

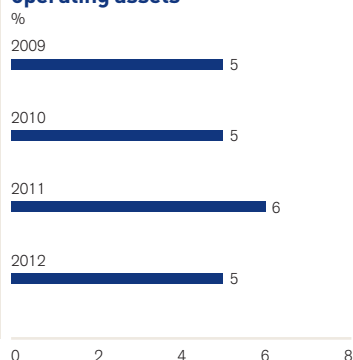
NICKEL

Our Nickel business unit comprises two Brazilian operating assets, Codemin and Barro Alto, both ferronickel producers in the state of Goiás.

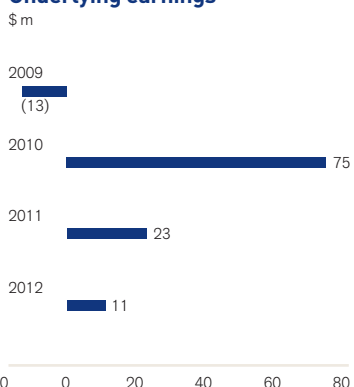
Nickel demand is linked to the stainless steel industry, which consumes two-thirds of the metal and all ferronickel production.

FINANCIAL HIGHLIGHTS

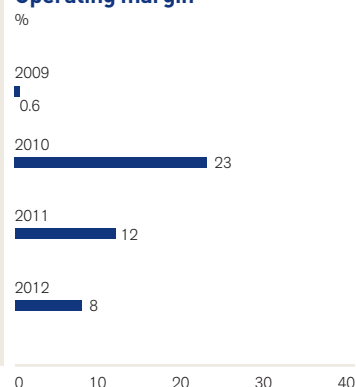
Share of Group net operating assets



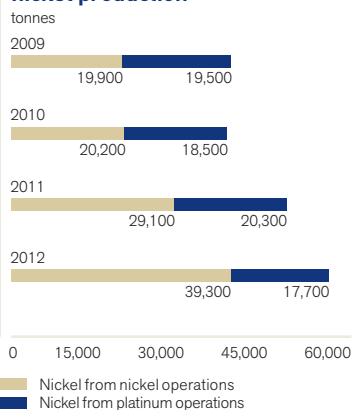
Underlying earnings



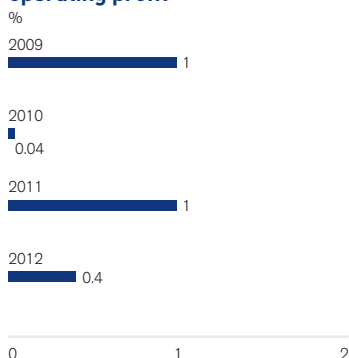
Operating margin



Anglo American nickel production



Share of Group operating profit



FINANCIAL DATA

\$ million	2012	2011	2010	2009
Turnover				
Codemin	176	203	195	157
Loma de Niquel ⁽¹⁾	160	285	231	191
Barro Alto ⁽²⁾	–	–	–	–
Projects and Corporate	–	–	–	–
Total turnover	336	488	426	348
EBITDA				
Codemin	53	46	83	49
Loma de Niquel	46	86	82	11
Barro Alto	(7)	(12)	–	–
Projects and Corporate	(42)	(36)	(43)	(32)
Total EBITDA	50	84	122	28
Depreciation and amortisation	24	27	26	(26)
Operating profit before special items and remeasurements				
Codemin	47	40	76	41
Loma de Niquel	29	66	65	(7)
Barro Alto	(8)	(13)	–	–
Projects and Corporate	(42)	(36)	(45)	(32)
Total operating profit before special items and remeasurements	26	57	96	2
Operating special items and remeasurements	(184)	(72)	(51)	(88)
Operating profit after special items and remeasurements	(158)	(15)	45	(86)
Net interest, tax and non-controlling interests	(15)	(34)	(21)	(15)
Underlying earnings				
Codemin	31	35	48	24
Loma de Niquel	18	29	55	17
Barro Alto	(5)	(8)	–	–
Projects and Corporate	(33)	(33)	(28)	(54)
Total underlying earnings	11	23	75	(13)
Net operating assets	2,509	2,535	2,334	1,787
Capital expenditure	100	398	525	554

⁽¹⁾ Anglo American ceased production at Loma de Niquel in September 2012, and the three remaining mining concessions expired in November 2012.

