineral Resources:** The Oxide Resources are reported above a 0.5% Nb_2O_5 cut-off. The Mineral Resources are split into Oxide and Fresh Rock due to the recognition of distinct differences in mineralogical characteristics.
(3) **Catalão – Fresh Rock Mineral Resources:** The Fresh Rock Resources are reported above a 0.7% Nb_2O_5 cut-off. A drilling campaign is being undertaken, the geological model and geotechnical study will be updated once this is completed. It is anticipated that Ore Reserves will be declared in 2012.

DEFINITIONS

ORE RESERVES

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

MINERAL RESOURCES

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

COMMON TERMINOLOGY

Deposit

A deposit is a concentration (or occurrence) of material of possible economic interest, in or on the earth's crust, that may include mineralized material that cannot be estimated with sufficient confidence to be classified in the Inferred category. Portions of a deposit that do not have reasonable and realistic prospects for eventual economic extraction are not included in a Mineral Resource.

Inferred (in LOMP) / Inferred (ex. LOMP)

Inferred (in LOMP): Inferred Resources within the scheduled Life of Mine Plan (LOMP).
Inferred (ex. LOMP): The portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the Life of Mine Plan (LOMP).

Mine Life

The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
This is the current view of the period of production based on current Ore Reserve tonnes and applicable mining rates.

Coal products

Metallurgical – Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry; quality measured as Crucible Swell Number (CSN).
Metallurgical – Other: Semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal; quality measured by calorific value (CV).
Thermal – Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic: Low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).
Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals; quality measured by calorific value (CV).

GLOSSARY

MINING METHODS

OC: Open Cut
OP: Open Pit
UG: Underground

MASS UNITS

kt: kilotonne; metric system unit of mass equal to 1,000 metric tonnes
Moz: million troy ounces (a kilogram is equal to 32.1507 ounces; a troy ounce is equal to 31.1035 grams)
Mt: million tonnes, metric system unit of mass equal to 1,000 kilotonnes
MTIS: Mineable Tonnage In-Situ; quoted in million tonnes
mtpa: million tonnes per annum
ROM: Run Of Mine
tonnes: metric system unit of mass equal to 1,000 kilograms

GRADE UNITS (expressed on a moisture-free basis)

ASCu: Acid soluble copper (%)
CSN: Crucible Swell Number (CSN is rounded to the nearest 0.5 index)
CuEq: Copper equivalent based on long-term metal prices and taking into consideration the recovery of Copper, Gold and Molybdenum (%)
CV: Calorific Value (CV is rounded to the nearest 10 kcal/kg)
ICu: Insoluble copper, total copper less acid soluble copper (%)
kcal/kg: kilocalories per kilogram
TCu: Total copper (%)
4E PGE: The sum of Platinum, Palladium, Rhodium and Gold grades in grammes per tonne (g/t).
3E PGE: The sum of Platinum, Palladium and Gold grades in grammes per tonne (g/t)
% Cu: weight percent Copper
% Fe: weight percent Iron
% Mn: weight percent Manganese
% Mo: weight percent Molybdenum
% Ni: weight percent Nickel
% Nb_2O_5: weight percent Niobium pentoxide
% P_2O_5: weight percent Phosphorus pentoxide

PROCESSING METHODS

Dump Leach: A process similar to Heap Leaching, but usually applied to lower grade material. Rather than constructing a heap of material with a controlled grain size, the material grain sizes are as mined, similar to the situation found within a waste rock dump. This material is then irrigated with a leach solution that dissolves the valuable minerals, allowing recovery from the drained leach solution.

Flotation: A process for concentrating minerals based on their surface properties. Finely ground mineral is slurried with water and specific reagents that increase the water repellent nature of the valuable mineral and agitated with air. The water repellent mineral grains cling to froth bubbles that concentrate the mineral at the top of the flotation cell, from where it is mechanically removed.

Heap Leach: A process in which mineral-bearing rock is crushed and built into a designed heap. The heap is irrigated with a leach solution that dissolves the desirable mineral and carries it into a drain system from which solution is pumped and the mineral/elements of interest are recovered.

Vat Leach: A process whereby crushed rock containing valuable minerals is placed within vats. The vats are filled with a leach solution and the valuable mineral(s) dissolve. The leach solution is pumped to a recovery circuit and the vats are drained and emptied of the spent ore and recharged.

ORE TYPES

Banded Iron Formation: A chemical sedimentary rock consisting of silica and iron oxide. The rock texture is characteristically laminated or banded.

Canga: An iron rich rock formed where material weathered from an original iron ore deposit has been cemented by iron minerals.

Carbonatite Complex: A group of overlapping igneous intrusions of alkaline rocks including magmatic carbonate (sövite) rock. These complexes are frequently host to phosphate, niobium and rare-earth element deposits.

Colluvium: Loose, unconsolidated material that accumulates above the weathering iron ore bodies.

Ferruginous Laterite: An especially iron-rich laterite.

Hematite: An iron oxide mineral with the chemical formula Fe_2O_3.

Itabirite (Friable/Compact): Itabirite is a banded quartz hematite schist, very similar to banded iron formation in appearance and composition.
Friable Itabirite is extensively weathered leading to disaggregation of the individual mineral grains comprising the rock.
Compact Itabirite, previously known as Hard Itabirite, is the unweathered equivalent.

Laterite: A claylike soil horizon rich in iron and aluminium oxides that formed by weathering of igneous rocks under tropical conditions.

Main Sulphide Zone (MSZ): The Main Sulphide Zone is the principal host of Platinum Group Metals within the Great Dyke of Zimbabwe. The Main Sulphide Zone is a tabular zone of sulphide-bearing rock within the uppermost P1 Pyroxenite.

Merensky Reef (MR): One of the three major Platinum Group Metals bearing units within the Bushveld Complex. The Merensky Reef is located within the Upper Critical Zone of the Bushveld Complex and ranges in width from 0.8m to 4m. The Merensky Reef occurs at the interface between the Merensky Pyroxenite and the underlying anorthosite to norite. The Merensky Reef is characterised by the occurrence of one or more narrow chromitite stringers and frequently includes a coarse-grained pegmatoidal pyroxenite.

