COPPER

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.

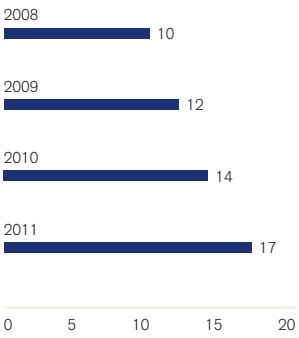
Copper is used mainly in wire and cable, brass, tubing and pipes, air conditioning and refrigeration.

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

FINANCIAL HIGHLIGHTS

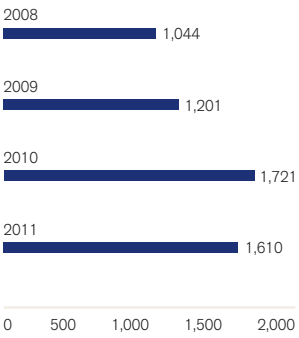
Share of Group net operating assets

%



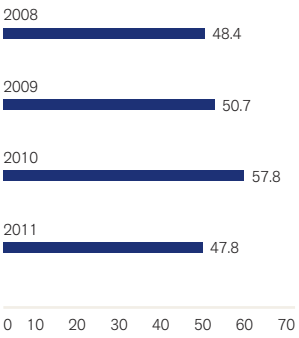
Underlying earnings

$ m



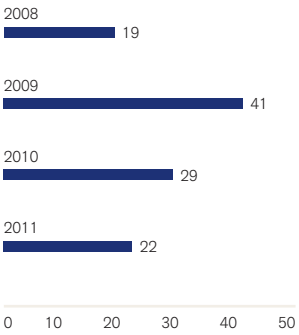
Operating margin

%



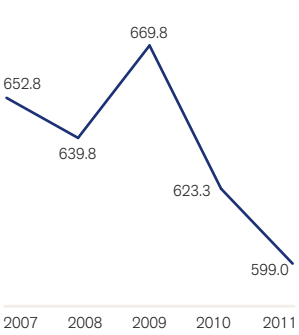
Share of Group operating profit

%



Copper production from Copper business unit

'000 kt



FINANCIAL DATA

$ million	2011	2010	2009	2008
Turnover				
Collahuasi	**1,688**	1,729	1,411	1,134
Anglo American Sur	**2,320**	2,075	1,723	1,965
Anglo American Norte	**1,136**	1,073	833	808
Projects and Corporate	**–**	–	–	–
Total turnover	**5,144**	**4,877**	**3,967**	**3,907**
EBITDA				
Collahuasi	**1,052**	1,276	952	682
Anglo American Sur	**1,247**	1,263	994	1,265
Anglo American Norte	**641**	661	408	288
Projects and Corporate	**(190)**	(114)	(100)	(131)
Total EBITDA	**2,750**	**3,086**	**2,254**	**2,104**
Depreciation and amortisation	**289**	**269**	**244**	**212**
Operating profit before special items and remeasurements				
Collahuasi	**957**	1,186	880	613
Anglo American Sur	**1,092**	1,125	862	1,157
Anglo American Norte	**606**	624	369	255
Projects and Corporate	**(194)**	(118)	(101)	(133)
Total operating profit before special items and remeasurements	**2,461**	**2,817**	**2,010**	**1,892**
Operating special items and remeasurements	**(1)**	15	104	(67)
Operating profit after special items and remeasurements	**2,460**	**2,832**	**2,114**	**1,825**
Net interest, tax and non-controlling interests	**(851)**	**(1,096)**	**(809)**	**(848)**
Underlying earnings				
Collahuasi	**617**	738	663	367
Anglo American Sur	**746**	685	444	699
Anglo American Norte	**444**	419	197	113
Projects and Corporate	**(197)**	(121)	(103)	(135)
Total underlying earnings	**1,610**	**1,721**	**1,201**	**1,044**
Net operating assets	**7,643**	**6,291**	**4,763**	**3,148**
Capital expenditure	**1,570**	**1,530**	**1,123**	**808**

01

01 Chagres Smelter Division, Chile: the casting wheel where molten copper is poured into moulds to form copper anodes.

BUSINESS OVERVIEW

OPERATING PROFIT
(2010: $2,817 m)

$2,461m

SHARE OF GROUP OPERATING PROFIT
(2010: 29%)

22%

EBITDA
(2010: $3,086 m)

$2,750m

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%

Our copper operations

South America
1 44% Collahuasi (Chile)
2 75.5% Los Bronces (Chile)
3 75.5% El Soldado (Chile)
4 75.5% Chagres (Chile)
5 100% Mantos Blancos (Chile)
6 100% Mantoverde (Chile)
7 81.9% Quellaveco Project (Peru)
8 100% Michiquillay Project (Peru)

North America
○ 50% Pebble project

Key
● Open Pit
○ Other

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 interests in two projects in Peru (a controlling interest in Quellaveco and Michiquillay) and a 50% interest in the Pebble project in Alaska.

INDUSTRY OVERVIEW

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.

