



DIAMONDS

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

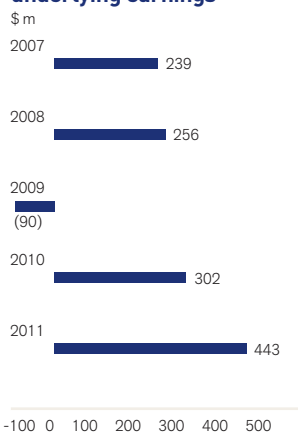
The largest diamond jewellery market is the US, followed by China, Japan and India.

Image

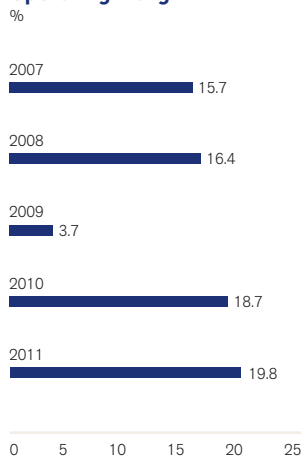
The Debmar Atlantic, moored 35 kilometres off the Namibian coastline.

FINANCIAL HIGHLIGHTS

5 year share of associate's underlying earnings

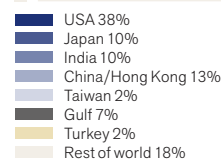


Operating margin



Consumer demand forecasts

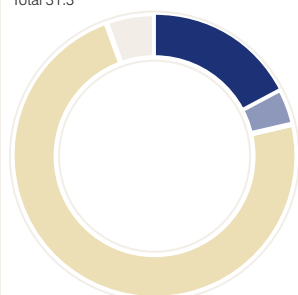
\$ Polished wholesale prices



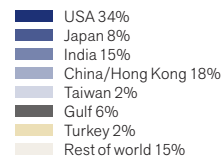
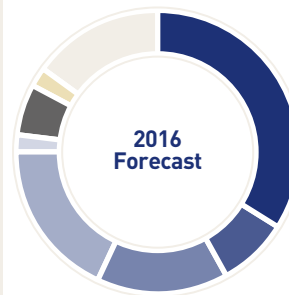
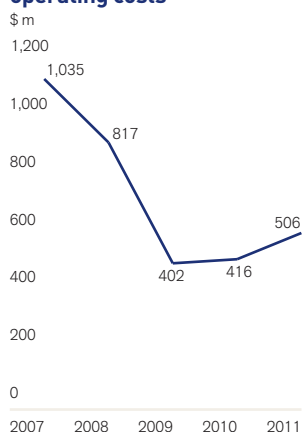
Source: De Beers

2011 De Beers mine production by region

(million carats)
Total 31.3



De Beers annual operating costs



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.

FINANCIAL DATA

\$ million	2011	2010	2009	2008	2007
Turnover					
Subsidiaries	–	–	–	–	–
Joint ventures	–	–	–	–	–
Associates	3,320	2,644	1,728	3,096	3,076
Total turnover	3,320	2,644	1,728	3,096	3,076
EBITDA	794	666	215	665	587
Depreciation and amortisation	135	171	151	157	103
Operating profit before special items and remeasurements	659	495	64	508	484
Operating special items and remeasurements	(18)	(29)	(203)	(226)	(465)
Operating profit after special items and remeasurements	641	466	(139)	282	19
Net interest, tax and non-controlling interests	(216)	(193)	154	(252)	(245)
Total underlying earnings	443	302	(90)	256	239
Group's associate investment in De Beers⁽¹⁾	2,230	1,936	1,353	1,623	1,802

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



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.

BUSINESS OVERVIEW

OPERATING PROFIT

(2010: \$495 m)

\$659 m

SHARE OF GROUP OPERATING PROFIT

(2010: 5%)

6%

EBITDA

(2010: \$666 m)

\$794 m

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).

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 principal 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

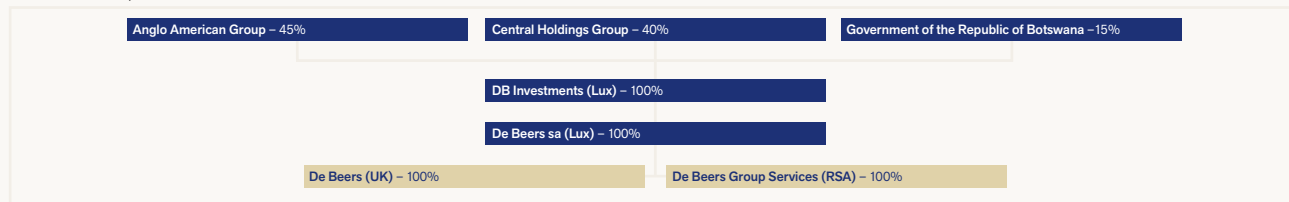
De Beers, through 100% owned Element Six Technologies, is the world's leading supplier of industrial super-materials. Element Six operates internationally, with 10 manufacturing sites worldwide and a global sales network.