Oxide: Oxide ores are those found within close proximity to surface and whose mineralogy is dominated by oxidised species, including oxides and sulphates. Frequently, silicate minerals have broken down partially or completely to clay-rich species.

Platreef (PR): The Platreef is only present within the Northern Limb of the Bushveld Complex, in the vicinity of Polokwane, South Africa. The Platreef is a heterogenous unit dominated by felspathic pyroxenite, but including serpentinised pyroxenites and xenoliths of footwall rock. The Platreef dips steeply to the west and ranges in thickness between 60m and 200m. Platinum Group Metal mineralisation occurs disseminated within the Platreef and in frequent association with base-metal sulphides.

Porphyry (Copper): Large copper deposits hosted by intermediate felsic rocks. These deposits form close to large-scale subduction zones.

Saprolite: A decomposed clay-rich rock that has been weathered in place.

Sulphide: Sulphide ores contain sulphide minerals that have not been subjected to surface oxidation.

UG2 Reef (UG2): The UG2 Reef is located between 20m and 400m below the Merensky Reef and is the second chromitite unit within the Upper Group. The UG2 is typically a massive chromitite unit ranging in thickness from 0.6m to 1.2m. The hangingwall of the UG2 is a felspathic pyroxenite unit that may include several narrow chromitite stringers. The footwall of the UG2 is a coarse-grained pegmatoidal pyroxenite.

PRODUCTION STATISTICS

The figures below include the entire output of consolidated entities and the Group's attributable share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in the Copper segment and De Beers which are quoted on a 100% basis.

	2011	2010
Iron Ore and Manganese segment (tonnes)		
Kumba Iron Ore[1]		
Lump	**25,445,100**	25,922,300
Fines	**15,822,500**	17,462,600
Amapá		
Sinter feed	**1,401,000**	2,136,900
Pellet feed	**3,420,500**	1,892,500
Total iron ore production	**46,089,100**	47,414,300
Samancor[2]		
Manganese ore	**2,786,800**	2,952,800
Manganese alloys[3]	**300,500**	312,000
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Export metallurgical	**13,253,400**	14,701,800
Thermal	**13,426,500**	14,460,500
	26,679,900	29,162,300
Canada		
Export metallurgical	**936,300**	868,000
Total Metallurgical Coal segment coal production[4]	**27,616,200**	30,030,300
Thermal Coal segment		
South Africa		
Metallurgical	**323,400**	436,500
Thermal (non-Eskom)	**21,388,100**	21,612,000
Eskom	**35,296,000**	36,403,400
	57,007,500	58,451,900
Colombia		
Export thermal	**10,751,700**	10,060,100
Total Thermal Coal segment coal production	**67,759,200**	68,512,000
Other Mining and Industrial segment		
South America		
Thermal	**–**	441,400
Total Other Mining and Industrial segment coal production[4]	**–**	441,400
Total coal production	**95,375,400**	98,983,700
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Callide	**8,038,700**	8,515,600
Drayton	**3,991,900**	4,206,000
Capcoal	**5,047,900**	5,460,300
Jellinbah	**1,829,600**	1,792,500
Moranbah North	**2,450,100**	3,937,800
Dawson	**3,904,600**	3,584,400
Foxleigh	**1,417,100**	1,665,700
	26,679,900	29,162,300
Canada		
Peace River Coal	**936,300**	868,000
Total Metallurgical Coal segment coal production[4]	**27,616,200**	30,030,300
Thermal Coal segment		
South Africa		
Greenside	**2,853,100**	3,425,000
Goedehoop	**5,200,800**	6,026,200
Isibonelo	**4,338,200**	4,569,100
Kriel	**8,151,700**	9,526,100
Kleinkopje	**4,400,600**	4,423,600
Landau	**4,171,200**	4,085,800
New Denmark	**4,812,600**	5,051,600
New Vaal	**17,399,700**	17,235,300
Mafube	**2,313,100**	2,447,700
Zibulo[5]	**3,366,500**	1,661,500
	57,007,500	58,451,900

(1) Kolomela commenced commercial production on 1 December 2011. Costs associated with 984,700 tonnes of production (2010: nil) have been capitalised before commercial production was reached.

(2) Saleable production.

(3) Production includes Medium Carbon Ferro Manganese.

(4) In 2011 Peace River Coal has been reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.

(5) Zibulo commenced commercial production on 1 October 2011. Revenue and related costs associated with 2,155,200 tonnes (2010: 1,661,500 tonnes) of production have been capitalised before commercial production was reached. The 2,155,200 tonnes includes Eskom coal of 633,400 tonnes (2010: 764,700 tonnes) and export thermal coal production of 1,521,800 tonnes (2010: 896,800 tonnes).

