METALLURGICAL COAL

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.

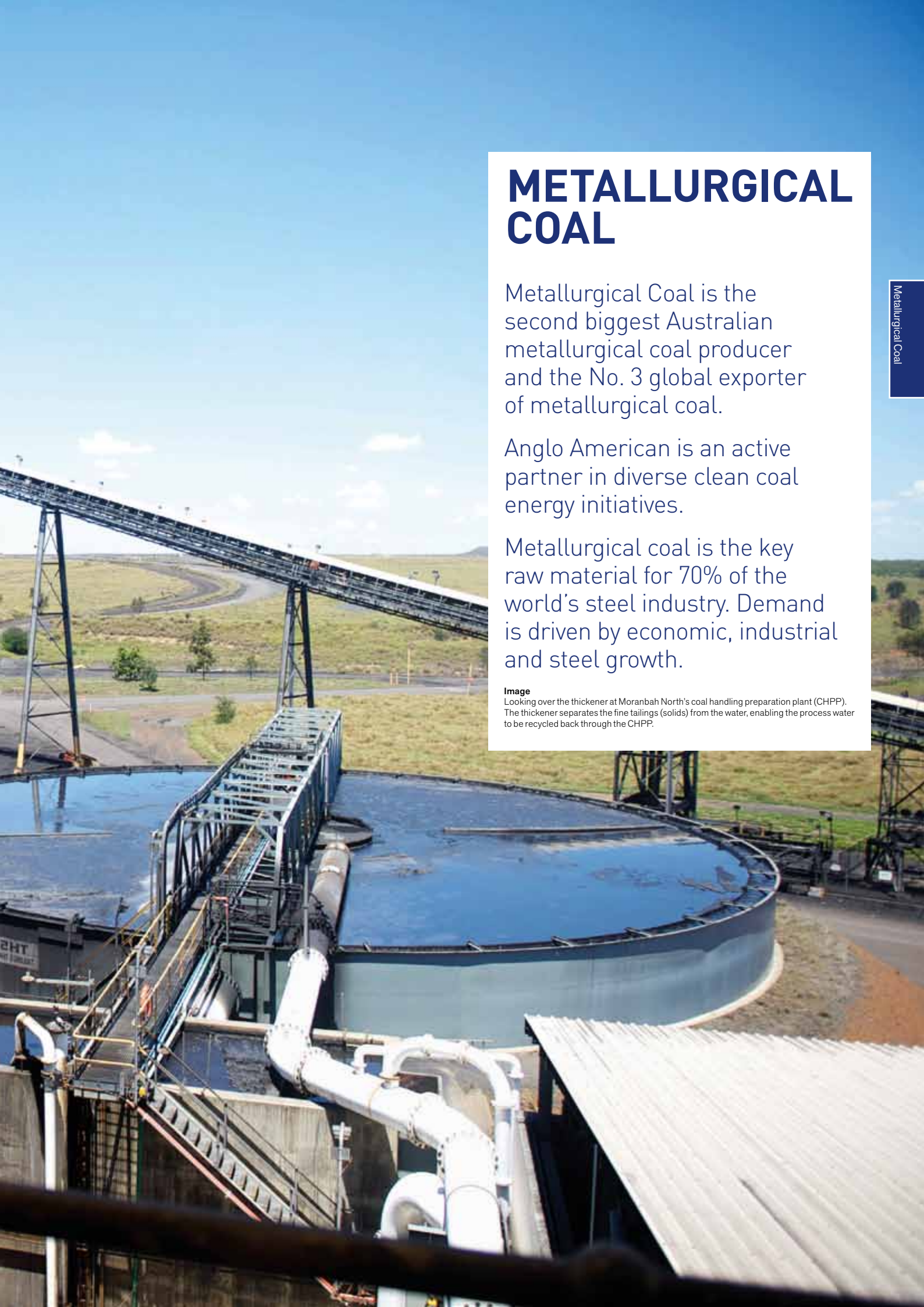
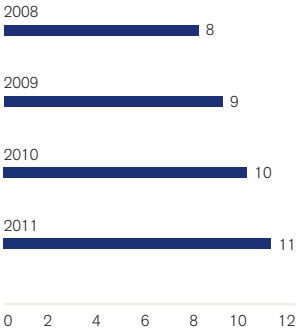


Image
Looking over the thickener at Moranbah North's coal handling preparation plant (CHPP). The thickener separates the fine tailings (solids) from the water, enabling the process water to be recycled back through the CHPP.