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.

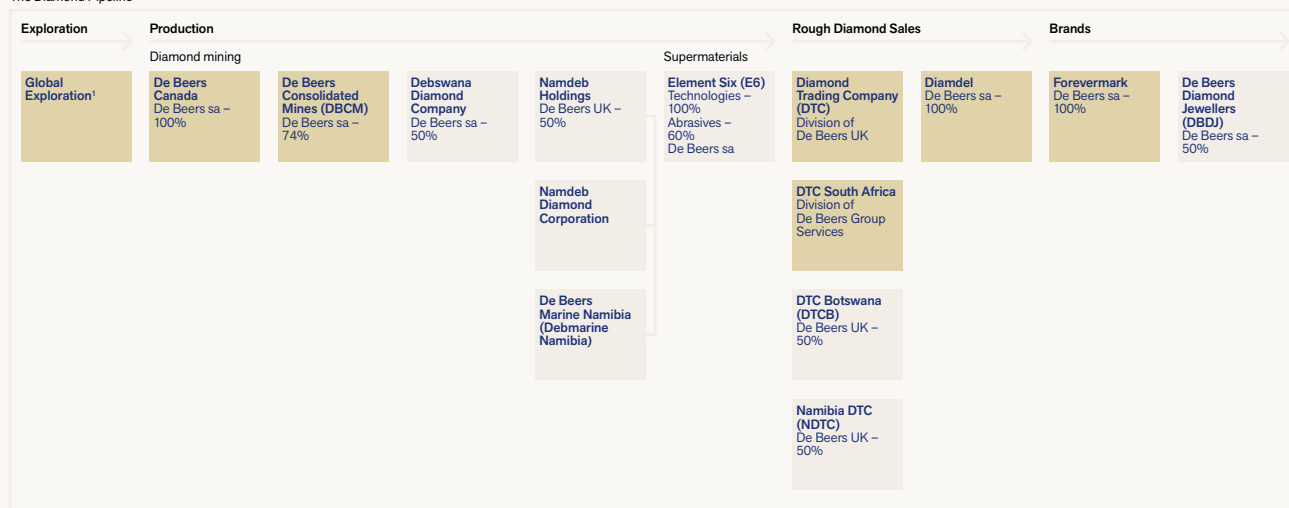
De Beers and LVMH Moët Hennessy Louis Vuitton are 50/50 partners in the high-end retailer De Beers Diamond Jewellers (DBDJ). DBDJ has stores in the most fashionable areas of some of the world's great cities, including New York, Beijing, Hong Kong, London, Paris, Tokyo and Dubai.

The De Beers Family of Companies

Shareholders and corporate structure



The Diamond Pipeline



■ De Beers sa and shareholders
■ Owned and controlled subsidiaries and divisions
■ Joint ventures and independently managed subsidiaries

⁽¹⁾ Exploration is undertaken through a number of wholly owned and joint venture subsidiaries of De Beers sa



01 Employees on board
The Debmarm Atlantic off
the Namibian coastline.

Canada

Victor mine and the Snap Lake mine in Canada are De Beers' first mining ventures outside of the African continent. Victor mine is located in the James Bay lowlands of northern Ontario, about 90 km west of the First Nation community of Attawapiskat. It is so remote that it can only be accessed by air or seasonal ice road. Snap Lake mine lies 220 km northeast of Yellowknife and is Canada's first completely underground diamond mine. Both mines were opened in 2008. De Beers Canada is also a joint venture partner with Mountain Province Diamonds in the Gahcho Kué Project in the Northwest Territories, currently in the permitting phase. Combined output for 2011 was 1.66 million carats.

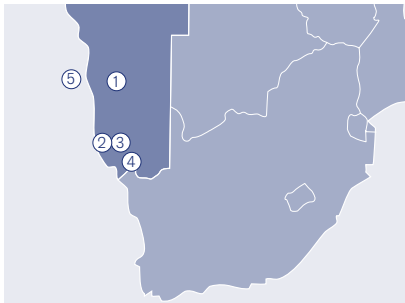
- 1 100% Snap Lake
- 2 100% Victor



Namibia

Namdeb Holdings (Pty) Limited, a 50:50 partnership between De Beers and the Government of the Republic of Namibia, has historically been a source of high value gemstones. Namdeb Holdings' core business is diamond exploration and mining along the south-western coast and inland areas of the Karas Region. Today, it is the acknowledged leader in the recovery of alluvial diamonds. In 2011 Namdeb's production was 1.34 million carats.