⁽²⁾ Barro Alto revenue and expense capitalised until commercial production is reached.

BUSINESS OVERVIEW

UNDERLYING OPERATING PROFIT

(2011: \$57 m)

\$26 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT

(2011: 1%)

0.4%

UNDERLYING EBITDA

(2011: \$84 m)

\$50 m

Key financial and non-financial performance indicators

\$ million (unless otherwise stated)	2012	2011
Underlying operating profit	26	57
Underlying EBITDA	50	84
Net operating assets	2,509	2,535
Capital expenditure	100	398
Share of Group underlying operating profit	0.4%	1%
Share of Group net operating assets	5%	6%
Non-financial indicators	2012	2011
Number of fatal injuries	1	–
Lost-time injury frequency rate	0.11	0.23
Total energy consumed in 1,000 GJ	19,154	15,364
Total greenhouse gas emissions in 1,000 tonnes CO ₂ e	1,421	1,423
Total water used for primary activities in 1,000 m ³	7,090	7,138

Our Nickel business unit comprises two Brazilian operating assets: Codemin and Barro Alto, both ferronickel producers in the state of Goiás. Within the portfolio there are also two promising early stage growth options, Jacaré and Morro Sem Boné, both laterite deposits which are also located in Brazil.

In Venezuela, despite attempts by Minera Loma de Níquel to obtain concession and permit renewal to enable a continuation of our operations, the application for renewal was refused and the concessions and permits granted by the government expired on 10 November 2012.

As of 10 November 2012, therefore, Anglo American's mining and production activities at Loma de Níquel ceased permanently and, in light of this, Anglo American has taken action to end its working relationship with the majority of its Loma de Níquel employees and is seeking to wind up the operations in an orderly fashion.

OUR NICKEL OPERATIONS

Key

● Open cut

Brazil



- 1 100% Barro Alto
- 2 100% Codemin

INDUSTRY OVERVIEW

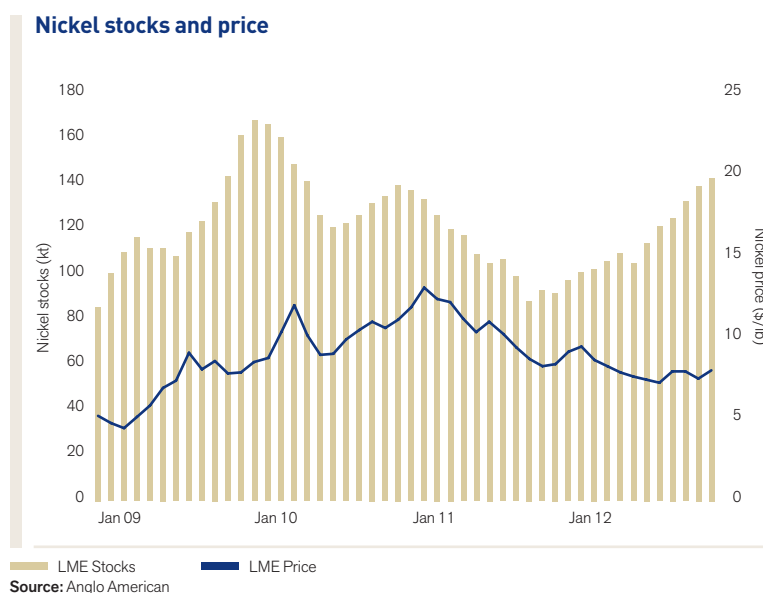
Nickel demand is linked to the stainless steel industry, which consumes around two-thirds of the metal and all ferronickel production. Nickel used in the manufacture of alloy steel and other non-ferrous alloys accounts for about 17% of nickel output.