			2011	2010
Coal (tonnes) (continued)				
Thermal Coal segment (continued)				
Colombia				
Carbones del Cerrejón			**10,751,700**	10,060,100
Total Thermal Coal segment coal production			**67,759,200**	68,512,000
Other Mining and Industrial segment				
South America				
Carbones del Guasare			**–**	441,400
Total Other Mining and Industrial segment coal production[1]			**–**	441,400
Total coal production			**95,375,400**	98,983,700
Total coal production by commodity (tonnes)				
Metallurgical				
South Africa			**323,400**	436,500
Australia – Export			**13,253,400**	14,701,800
Canada – Export			**936,300**	868,000
Total metallurgical coal production			**14,513,100**	16,006,300
Thermal				
South Africa – Thermal (non-Eskom)			**21,388,100**	21,612,000
South Africa – Eskom			**35,296,000**	36,403,400
Australia			**13,426,500**	14,460,500
South America			**10,751,700**	10,501,500
Total thermal coal production			**80,862,300**	82,977,400
Total coal production			**95,375,400**	98,983,700
Copper segment				
Collahuasi				
100% basis (Anglo American share 44%)				
Ore mined		tonnes	**45,240,000**	84,060,000
Ore processed	Oxide	tonnes	**8,075,800**	7,226,800
	Sulphide	tonnes	**47,747,400**	49,119,900
Ore grade processed	Oxide	% Cu	**0.7**	0.5
	Sulphide	% Cu	**1.0**	1.1
Production	Copper concentrate	dry metric tonnes	**1,535,800**	1,789,300
	Copper cathode	tonnes	**36,000**	38,800
	Copper in concentrate	tonnes	**417,300**	465,200
Total copper production for Collahuasi		tonnes	**453,300**	504,000
Anglo American's share of copper production for Collahuasi		tonnes	**199,500**	221,800
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	**26,587,500**	20,021,600
Marginal ore mined		tonnes	**30,515,600**	43,266,400
Las Tortolas concentrator	Ore processed	tonnes	**20,595,700**	18,909,400
	Ore grade processed	% Cu	**0.9**	1.0
	Average recovery	%	**85.8**	88.2
Confluencia concentrator	Ore processed	tonnes	**3,329,400**	–
	Ore grade processed	% Cu	**0.7**	–
	Average recovery	%	**84.3**	–
Production	Copper concentrate	dry metric tonnes	**658,300**	598,300
	Copper cathode	tonnes	**38,400**	42,600
	Copper in sulphate	tonnes	**4,600**	4,100
	Copper in concentrate	tonnes	**178,800**	174,700
	Total	tonnes	**221,800**	221,400
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	**10,197,700**	4,890,400
	Open pit – marginal ore mined	tonnes	**–**	101,900
	Underground (sulphide)	tonnes	**–**	1,390,200
	Total	tonnes	**10,197,700**	6,382,500
Ore processed	Oxide	tonnes	**1,887,000**	1,532,200
	Sulphide	tonnes	**7,209,100**	7,176,100
Ore grade processed	Oxide	% Cu	**0.7**	0.7
	Sulphide	% Cu	**0.8**	0.6
Production	Copper concentrate	dry metric tonnes	**171,900**	174,000
	Copper cathode	tonnes	**5,000**	4,700
	Copper in concentrate	tonnes	**41,900**	35,700
	Total	tonnes	**46,900**	40,400
Chagres smelter				
	Copper concentrate smelted	tonnes	**143,000**	142,100
Production	Copper blister/anode	tonnes	**138,200**	137,900
	Acid	tonnes	**487,500**	466,700
Total copper production for Anglo American Sur[2]		tonnes	**268,700**	261,800

(1) In 2011 Peace River Coal has been reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.

(2) Includes cathode, copper in sulphate and copper in concentrate production.

			2011	2010
Copper segment (continued)				
Anglo American Norte				
Mantos Blancos mine				
Ore processed	Oxide	tonnes	**4,563,400**	4,380,900
	Sulphide	tonnes	**4,186,600**	3,924,700
	Marginal ore	tonnes	**5,109,400**	5,628,900
Ore grade processed	Oxide	% Cu (soluble)	**0.6**	0.6
	Sulphide	% Cu (insoluble)	**1.0**	1.1
	Marginal ore	% Cu (soluble)	**0.2**	0.2
Production	Copper concentrate	dry metric tonnes	**119,000**	119,300
	Copper cathode	tonnes	**36,000**	39,100
	Copper in concentrate	tonnes	**36,100**	39,500
	Total	tonnes	**72,100**	78,600
Mantoverde mine				
Ore processed	Oxide	tonnes	**10,012,200**	9,223,200
	Marginal ore	tonnes	**8,025,300**	5,237,000
Ore grade processed	Oxide	% Cu (soluble)	**0.6**	0.7
	Marginal ore	% Cu (soluble)	**0.3**	0.3
Production	Copper cathode	tonnes	**58,700**	61,100
Total copper production for Anglo American Norte[1]		tonnes	**130,800**	139,700
Total Copper segment copper production[1]		tonnes	**599,000**	623,300
Platinum copper production		tonnes	**12,800**	10,900
Black Mountain copper production		tonnes	**300**	2,500
Total attributable copper production[1]		tonnes	**612,100**	636,700
Nickel segment				
Codemin				
Ore mined[2]		tonnes	**549,900**	493,900
Ore processed		tonnes	**562,900**	488,300
Ore grade processed		% Ni	**1.9**	1.9
Production		tonnes	**9,500**	8,500
Loma de Níquel				
Ore mined		tonnes	**1,302,600**	714,200
Ore processed		tonnes	**1,014,200**	798,000
Ore grade processed		% Ni	**1.5**	1.6
Production		tonnes	**13,400**	11,700
Barro Alto[3]				
Ore mined		tonnes	**978,000**	723,600
Ore processed		tonnes	**456,500**	–
Ore grade processed		% Ni	**2.0**	–
Production		tonnes	**6,200**	–
Total Nickel segment nickel production		tonnes	**29,100**	20,200
Platinum nickel production		tonnes	**20,300**	18,500
Total attributable nickel production		tonnes	**49,400**	38,700
Platinum segment[4]				
Platinum		troy ounces	**2,530,100**	2,569,900
Palladium		troy ounces	**1,430,700**	1,448,500
Rhodium		troy ounces	**337,600**	328,900
Copper[5]		tonnes	**12,800**	10,900
Nickel[5]		tonnes	**20,300**	18,500
Gold		troy ounces	**105,100**	81,300
Equivalent refined platinum		troy ounces	**2,410,100**	2,484,000
Diamonds segment (De Beers) (diamonds recovered – carats)				
100% basis (Anglo American share 45%)				
Debswana			**22,890,000**	22,218,000
Namdeb			**1,335,000**	1,472,000
De Beers Consolidated Mines			**5,443,000**	7,556,000
De Beers Canada			**1,660,000**	1,751,000
Total diamonds production for De Beers			**31,328,000**	32,997,000
Anglo American's share of diamonds production for De Beers			**14,097,000**	14,849,000

(1) Includes cathode, copper in sulphate and copper in concentrate production.
(2) Represents ore mined at Barro Alto for processing at Codemin.
(3) Barro Alto is currently not in commercial production and therefore all revenue and related costs associated with 6,200 tonnes (2010: nil) of production have been capitalised.
(4) See the published results of Anglo American Platinum Limited for further analysis of production information.
(5) Also disclosed within total attributable copper and nickel production.