FINANCIAL HIGHLIGHTS[1]

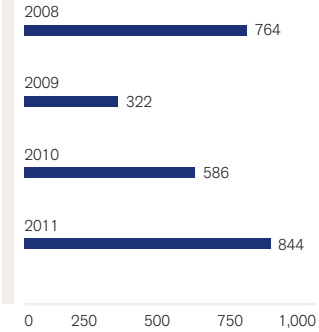
Share of Group net operating assets

%



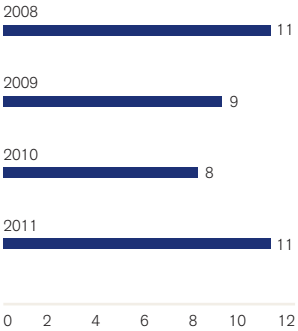
Underlying earnings

$ m



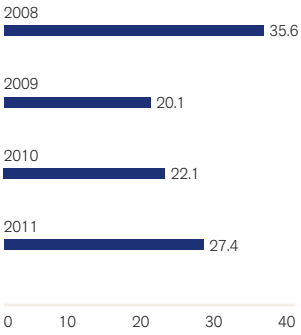
Share of Group operating profit

%



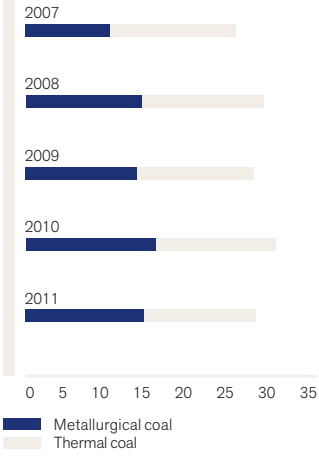
Operating margin

%



Anglo American coal production from Metallurgical Coal

Mt



[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 for 2010 have been reclassified to align with 2011 presentation.

FINANCIAL DATA[1]

$ million	2011	2010	2009	2008
Turnover				
Subsidiaries/Joint Ventures	**3,975**	3,264	2,075	2,949
Associates	**372**	258	164	170
Total turnover	**4,347**	**3,522**	**2,239**	**3,119**
Of which:				
Australia	**4,068**	3,377	2,239	3,119
Canada	**279**	145	–	–
Projects and corporate	**–**	–	–	–
EBITDA	**1,577**	**1,134**	**706**	**1,319**
Of which:				
Australia	**1,526**	1,147	729	1,353
Canada	**82**	18	–	–
Projects and corporate	**(31)**	(31)	(23)	(34)
Depreciation and amortisation	**388**	**354**	**255**	**209**
Operating profit before special items and remeasurements	**1,189**	**780**	**451**	**1,110**
Of which:				
Australia	**1,161**	814	474	1,144
Canada	**59**	(3)	–	–
Projects and corporate	**(31)**	(31)	(23)	(34)
Operating special items and remeasurements	**–**	23	(28)	(22)
Operating profit after special items and remeasurements	**1,189**	**803**	**423**	**1,088**
Net interest, tax and non-controlling interests	**(345)**	(194)	(129)	**(346)**
Underlying earnings	**844**	**586**	**322**	**764**
Of which:				
Australia	**831**	616	345	797
Canada	**44**	1	–	–
Projects and corporate	**(31)**	(31)	(23)	(33)
Net operating assets	**4,692**	**4,332**	**3,407**	**2,669**
Capital expenditure	**695**	**235**	**96**	**467**

[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 for 2010 been reclassified to align with 2011 presentation.

01

01 Grading of coal at the Moranbah North CHPP.

BUSINESS OVERVIEW

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.

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 non-controlling interest 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.

Our Metallurgical Coal operations

Australia

Thermal

1. 100% Callide
2. 88% Drayton

Metallurgical

3. 51% Dawson Complex
4. 70% Foxleigh
5. 70% German Creek*
6. 23% Jellinbah
7. 88% Moranbah North

* The German Creek operation includes both Capcoal Open Cut and Underground operations.

Canada

Metallurgical

- 100% Peace River Coal*

* Peace River Coal includes Trend Mine and the Roman Mountain and Belcourt Saxon (50%) projects.

Key

- Open Cut
- Underground

Reserves and Resources

Reserves (Operations excl. Jellinbah)[1]

Proved 474.9 Mt
Probable 335.1 Mt

Resources (Operations and Projects)[2]

Measured 1,920.3 Mt
Indicated 1,541.8 Mt

Source: Anglo American

(1) Includes Australian Metallurgical (Coking & Other) and Thermal (Export & Domestic) Coal Reserves (excl. Jellinbah) and Canadian Metallurgical (Coking) and Thermal (Export) Coal Reserves. The figures reported represent 100% of the ROM Coal Reserves and Coal Resources; the percentage attributable to Anglo American plc is stated separately on pages 41 and 47. Coal Reserves are additional to Coal Resources.

(2) Coal Resources for Operations are reported as additional to Coal Reserves.

INDUSTRY OVERVIEW

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.

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.