China is the largest stainless steel producing country, with more than 44% of world production in 2012. 70% of the related nickel requirement in China is produced domestically. Of this, nickel pig iron (NPI) accounted for at least 60% in 2012. The next most important stainless steel producer is Europe, which accounts for 22% of world output, while the US produces 6%.

Nickel can be produced from two different ore types: sulphides and laterites. This has resulted in a large number of processing technologies, with varying processing costs and capital intensity. Production is concentrated among the biggest five producers, which between them are responsible for almost half of global output.

The nickel industry faced a variety of challenges in 2012. Demand was affected by the European debt crisis and the slowdown in Chinese growth. While the supply side continued to face increased capital expenditure pressure and technical issues that delayed the ramp up of many projects in the industry.

Nickel stocks and price



Markets

Average nickel price (c/lb)	2012	2011
Average market price (LME, cash)	794	1,035
Average realised price (c/lb)	765	1,015

Despite the LME nickel price strengthening at the start of 2012, with the nickel price reaching 983 c/lb at the end of January 2012, prices dropped to a low of 689 c/lb in August 2012 owing to the worsening macroeconomic environment which affected stainless steel production and nickel demand.

The nickel market recorded a surplus of around 50,000 tonnes for the year compared with a surplus of around 20,000 tonnes in 2011. Nickel consumption increased by an estimated 4.5% to 1.7 million tonnes, but supply also rose as a result of higher NPI production in China and the ramping up of a number of new nickel plants – even though the growth in supply from these was lower than expected as a result of problems at some of these new operations.

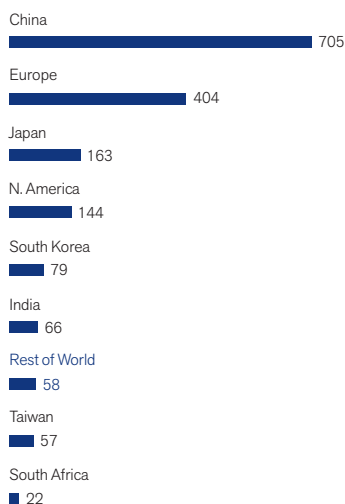
MARKET INFORMATION

Leading nickel consumers

(2012 estimated refined nickel consumption)