			2011	2010
Other Mining and Industrial segment				
Copebrás				
Phosphates		tonnes	**1,060,900**	1,002,000
Catalão				
Niobium				
Ore mined		tonnes	**866,600**	1,209,400
Ore processed		tonnes	**902,600**	909,300
Ore grade processed		Kg Nb/tonne	**8.1**	6.6
Production		tonnes	**3,900**	4,000
Tarmac				
Aggregates		tonnes	**42,878,400**	58,875,600
Lime products		tonnes	**1,264,000**	1,255,900
Concrete		m^3	**3,285,700**	3,305,800
Scaw Metals				
South Africa Steel Products		tonnes	**677,400**	710,000
International Steel Products[1]		tonnes	**–**	794,200
Zinc and lead				
Lisheen[2]				
Ore mined		tonnes	**152,800**	1,531,700
Ore processed		tonnes	**156,200**	1,587,600
Ore grade processed	Zinc	% Zn	**13.4**	12.2
	Lead	% Pb	**2.7**	1.9
Production	Zinc in concentrate	tonnes	**19,200**	175,100
	Lead in concentrate	tonnes	**2,900**	20,600
Black Mountain[2]				
Ore mined		tonnes	**132,800**	1,415,500
Ore processed		tonnes	**126,200**	1,378,600
Ore grade processed	Zinc	% Zn	**3.4**	3.3
	Lead	% Pb	**4.5**	4.2
	Copper	% Cu	**0.4**	0.3
Production	Zinc in concentrate	tonnes	**3,300**	36,100
	Lead in concentrate	tonnes	**5,400**	50,600
	Copper in concentrate	tonnes	**300**	2,500
Skorpion[2]				
Ore mined		tonnes	**–**	1,412,600
Ore processed		tonnes	**–**	1,358,000
Ore grade processed	Zinc	% Zn	**–**	11.2
Production	Zinc	tonnes	**–**	138,500
Total attributable zinc production		tonnes	**22,500**	349,700
Total attributable lead production		tonnes	**8,300**	71,200

(1) Relates to production from Moly-Cop and AltaSteel. The Group sold its interests in Moly-Cop and AltaSteel in December 2010.
(2) The Group sold its interest in Skorpion in December 2010 and its interests in Lisheen and Black Mountain in February 2011.

QUARTERLY PRODUCTION STATISTICS

	Quarter ended					% Change (Quarter ended)	
	31 December 2011	30 September 2011	30 June 2011	31 March 2011	31 December 2010	31 December 2011 v 30 September 2011	31 December 2011 v 31 December 2010
Iron Ore and Manganese segment (tonnes)							
Iron ore[1]	12,427,300	12,182,900	11,534,100	9,944,800	11,807,700	2%	5%
Manganese ore[2]	722,500	807,600	716,100	540,600	731,600	(11)%	(1)%
Manganese alloys[2][3]	78,000	77,600	76,100	68,800	76,800	1%	2%
Metallurgical Coal segment (tonnes)							
Export metallurgical[4]	4,060,600	4,015,000	3,949,400	2,164,700	3,891,500	1%	4%
Thermal	3,358,700	3,978,000	3,087,500	3,002,300	3,727,500	(16)%	(10)%
Thermal Coal segment (tonnes)[5]							
RSA thermal (non-Eskom)	5,846,000	5,198,400	5,264,400	5,079,300	5,885,000	12%	(1)%
Eskom	9,487,000	8,751,400	8,782,600	8,275,000	9,484,800	8%	–
RSA metallurgical	84,500	75,600	83,800	79,500	103,000	12%	(18)%
Colombia export thermal	2,752,700	2,851,800	2,537,700	2,609,500	2,315,700	(3)%	19%
Copper segment (tonnes)[6]	170,000	139,900	150,300	138,800	154,400	22%	10%
Nickel segment (tonnes)[7][8]	9,900	6,500	6,600	6,100	4,400	52%	125%
Platinum segment							
Platinum (troy ounces)	710,000	646,500	640,700	532,900	872,400	10%	(19)%
Palladium (troy ounces)	392,700	376,000	373,800	288,200	502,600	4%	(22)%
Rhodium (troy ounces)	96,800	75,200	79,900	85,700	111,400	29%	(13)%
Nickel (tonnes)	5,100	4,900	5,500	4,800	5,000	4%	2%
Equivalent refined platinum (troy ounces)	583,200	666,800	592,500	567,600	640,100	(13)%	(9)%
Diamonds segment (De Beers) (diamonds recovered – carats)							
Total diamond production for De Beers	6,489,000	9,305,000	8,138,000	7,396,000	8,532,000	(30)%	(24)%
Anglo American's share of diamond production for De Beers	2,920,000	4,187,000	3,662,000	3,328,000	3,839,000	(30)%	(24)%
Other Mining and Industrial segment (tonnes)[9]							
Phosphates	274,900	284,500	260,700	240,800	270,900	(3)%	1%
Niobium	1,000	1,100	900	900	1,200	(9)%	(17)%
South Africa Steel Products	163,100	158,000	183,100	173,200	151,000	3%	8%
Coal production by commodity (tonnes)							
Metallurgical	4,145,100	4,090,600	4,033,200	2,244,200	3,994,500	1%	4%
Thermal (non-Eskom)[10]	11,957,400	12,028,200	10,889,600	10,691,100	11,928,200	(1)%	–
Eskom	9,487,000	8,751,400	8,782,600	8,275,000	9,484,800	8%	–

(1) Kolomela commenced commercial production on 1 December 2011. Costs associated with 984,700 tonnes of production (2010: nil) have been capitalised before commercial production was reached.
(2) Saleable production.
(3) Production includes Medium Carbon Ferro Manganese.
(4) Includes Peace River Coal which in 2011 has been reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.
(5) Zibulo commenced commercial production on 1 October 2011. Revenue and related costs associated with 2,155,200 tonnes (2010: 1,661,500 tonnes) of production have been capitalised before commercial production was reached. The 2,155,200 tonnes includes Eskom coal of 633,400 tonnes (2010: 764,700 tonnes) and export thermal coal production of 1,521,800 tonnes (2010: 896,800 tonnes).
(6) Excludes Platinum and Black Mountain copper production.
(7) Excludes Platinum nickel production.
(8) Includes Barro Alto which is currently not in commercial production and therefore all revenue and related costs associated with 6,200 tonnes (2010: nil) of production have been capitalised.
(9) Excludes Tarmac.
(10) The quarter ended 31 December 2010 excludes 48,600 tonnes of production from Carbones del Guasare.