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

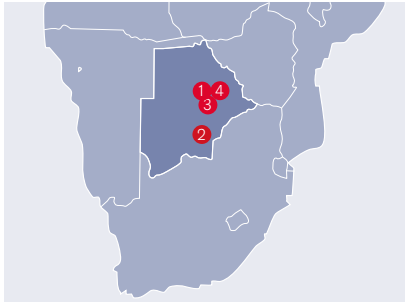


Botswana

Debswana, a 50:50 partnership between De Beers and the Government of the Republic of Botswana, produced 22.89 million carats in 2011. Debswana operates two of the world's great diamond mines, Jwaneng and Orapa.

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

- Key**
- Underground
 - Open cut
 - Other



United Kingdom/Ireland

De Beers Diamond Jewellers (DBDJ) is an independently managed jewellery retail joint venture with Moët Hennessy Louis Vuitton. Globally, the DBDJ network consists of 44 stores across 15 countries. The store network is now spread across the US (11), Europe (9), Middle East (3), East Asia (12) and Japan (9). Element Six (E6) is an industrial diamond supermaterials business, supplying diverse global markets such as oil and gas, mining, construction, automotive, aerospace, defence, electronics, semiconductor and general engineering. Part of the De Beers Group, E6 is an independently managed company with primary manufacturing facilities in Ireland, China, Germany, Sweden, South Africa and the UK.

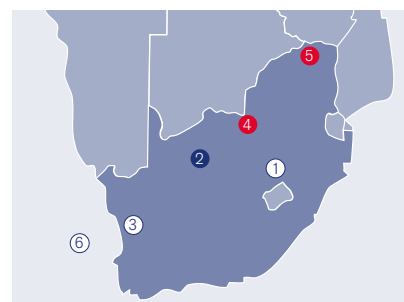
- ① Element Six (E6) (Ireland)
- ② De Beers Diamond Jewellers
- ③ 100% De Beers UK Ltd



South Africa

De Beers Consolidated Mines (DBCM) has been an empowered South African company since 2006, with 26% owned by broad based Black Economic Empowerment partner, Ponahalo Holdings. DBCM operates Venetia, Voorspoed and Kimberley diamond mines, owns Namaqualand Mines (completion of sale pending), and undertakes exploration on land and off the Atlantic coastline. In 2011, DBCM recovered 5.44 million carats.

- ① 74% Kimberley
- ② 74% Finsch
(production ended 14 September 2011)
- ③ 74% Namaqualand
- ④ 74% Voorspoed
- ⑤ 74% Venetia
- ⑥ 74% South African Sea Areas



INDUSTRY OVERVIEW

INDUSTRY OVERVIEW

Up to two-thirds of the world's diamonds, by value, originate from 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.

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 were 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%.

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 km² 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.

STRATEGY AND GROWTH

STRATEGY AND GROWTH

De Beers is focused on:

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

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.

DIAMONDS RECOVERED

South Africa

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

Carats ('000)	2011	2010	2009	2008	2007
Cullinan	–	–	–	540	964
Finsch Mine	938	1,583	1,426	2,317	2,334
Kimberley mines and contractors	778	823	397	913	1,638
Namaqualand mines and contractors	–	97	71	310	767
The Oaks	–	–	–	61	94
Venetia	3,147	4,288	2,204	7,500	9,081
Voorspoed	580	732	532	128	–
South African Sea Areas	–	33	167	191	121
Total	5,443	7,556	4,797	11,960	14,998

Botswana

Debswana (50% owned by De Beers)

Carats ('000)	2011	2010	2009	2008	2007
Orapa	11,158	9,527	7,575	16,869	18,708
Letlhakane	1,091	1,221	1,066	1,200	1,113
Jwaneng	10,641	11,470	9,039	13,674	13,476
Damtshaa	–	–	54	533	341
Total	22,890	22,218	17,734	32,276	33,638

Namibia

Namdeb Holdings (50% owned by De Beers)

Carats ('000)	2011	2010	2009	2008	2007
Namdeb	345	492	329	1,067	969
De Beers Marine Namibia	990	980	600	1,055	1,207
Total	1,335	1,472	929	2,122	2,176

Tanzania

Carats ('000)	2011	2010	2009	2008	2007
Williamson	–	–	–	134	220
Total	–	–	–	134	220

Canada

Carats ('000)	2011	2010	2009	2008	2007
Victor	779	826	696	714	–
Snap Lake	881	925	444	926	81
Total	1,660	1,751	1,140	1,640	81

Grand total	31,328	32,997	24,600	48,132	51,113
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01 Sorting rough diamonds at DTC Botswana's purpose-built facility in Gaborone.