2012 estimated world total: 1,720 kt

kt

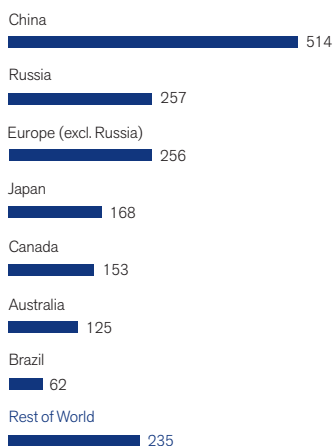


Source: Wood Mackenzie

Leading nickel refinery production by country

2012 world total: 1,770 kt

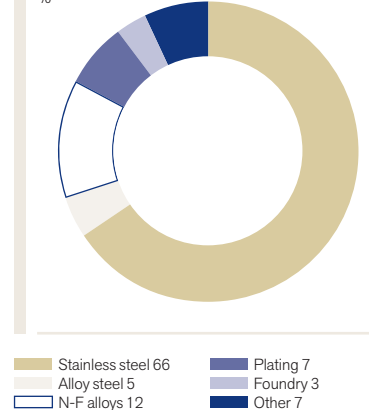
kt



Source: Wood Mackenzie

2012 global primary nickel consumption by first use

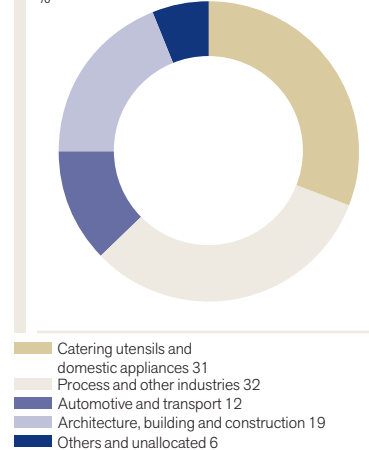
%



Source: Wood Mackenzie

Global stainless steel product consumption by end use

%



Source: Wood Mackenzie

STRATEGY

Our Nickel business focuses on the safe and responsible operation of world class assets that have long life of mine and competitive production costs. We leverage our expertise in operating ferronickel plants to ensure we have optimal processes in place across our operations; our Codemin plant celebrated 30 years of operations in 2012.

Delivery of efficient production is supported by our asset optimisation initiatives which are driving improved output, reduced costs and revenue enhancements, and will extend the lives of both our operations.

At full production, both Barro Alto and Codemin are expected to be positioned in the first half of the industry's cash cost curve.

In addition to driving value from existing operations, Nickel continues to assess its portfolio of growth options and exploration projects.

PROJECT PIPELINE – KEY PROJECTS

Jacaré (unapproved)

Overall capex: TBD

Country

Brazil

The Jacaré project is located in Brazil and, at full production, is expected to operate in the lower half of the cost curve.

Ownership

100%

Incremental production

TBD

Full project capex

TBD

First production

TBD



Morro Sem Boné (unapproved)

Overall capex: TBD

Country

Brazil

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

Ownership

100%

Incremental production

TBD

Full project capex

TBD

First production

TBD



PRODUCTION DATA

Production (tonnes)	2012	2011	2010	2009
Codemin				
Ore mined ⁽¹⁾	612,600	549,900	493,900	547,700
Ore processed	581,100	562,900	488,300	512,000
Ore grade processed (% Ni)	1.81	1.9	1.9	2.1
Production	9,600	9,500	8,500	9,500
Loma de Niquel				
Ore mined	432,900	1,302,600	714,200	822,700
Ore processed	767,400	1,014,200	798,000	641,800
Ore grade processed (% Ni)	1.40	1.5	1.6	1.6
Production	8,100	13,400	11,700	10,400
Barro Alto⁽²⁾				
Ore mined	1,231,700	978,000	723,600	–
Ore processed	1,422,100	456,500	–	–
Ore grade processed (% Ni)	1.94	2.0	–	–
Production	21,600	6,200	–	–
Total Nickel segment nickel production	39,300	29,100	20,200	19,900
Platinum nickel production⁽³⁾	17,700	20,300	18,500	19,500
Total attributable nickel production	57,000	49,400	38,700	39,400

⁽¹⁾ Represents ore mined at Barro Alto for processing at Codemin.

⁽²⁾ Barro Alto is not currently in commercial production and therefore all revenue and related costs associated with 21,600 tonnes (2011: 6,200 tonnes) of production have been capitalised.

⁽³⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited. Northam Platinum Limited was sold on 20 August 2008.

NICKEL

Ore Reserve and Mineral Resource estimates as at 31 December 2012

NICKEL

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Nickel – Operations		Mine Life	Classification	Tonnes		Grade		Contained Metal	
ORE RESERVES	Attributable %			2012	2011	2012	2011	2012	2011
Barro Alto (OP)⁽¹⁾	100	17		Mt	Mt	%Ni	%Ni	kt	kt
Saprolite			Proved	23.4	21.2	1.71	1.66	401	352
			Probable	23.4	31.0	1.51	1.55	353	481
			Total	46.8	52.2	1.61	1.60	754	833
Niquelândia (OP)⁽²⁾	100	22				%Ni	%Ni		
Saprolite			Proved	3.9	3.7	1.35	1.35	52	50
			Probable	1.0	0.9	1.32	1.33	14	12
			Total	4.9	4.6	1.34	1.35	66	63