EXCHANGE RATES AND COMMODITY PRICES

US$ exchange rates	2011	2010
Year end spot prices		
Rand	**8.11**	6.60
Brazilian real	**1.87**	1.66
Sterling	**0.65**	0.64
Australian dollar	**0.98**	0.98
Euro	**0.77**	0.75
Chilean peso	**520**	468
Average prices for the year		
Rand	**7.26**	7.32
Brazilian real	**1.67**	1.76
Sterling	**0.62**	0.65
Australian dollar	**0.97**	1.09
Euro	**0.72**	0.75
Chilean peso	**484**	510

Commodity prices		2011	2010
Year end spot prices			
Iron ore (FOB Australia)[1]	US$/tonne	**127**	163
Thermal coal (FOB South Africa)[2]	US$/tonne	**105**	129
Thermal coal (FOB Australia)[2]	US$/tonne	**112**	126
Hard coking coal (FOB Australia)[3]	US$/tonne	**285**	209
Copper[4]	US cents/lb	**343**	442
Nickel[4]	US cents/lb	**829**	1,132
Platinum[5]	US$/oz	**1,388**	1,755
Palladium[5]	US$/oz	**636**	797
Rhodium[5]	US$/oz	**1,400**	2,425
Average market prices for the year			
Iron ore (FOB Australia)[1]	US$/tonne	**160**	136
Thermal coal (FOB South Africa)[2]	US$/tonne	**116**	92
Thermal coal (FOB Australia)[2]	US$/tonne	**121**	99
Hard coking coal (FOB Australia)[6]	US$/tonne	**289**	191
Copper[4]	US cents/lb	**400**	342
Nickel[4]	US cents/lb	**1,035**	989
Platinum[5]	US$/oz	**1,725**	1,610
Palladium[5]	US$/oz	**736**	527
Rhodium[5]	US$/oz	**2,022**	2,453

(1) Source: Platts.
(2) Source: McCloskey.
(3) Source: Represents the quarter four benchmark.
(4) Source: LME daily prices.
(5) Source: Johnson Matthey.
(6) Source: Represents the average quarterly benchmark, with quarter one 2010 being the final quarter of the annual settlement for JFY 2009–2010.

SUMMARY BY BUSINESS OPERATION

	Revenue[1]		EBITDA[2]		Operating profit/(loss)[3]		Underlying earnings	
US$ million	2011	2010	2011	2010	2011	2010	2011	2010
Iron Ore and Manganese	**8,124**	6,612	**4,733**	3,856	**4,520**	3,681	**1,525**	1,423
Kumba Iron Ore	**6,717**	5,310	**4,546**	3,514	**4,397**	3,396	**1,462**	1,210
Iron Ore Brazil	**481**	319	**(11)**	(73)	**(42)**	(97)	**(81)**	(77)
Samancor	**926**	983	**198**	415	**165**	382	**144**	290
Metallurgical Coal[4]	**4,347**	3,522	**1,577**	1,134	**1,189**	780	**844**	586
Australia	**4,068**	3,377	**1,526**	1,147	**1,161**	814	**831**	616
Canada	**279**	145	**82**	18	**59**	(3)	**44**	1
Projects and corporate	**–**	–	**(31)**	(31)	**(31)**	(31)	**(31)**	(31)
Thermal Coal	**3,722**	2,866	**1,410**	872	**1,230**	710	**902**	512
South Africa	**2,642**	2,105	**902**	539	**775**	426	**611**	314
Colombia	**1,080**	761	**535**	358	**482**	309	**318**	223
Projects and corporate	**–**	–	**(27)**	(25)	**(27)**	(25)	**(27)**	(25)
Copper	**5,144**	4,877	**2,750**	3,086	**2,461**	2,817	**1,610**	1,721
Anglo American Sur	**2,320**	2,075	**1,247**	1,263	**1,092**	1,125	**746**	685
Anglo American Norte	**1,136**	1,073	**641**	661	**606**	624	**444**	419
Collahuasi	**1,688**	1,729	**1,052**	1,276	**957**	1,186	**617**	738
Projects and corporate	**–**	–	**(190)**	(114)	**(194)**	(118)	**(197)**	(121)
Nickel	**488**	426	**84**	122	**57**	96	**23**	75
Codemin	**203**	195	**77**	83	**73**	76	**52**	48
Loma de Níquel	**285**	231	**86**	82	**66**	65	**29**	55
Projects and corporate	**–**	–	**(79)**	(43)	**(82)**	(45)	**(58)**	(28)
Platinum	**7,359**	6,602	**1,672**	1,624	**890**	837	**410**	425
Diamonds	**3,320**	2,644	**794**	666	**659**	495	**443**	302
Other Mining and Industrial[4]	**4,039**	5,375	**393**	894	**195**	664	**107**	521
Core[4]	**720**	613	**215**	173	**188**	146	**113**	84
Copebrás	**571**	461	**160**	104	**136**	81	**80**	48
Catalão	**149**	152	**57**	71	**54**	67	**35**	38
Projects and corporate	**–**	–	**(2)**	(2)	**(2)**	(2)	**(2)**	(2)
Non-core[4]	**3,319**	4,762	**178**	721	**7**	518	**(6)**	437
Tarmac[5]	**2,347**	2,376	**106**	188	**(35)**	48	**(31)**	67
Scaw Metals[6]	**931**	1,579	**70**	213	**40**	170	**27**	119
Lisheen[7]	**36**	265	**17**	114	**17**	114	**14**	99
Black Mountain[7]	**5**	197	**3**	73	**3**	73	**1**	47
Skorpion[7]	**–**	311	**–**	154	**–**	134	**–**	133
Projects, corporate and other	**–**	34	**(18)**	(21)	**(18)**	(21)	**(17)**	(28)
Exploration	**–**	–	**(121)**	(136)	**(121)**	(136)	**(118)**	(128)
Corporate Activities and Unallocated Costs	**5**	5	**56**	(135)	**15**	(181)	**374**	(461)
	36,548	32,929	**13,348**	11,983	**11,095**	9,763	**6,120**	4,976

(1) Revenue includes the Group's attributable share of revenue of joint ventures and associates. Revenue for copper and zinc operations is shown after deduction of treatment and refining charges (TC/RCs).