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

MARKET INFORMATION

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

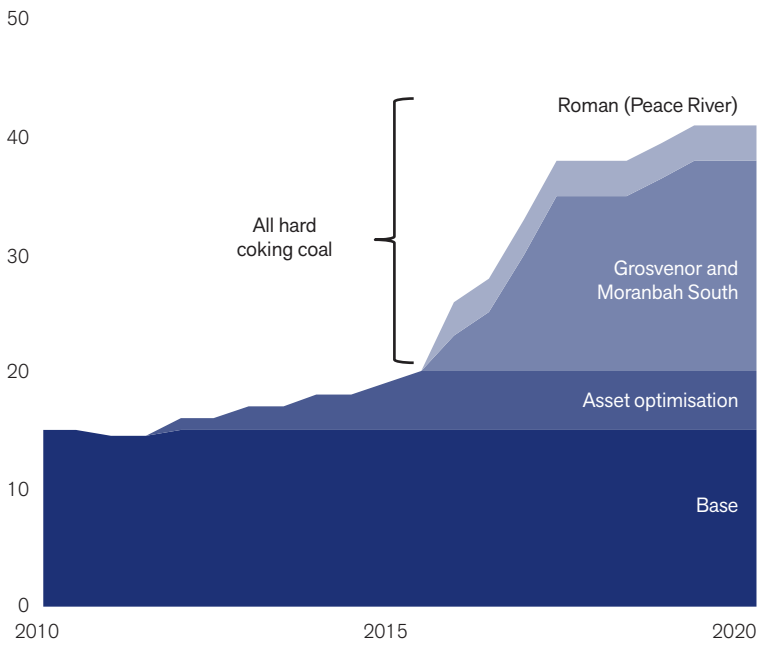
- Japan 24%
- Europe 17%
- China 17%
- India 13%
- South Korea 12%
- Brazil 8%
- Taiwan 4%
- Other 3%
- Turkey 2%

Source: GTIS, CRU, Wood Mackenzie and AME

Metallurgical coal growth

Advanced stage projects only

Mt



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

STRATEGY AND GROWTH

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.

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.

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.

PROJECT PIPELINE – KEY PROJECTS

Grosvenor Phase 1 (approved)

Overall capex: $1,700m

Country
Australia

Ownership
100%

Incremental production
5.0 Mtpa metallurgical coal

Full project capex
$1,700m

Full production
2016

In December 2011, the development of the $1.7 billion, 5 Mtpa Grosvenor Phase 1 metallurgical coal project was approved. The greenfield Grosvenor project is situated immediately to the south of Anglo American's Moranbah North metallurgical coal mine and is expected to produce 5 Mtpa of metallurgical coal from its underground longwall operation over a projected life of 26 years.

Grosvenor Phase 2 (unapproved)

Overall capex: TBD

Country
Australia

Ownership
100%

Incremental production
6.0 Mtpa metallurgical coal

Full project capex
TBD

Full production
2017

Grosvenor Phase 2, currently at the pre-feasibility stage, will expand on the Grosvenor Phase 1 project by adding a second longwall. Grosvenor Phase 2 is expected to produce 6 Mtpa of metallurgical coal over a projected life of 25 years, with full production expected in 2017.

Drayton South (unapproved)

Overall capex: TBD

Country
Australia

Ownership
88.2%

Incremental production
4.0 Mtpa thermal coal

Full project capex
TBD

Full production
2015

Drayton South will replace mining capacity at Drayton mine, leveraging existing site infrastructure and the coal handling processing plant.

Moranbah South (unapproved)