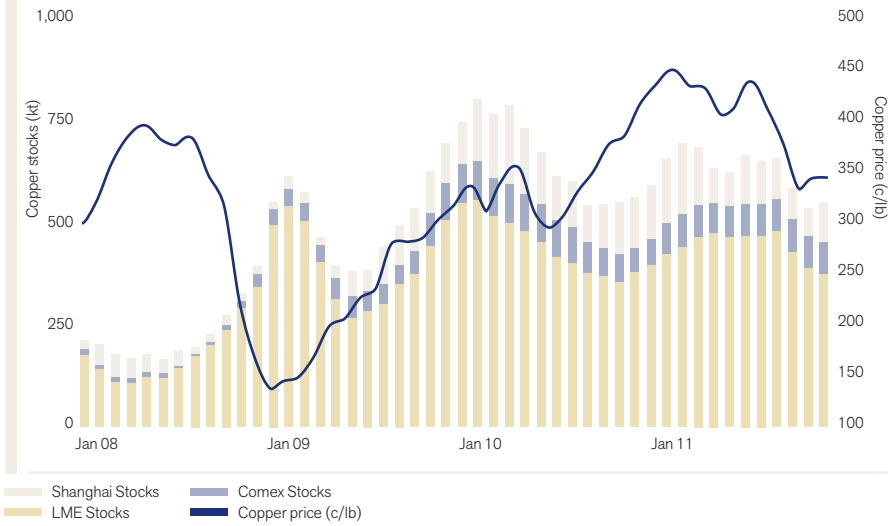
Markets

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.

Copper stocks and price

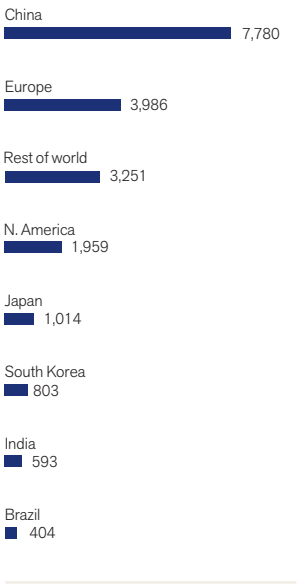


Source: Anglo American Commodity Research

MARKET INFORMATION

Leading copper consumers

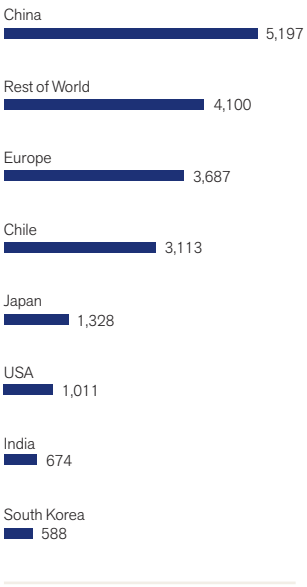
(2011 refined copper consumption)
2011 World total: 19,931kt
kt



Source: Brook Hunt – a Wood Mackenzie company

Leading copper refining countries

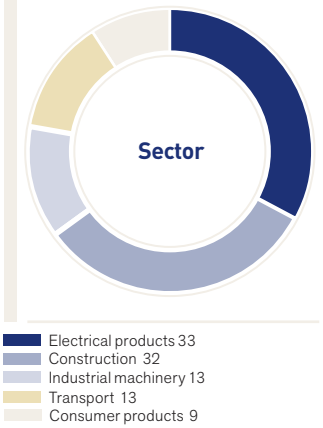
(2011 mine production)
2011 World Total: 19,698 kt
kt copper, including production from scrap



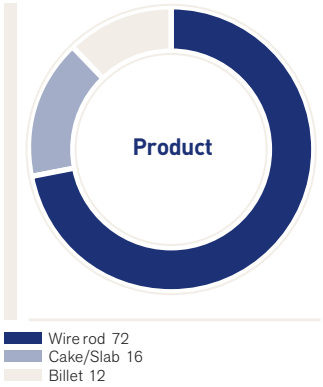
Source: Brook Hunt, a Wood Mackenzie company

Global copper consumption

end use in 2011
%



Source: Brook Hunt – a Wood Mackenzie company



Source: Brook Hunt – a Wood Mackenzie company

STRATEGY AND GROWTH

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 Anglo American Sur (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.

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.

PROJECT PIPELINE – KEY PROJECTS

Los Bronces expansion

Overall capex: $2,800m

Country
Chile

Ownership
75.5%

Incremental production
200,000 tonnes per annum of copper (average over first 10 years)

Full project capex
$2,800m

Full production
Q4 2012

The delivery of first copper production from the Los Bronces expansion was achieved on schedule[1] 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 ktpd to 148 ktpd, increasing average copper production in the first 10 years by around 200 ktpa, plus molybdenum and silver by-products, consolidating the operation's low cost curve position. The project scope includes a new grinding plant connected to the main site by a 4.4 km conveyor belt, together with a 52 km ore slurry pipeline to the existing Cu-Mo flotation plant at Las Tortolas. The life of mine at Los Bronces is greater than 30 years, with significant exploration upside, making Los Bronces a truly world class operation.