(2) Earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

(3) Operating profit includes operating profit before special items and remeasurements from subsidiaries and joint ventures and attributable share of operating profit (before interest, tax, non-controlling interests, special items and remeasurements) of associates.

(4) In 2011 Peace River Coal has been reclassified from Other Mining and Industrial to Metallurgical Coal to align with internal management reporting, and Copebrás and Catalão are considered core within the Other Mining and Industrial segment following a strategic review. Comparatives have been reclassified to align with current year presentation.

(5) In the year ended 31 December 2011 the Group sold Tarmac's businesses in China, Turkey and Romania (2010: the Polish and French and Belgian concrete products businesses and the majority of the European aggregates businesses).

(6) Results for 2010 include Moly-Cop and AltaSteel, which were disposed of in December 2010.

(7) Skorpion, Lisheen and Black Mountain comprised the Group's portfolio of zinc operations. The Group sold its interest in Skorpion in December 2010, and its interests in Lisheen and Black Mountain in February 2011. See note 32 to the financial statements.

KEY FINANCIAL DATA

US$ million (unless otherwise stated)	2011	2010	2009	2008	2007	2006[1]	2005[1]	2004[1]
Group revenue including associates	**36,548**	32,929	24,637	32,964	30,559	29,404	24,872	22,610
Less: Share of associates' revenue	**(5,968)**	(4,969)	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	**30,580**	27,960	20,858	26,311	25,470	24,991	20,132	17,181
Operating profit including associates before special items and remeasurements	**11,095**	9,763	4,957	10,085	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing and tax special items and remeasurements)	**(44)**	1,727	(208)	(330)	(227)	24	16	556
Net finance costs (including financing special items and remeasurements), tax and non-controlling interests of associates	**(452)**	(423)	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations and associates	**10,599**	11,067	4,436	8,972	8,929	8,514	5,250	3,997
Net finance income/(costs) (including financing special items and remeasurements)	**183**	(139)	(407)	(401)	(108)	(71)	(220)	(385)
Profit before tax	**10,782**	10,928	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	**(2,860)**	(2,809)	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
Profit for the financial year – continuing operations	**7,922**	8,119	2,912	6,120	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	**–**	–	–	–	2,044	997	111	1,094
Profit for the financial year – total Group	**7,922**	8,119	2,912	6,120	8,172	6,922	3,933	3,941
Non-controlling interests	**(1,753)**	(1,575)	(487)	(905)	(868)	(736)	(412)	(440)
Profit attributable to equity shareholders of the Company	**6,169**	6,544	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings[2] – continuing operations	**6,120**	4,976	2,569	5,237	5,477	5,019	3,335	2,178
Underlying earnings[2] – discontinued operations	**–**	–	–	–	284	452	401	506
Underlying earnings[2] – total Group	**6,120**	4,976	2,569	5,237	5,761	5,471	3,736	2,684
Earnings per share (US$) – continuing operations	**5.10**	5.43	2.02	4.34	4.04	3.51	2.35	1.84
Earnings per share (US$) – discontinued operations	**–**	–	–	–	1.54	0.70	0.08	0.60
Earnings per share (US$) – total Group	**5.10**	5.43	2.02	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (US$) – continuing operations	**5.06**	4.13	2.14	4.36	4.18	3.42	2.30	1.52
Underlying earnings per share (US$) – discontinued operations	**–**	–	–	–	0.22	0.31	0.28	0.35
Underlying earnings per share (US$) – total Group	**5.06**	4.13	2.14	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	**74.0**	65.0	–	44.0	124.0	108.0	90.0	70.0
Special dividend per share (US cents)	**–**	–	–	–	–	67.0	33.0	–
Weighted average basic number of shares outstanding (million)	**1,210**	1,206	1,202	1,202	1,309	1,468	1,447	1,434
EBITDA[3] – continuing operations	**13,348**	11,983	6,930	11,847	11,171	10,431	7,172	5,359
EBITDA[3] – discontinued operations	**–**	–	–	–	961	1,766	1,787	1,672
EBITDA[3] – total Group	**13,348**	11,983	6,930	11,847	12,132	12,197	8,959	7,031
EBITDA interest cover[4] – total Group	**n/a**	42.0	27.4	28.3	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	**30.4%**	29.6%	20.1%	30.6%	28.4%	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	**6.8**	6.4	–	9.9	3.5	3.5	2.9	2.7
Balance sheet								
Intangible assets and property, plant and equipment	**42,871**	42,126	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments[5]	**10,269**	9,852	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	**2,093**	2,385	2,168	861	1,966	3,096	3,538	3,543
Other net current liabilities[5]	**(1,683)**	(785)	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations[5]	**(9,220)**	(8,757)	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings[6]	**(1,141)**	(7,038)	(11,046)	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	**–**	188	429	195	471	641	–	–
Net assets	**43,189**	37,971	28,069	21,756	24,330	27,127	27,578	27,713
Non-controlling interests	**(4,097)**	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	**39,092**	34,239	26,121	20,221	22,461	24,271	23,621	23,125
Total capital[7]	**44,563**	45,355	39,349	33,096	29,181	30,258	32,558	35,806
Cash flows from operations – continuing operations	**11,498**	9,924	4,904	9,579	9,375	9,012	5,963	3,857
Cash flows from operations – discontinued operations	**–**	–	–	–	470	1,045	1,302	1,434
Cash flows from operations – total Group	**11,498**	9,924	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	**403**	285	639	659	311	251	468	380
Dividends received from associates and financial asset investments – discontinued operations	**–**	–	–	–	52	37	2	16
Dividends received from associates and financial asset investments – total Group	**403**	285	639	659	363	288	470	396
Return on capital employed[8] – total Group	**26.5%**	24.8%	14.4%	36.9%	38.0%	32.6%	18.8%	16.9%
EBITDA/average total capital[7] – total Group	**29.7%**	28.3%	19.1%	38.0%	40.8%	38.8%	26.2%	21.3%
Net debt to total capital (gearing)[9]	**3.1%**	16.3%	28.7%	34.3%	16.6%	10.3%	15.3%	22.6%

(1) Comparatives for 2006, 2005 and 2004 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

(2) Underlying earnings is profit attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax and non-controlling interests.