Overall capex: TBD

Country
Australia

Ownership
50%

Incremental production
12.0 Mtpa metallurgical coal

Full project capex
TBD

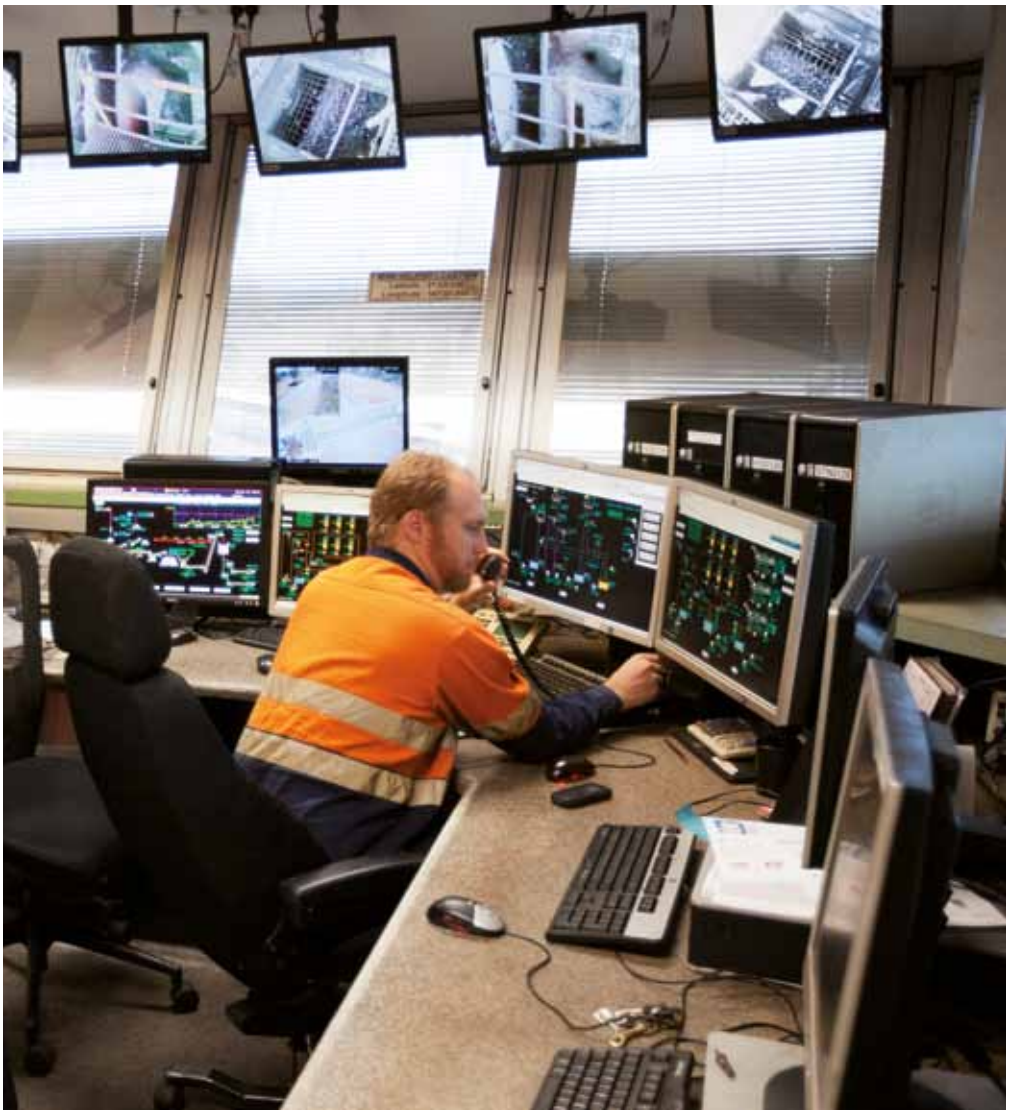
Full production
2019

Moranbah South is a potential new mine located in the north Bowen Basin of Queensland and, once commissioned, is expected to produce 12 Mtpa of metallurgical coal from two longwalls.

PRODUCTION DATA

Production (tonnes)	2011	2010	2009	2008	2007
Metallurgical Coal segment					
Australia					
Export Metallurgical	**13,253,400**	14,701,800	12,622,600	13,144,900	10,145,400
Thermal	**13,426,500**	14,460,500	14,051,800	14,696,300	15,059,300
Canada					
Export Metallurgical	**936,300**	868,000	718,300	772,400	–
Total Metallurgical Coal segment [1]	**27,616,200**	**30,030,300**	**27,392,700**	**28,613,600**	**25,204,700**
Australia					
Callide	**8,038,700**	8,515,600	8,766,400	9,582,700	10,031,100
Drayton	**3,991,900**	4,206,000	3,630,200	3,711,500	3,902,700
Capcoal	**5,047,900**	5,460,300	4,598,900	5,621,900	4,115,700
Jellinbah	**1,829,600**	1,792,500	1,745,800	1,033,900	891,800
Moranbah North	**2,450,100**	3,937,800	2,581,000	3,181,500	3,211,600
Dawson	**3,904,600**	3,584,900	3,756,200	3,537,200	3,051,800
Foxleigh	**1,417,100**	1,665,700	1,595,900	1,172,500	–
Canada					
Peace River Coal	**936,300**	868,000	718,300	772,400	–
Total	**27,616,200**	**30,030,300**	**27,392,700**	**28,613,600**	**25,204,700**

[1] In 2011, Peace River Coal was classified from Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with 2011 presentation.



01

01 The highly automated control room at Moranbah North.

METALLURGICAL COAL

Ore Reserve and Mineral Resource 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).

METALLURGICAL COAL

Ore Reserve and Mineral Resource 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**

METALLURGICAL COAL

Ore Reserve and Mineral Resource estimates as at 31 December 2011

Metallurgical Coal – Australia Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2011	Tonnes 2010	Coal Quality 2011	Coal Quality 2010
Total	75.2		MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
		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	Tonnes 2010	Coal Quality 2011	Coal Quality 2010
Belcourt Saxon	50.0		MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
		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	Tonnes 2010	Coal Quality 2011	Coal Quality 2010
Total	61.0		MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
		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.