Collahuasi Phase 1 and 2

Overall capex: $148m and $212m

Country
Chile

Ownership
44%

Incremental production
19,000 tonnes per annum of copper for Phase 1 and 20,000 tonnes per annum of copper for Phase 2

Full project capex (100% basis)
$148m and $212m respectively

Full production
2012 and 2014 respectively

The Collahuasi mine in Northern Chile is located at 4,400 metres above sea level (masl). The first phase of a number of potential expansion projects was commissioned in the fourth quarter of 2011. Phase 1 will increase sulphide processing capacity to 150 kt per day, yielding an additional 19 ktpa of copper over the estimated life of mine. The Phase 2 expansion project to increase sulphide processing capacity to 160 kt per day was approved in March 2011. The Phase 2 expansion will produce an annual average increment of 20,000 tonnes of copper over the estimated life of the mine and is expected to be commissioned in 2013. A pre-feasibility study is also in progress to evaluate options for the next phases of expansion at Collahuasi, with potential to increase production up to 1 Mt of copper a year.

Quellaveco (unapproved)

Overall capex: TBD

Country
Peru

Ownership
81.9%

Total production of mine when project ramps up to full production (100% basis)
up to 225,000 tonnes per annum of copper (average over first 10 years)

Full project capex (100% basis)
TBD

Full production
2017

The greenfield Quellaveco project is located in Southern Peru at 3,500 masl. The project is currently at the feasibility stage, with potential start up in 2016. Production is forecast at 225 ktpa of copper, with molybdenum and silver by-products. Once at full capacity, the operation is expected to be in the lower half of the cost curve.

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

Michiquillay (unapproved) — Overall capex: TBD

Country
Peru

Ownership
100%

Total production of mine when project ramps up to full production
187,000 tonnes per annum of copper (with expansion potential to 300 ktpa)

Full project capex
TBD

Full production
2020

Michiquillay was acquired in 2007 in a government privatisation. Early stage work continues. The drilling relating to the geological exploration programme has recommenced after completion of discussions with the local communities. It is currently envisaged that the project will move to the pre-feasibility stage following the completion of drilling analysis and ore body modelling.

Pebble (unapproved) — Overall capex: TBD

Country
US

Ownership
50%

Total production of mine when project ramps up to full production (100% basis)
up to 350,000 tonnes per annum of copper, 12 ktpa molybdenum and 600 kozpa gold

Full project capex
TBD

Full production
TBD

Pebble is a 50:50 joint venture located in Alaska, USA. The project has the potential to be large scale, producing up to 350 ktpa copper, plus significant gold and molybdenum by-products. The operation is expected to be in the lower half of the cost curve once at full production. Activity continues with 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. Environmental issues remain a key priority.

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

PRODUCTION DATA

Production (tonnes)	2011	2010	2009	2008	2007
Collahuasi (attributable basis)					
Copper cathode	**15,900**	17,100	19,000	21,700	25,600
Copper in concentrate	**183,600**	204,700	216,800	182,600	173,300
Total copper production for Collahuasi	**199,500**	**221,800**	**235,800**	**204,300**	**198,900**
Anglo American Sur					
Los Bronces copper cathode	**38,400**	42,600	45,500	43,700	46,400
Los Bronces copper in sulphate	**4,600**	4,100	2,900	2,100	1,900
Los Bronces copper in concentrate	**178,800**	174,700	190,000	190,000	182,900
Total copper production for Los Bronces	**221,800**	**221,400**	**238,400**	**235,800**	**231,200**
El Soldado copper cathode	**5,000**	4,700	4,200	6,700	7,500
El Soldado copper in concentrate	**41,900**	35,700	37,200	43,100	65,300
Total copper production for El Soldado	**46,900**	**40,400**	**41,400**	**49,800**	**72,800**
Chagres Smelter					
Copper blister/anode	**138,200**	137,900	137,700	146,100	164,100
Copper blister/anode (third party)	**–**	–	2,500	1,000	–
Acid	**487,500**	466,700	457,600	486,600	493,400
Total copper production from Anglo American Sur[1]	**268,700**	**261,800**	**282,300**	**286,600**	**304,000**
Anglo American Norte					
Mantos Blancos copper cathode	**36,000**	39,100	46,200	39,600	48,700
Mantos Blancos copper in concentrate	**36,100**	39,500	44,000	46,800	40,200
Total copper production for Mantos Blancos	**72,100**	**78,600**	**90,200**	**86,400**	**88,900**
Mantoverde – copper cathode	**58,700**	61,100	61,500	62,500	61,000
Total copper production from Anglo American Norte[1]	**130,800**	**139,700**	**151,700**	**148,900**	**149,900**
Total Copper segment copper production	**599,000**	**623,300**	**669,800**	**639,800**	**652,800**

(1) Includes total concentrate, cathode and copper in sulphate production and blister/anode produced from third party.

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.

COPPER

Ore Reserve and Mineral Resource estimates as at 31 December 2011

COPPER

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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Ore Reserve and Mineral Resource estimates as at 31 December 2011

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.

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Ore Reserve and Mineral Resource 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.