(3) EBITDA is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

(4) EBITDA interest cover is EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, unwinding of discount relating to provisions and other non-current liabilities, financing special items and remeasurements, and including attributable share of associates' net interest expense, which in 2011 results in a net finance income and therefore the ratio is not applicable.

(5) Comparatives for 2008, 2007, 2006 and 2005 were adjusted in the 2009 Annual Report in accordance with IAS 1 *Presentation of Financial Statements – Improvements* to reclassify non-hedge derivatives whose expected settlement date was more than one year from the period end from current to non-current.

(6) This differs from the Group's measure of net debt as it excludes the net cash/(debt) of disposal groups (2011: nil; 2010: $59 million; 2009: $48 million; 2008: $8 million; 2007: $(69) million; 2006: $(80) million; 2005: nil; 2004: nil) and excludes related hedges (2011: net liabilities of $233 million; 2010: net liabilities of $405 million; 2009: net liabilities of $285 million; 2008: net liabilities of $297 million; 2007: net assets of $388 million; 2006: net assets of $193 million; 2005: nil; 2004: nil). See note 31 to the financial statements.

(7) Total capital is net assets excluding net debt.

(8) Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.

(9) Net debt to total capital is calculated as net debt (including related hedges) divided by total capital. Comparatives are presented on a consistent basis.

RECONCILIATION OF SUBSIDIARIES' AND ASSOCIATE'S REPORTED EARNINGS TO THE UNDERLYING EARNINGS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

Note only key reported lines are reconciled.

Kumba Iron Ore Limited

US$ million	2011	2010
IFRS headline earnings[1]	**2,366**	1,964
Exploration	**4**	9
Other adjustments	**3**	1
	2,373	1,974
Non-controlling interests	**(826)**	(710)
Elimination of intercompany interest	**(27)**	2
Depreciation on assets fair valued on acquisition (net of tax)	**(9)**	(9)
Corporate cost allocation	**(49)**	(47)
Contribution to Anglo American plc underlying earnings	**1,462**	1,210

Anglo American Platinum Limited

US$ million	2011	2010
IFRS headline earnings[1]	**527**	674
Exploration	**5**	11
Operating and financing remeasurements (net of tax)	**(27)**	(21)
Restructuring costs included in headline earnings (net of tax)	**6**	28
BEE transactions and related charges	**141**	–
Other adjustments	**–**	(1)
	652	691
Non-controlling interests	**(132)**	(140)
Elimination of intercompany interest	**(1)**	29
Depreciation on assets fair valued on acquisition (net of tax)	**(55)**	(102)
Corporate cost allocation	**(54)**	(53)
Contribution to Anglo American plc underlying earnings	**410**	425

De Beers Société Anonyme

US$ million	2011	2010
De Beers underlying earnings (100%)	**968**	598
Difference in IAS 19 accounting policy	**17**	53
De Beers underlying earnings – Anglo American plc basis (100%)	**985**	651
Anglo American plc's 45% ordinary share interest	**443**	293
Income from preference shares	**–**	9
Contribution to Anglo American plc underlying earnings	**443**	302

[1] The US$ equivalent of the rand IFRS headline earnings published by Kumba Iron Ore Limited and Anglo American Platinum Limited is calculated by translating the movement each month at the average exchange rate for the month.

THE BUSINESS – AN OVERVIEW

as at 31 December 2011

Iron Ore and Manganese

Kumba Iron Ore (South Africa)	65.2%
Minas-Rio (Brazil)	100%
Amapá (Brazil)	70%
LLX Minas-Rio (Brazil)[1]	49%
Samancor (South Africa and Australia)	40%

Metallurgical Coal

Overall ownership: **100%**

100% owned	Other interests	
Australia	**Australia**	
Callide	Dartbrook	83.3%
	Dawson	51%
Australia – other	Drayton	88.2%
Monash Energy Holdings Ltd	German Creek[2]	70%
	Jellinbah	23.3%
Canada	Moranbah North	88%
Peace River Coal	Foxleigh	70%
	Australia – other	
	Dalrymple Bay Coal Terminal Pty Ltd	25.4%
	Newcastle Coal Shippers Pty Ltd	17.6%

Thermal Coal

Overall ownership: **100%**

100% owned	Other interests	
South Africa	**South Africa**	
Goedehoop	Mafube	50%
Greenside	Phola plant	50%
Isibonelo	Kriel[3]	73%
Kleinkopje	Zibulo[3]	73%
Landau		
New Denmark	**South Africa – other**	
New Vaal	Richards Bay Coal Terminal	24.2%
	Colombia	
	Carbones del Cerrejón	33.3%

Copper

Overall ownership: **100%**

100% owned	Other interests	
Mantos Blancos (Chile)	Chagres (Chile)	75.5%
Mantoverde (Chile)	El Soldado (Chile)	75.5%
Michiquillay (Peru)	Los Bronces (Chile)	75.5%
	Collahuasi (Chile)	44%
	Palabora (South Africa)	16.8%
	Quellaveco (Peru)	81.9%
	Pebble (US)	50%

Nickel

Overall ownership: **100%**

100% owned	Other interests	
Brazil	Loma de Níquel (Venezuela)	91.4%
Codemin		
Barro Alto		

(1) Owns the port of Açu (currently under construction).
(2) The German Creek operation includes both Capcoal Open Cut and Underground operations.
(3) Kriel and Zibulo form part of the Anglo American Inyosi Coal black economic empowerment (BEE) company of which Anglo American owns 73%.

Platinum

Overall ownership: **79.8%**

100% owned

South Africa

- Bathopele Mine
- Khomanani Mine
- Thembelani Mine
- Khuseleka Mine
- Siphumelele Mine
- Tumela Mine
- Dishaba Mine
- Mogalakwena Mine
- Western Limb Tailings Retreatment
- Waterval Smelter (including converting process)
- Mortimer Smelter
- Polokwane Smelter
- Rustenburg Base Metals Refinery
- Precious Metals Refinery
- Twickenham Mine

Zimbabwe

- Unki Mine

Other interests

South Africa	
Union Section	85%
Masa Chrome Company	74%
Joint ventures or sharing agreements	
Modikwa Platinum Joint Venture	50%
Kroondal Pooling and Sharing Agreement	50%
Marikana Pooling and Sharing Agreement	50%
Mototolo Joint Venture	50%
Associates	
Bokoni	49%
Pandora	42.5%
Bafokeng-Rasimone	33%
Anooraq	27%
Johnson Matthey Fuel Cells	17.5%
South Africa – Other	
Wesizwe Platinum Limited	13%
Royal Bafokeng Platinum Limited	12.6%

De Beers[1]

Overall ownership: **45%**

100% owned

South Africa

- De Beers Group Services (Exploration and Services)
- De Beers Marine

Industrial Diamonds

- Element Six Technologies

Canada

- De Beers Canada
  - Snap Lake
  - Victor

Trading and Marketing

- The Diamond Trading Company
- Forevermark
- Diamdel

Other interests

South Africa	
De Beers Consolidated Mines	74%[2]
Venetia	
Voorspoed	
Namaqualand mines[3]	
Kimberley Tailings	
Botswana	
Debswana	50%
Damtshaa	
Jwaneng	
Orapa	
Letlhakane	
Namibia	
Namdeb Holdings[4]	50%
Namdeb Diamond Company	
Mining Area No. 1	
Orange River Mines	
Elizabeth Bay	
Marine concessions	
De Beers Marine Namibia	
Trading and Marketing	
DTC Botswana	50%
Namibia DTC	50%
Industrial Diamonds	
Element Six Abrasives	60%
Diamond Jewellery Retail	
De Beers Diamond Jewellers	50%

Other Mining and Industrial

Overall ownership: **100%**

100% owned

Phosphate products

- Copebrás (Brazil)

Niobium

- Catalão (Brazil)

Aggregates and Building Materials

- Tarmac Quarry Materials
- Tarmac Building Products

Other interests

Aggregates and Building Materials	
Tarmac Middle East	50%
Steel products	
Scaw Metals (South Africa)	74%

Other[5]

100% owned

- Vergelegen (South Africa)

Other interests

Exxaro Resources (southern Africa and Australia)	9.8%

(1) An independently managed associate.

(2) De Beers' 74% interest represents its legal ownership share in De Beers Consolidated Mines (DBCM). For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity which holds the remaining 26% after providing certain financial guarantees on its behalf during 2010.

(3) In May 2011 De Beers announced that it had entered into an agreement to sell Namaqualand mines.

(4) In November 2011 the Government of the Republic of Namibia and De Beers restructured their mining partnership, creating a 50/50 holding company, Namdeb Holdings (Pty) Limited, with full ownership of Namdeb Diamond Company (Pty) Limited and De Beers Marine Namibia (Pty) Limited (now trading as Debmarine Namibia). All mining licences transferred to the newly formed company.

(5) Included within Corporate Activities and Unallocated Costs segment.

SHAREHOLDER INFORMATION

Annual General Meeting

Will be held at 2.30 pm on Thursday 19 April 2012, at The Royal Society, 6-9 Carlton House Terrace, London SW1Y 5AG.

Shareholders' diary 2012/13

Interim results announcement	July 2012
Annual results announcement	February 2013
Annual Report	March 2013
Annual General Meeting	April 2013

Shareholding enquiries

Enquiries relating to shareholdings should be made to the Company's UK Registrars, Equiniti, or the South African Transfer Secretaries, Link Market Services South Africa (Pty) Limited, at the relevant address below:

UK Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
England

Telephone:
In the UK: 0871 384 2026*
From outside the UK: +44 121 415 7558

Transfer Secretaries in South Africa
Link Market Services South Africa (Pty) Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein 2001, South Africa
(PO Box 4844, Johannesburg, 2000)
Telephone: +27 (0) 11 713 0800

Enquiries on other matters should be addressed to the Company Secretary at the following address:

Registered and Head Office

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Telephone: +44 (0) 20 7968 8888
Fax: +44 (0) 20 7968 8500
Registered number: 3564138
www.angloamerican.com

Additional information on a wide range of shareholder services can be found in the Shareholder Information section of the Notice of AGM and on the Group's website.

* Calls to all 0871 numbers stated in this notice are charged at 8p per minute from a BT landline. Lines are open 8:30am to 5:30pm Monday to Friday. Other telephony providers' costs may vary.

OTHER ANGLO AMERICAN PUBLICATIONS

- 2011/12 Fact Book
- Notice of 2012 AGM and Shareholder Information Booklet
- Sustainable Development Report 2011
- Optima – Anglo American's current affairs journal
- Good Citizenship: Business Principles
- The Environment Way
- The Occupational Health Way
- The Projects Way
- The Safety Way
- The Social Way

The Company implemented electronic communications in 2008 in order to reduce the financial and environmental costs of producing the Annual Report. More information about this can be found in the attached Notice of AGM. In this regard we would encourage downloading of reports from our website.

Financial reports may be found at:
www.angloamerican.com/investors/reports

Sustainable development reports may be found at:
www.angloamerican.com/development/reports/aareports/2011gr

However, the 2011 Annual Report and the booklet containing the Notice of AGM and other shareholder information are available free of charge from the Company, its UK Registrars and the South African Transfer Secretaries.

If you would like to receive paper copies of Anglo American's publications, please write to:

Investor Relations

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Alternatively, publications can be ordered online at:
www.angloamerican.com/siteservices/requestreport

Charitable partners

This is just a selection of the charities which Anglo American, The Chairman's Fund and the Anglo American Group Foundation have worked with in 2011:

Leonard Cheshire Disability

tree

NTATAISE
To lead a young child by the hand

care
Defending dignity. Fighting poverty.

engineers without borders uk

Sparrow SCHOOLS

Plan
Be a part of it.

centre point give homeless young people a future

Children of the Andes

Headstart EDT

CENTRE FOR DEVELOPMENT AND ENTERPRISE
Informing South African Policy

GAVI ALLIANCE

VULA PROGRAMME @ HILTON COLLEGE

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