Nickel – Operations		Mine Life	Classification	Tonnes		Grade		Contained Metal	
MINERAL RESOURCES	Attributable %			2012	2011	2012	2011	2012	2011
Barro Alto (OP)	100			Mt	Mt	%Ni	%Ni	kt	kt
Saprolite			Measured	9.0	5.5	1.43	1.47	129	80
Direct Feed ⁽³⁾			Indicated	5.0	1.7	1.30	1.17	65	20
			Measured and Indicated	14.0	7.2	1.38	1.40	193	100
			Inferred (in LOM Plan)	36.6	45.4	1.52	1.51	556	686
			Inferred (ex. LOM Plan)	13.1	14.8	1.18	1.21	155	179
			Total Inferred	49.7	60.2	1.43	1.44	710	865
Ferruginous Laterite			Measured	3.3	2.4	1.28	1.31	42	31
Stockpile ⁽⁴⁾			Indicated	3.8	3.6	1.10	1.09	42	40
			Measured and Indicated	7.1	6.0	1.19	1.18	85	71
			Inferred (in LOM Plan)	1.5	–	1.07	–	16	–
			Inferred (ex. LOM Plan)	0.0	1.5	1.00	1.05	0	16
			Total Inferred	1.6	1.5	1.07	1.05	17	16
Niquelândia (OP)⁽⁵⁾	100					%Ni	%Ni		
Saprolite			Measured	2.8	2.9	1.25	1.26	35	37
			Indicated	2.9	3.1	1.23	1.24	35	39
			Measured and Indicated	5.7	6.0	1.24	1.25	70	75
			Inferred (in LOM Plan)	–	–	–	–	–	–
			Inferred (ex. LOM Plan)	–	–	–	–	–	–
			Total Inferred	–	–	–	–	–	–

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Nickel – Projects		Mine Life	Classification	Tonnes		Grade		Contained Metal	
MINERAL RESOURCES	Attributable %			2012	2011	2012	2011	2012	2011
Jacaré⁽⁶⁾	100			Mt	Mt	%Ni	%Ni	kt	kt
Ferruginous Laterite			Measured	6.3	6.3	1.15	1.15	72	72
			Indicated	53.8	53.8	1.21	1.21	653	653
			Measured and Indicated	60.1	60.1	1.21	1.21	726	726
			Inferred	125.0	125.0	1.17	1.17	1,468	1,468
Saprolite			Measured	–	–	–	–	–	–
			Indicated	39.6	39.6	1.49	1.49	589	589
			Measured and Indicated	39.6	39.6	1.49	1.49	589	589
			Inferred	81.9	81.9	1.39	1.39	1,138	1,138

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

Loma de Niquel is not reported as the mining concessions expired in November 2012 and have not been renewed.

⁽¹⁾ **Barro Alto – Ore Reserves:** The decrease is due to a change in evaluation methodology resulting in re-allocation to Mineral Resources. The decrease is partially offset by increases due to updated economic assumptions and new information enabling conversion of Mineral Resources to Ore Reserves. In 2011 the reported Mine Life considered reserves plus Inferred (in LOM Plan), however, in 2012 correctly considers only the scheduled Ore Reserves.

⁽²⁾ **Niquelândia – Ore Reserves:** The increase is due to revised economic assumptions which are partially offset by a change in evaluation methodology resulting in re-allocation to Mineral Resources. Niquelândia Mine is adjacent to the Codemin Ferro-Nickel smelter which is fed with ore from Barro Alto which is blended with Niquelândia ore to achieve an appropriate smelter feed chemistry.

⁽³⁾ **Barro Alto – Direct Feed:** Mineral Resources are quoted above a 0.9 %Ni cut-off, below an iron content of 30 %Fe and between a SiO₂/(MgO+CaO) ratio of 1.72 to 1.8. The decrease is due to downgrading of Mineral Resources to Mineralised Inventory due to a change in resource classification which is partially offset by the change in evaluation methodology resulting in re-allocation to Mineral Resource. A surface stockpile of 5.2 Mt at 1.48 %Ni is included in the Saprolite Mineral Resources.

⁽⁴⁾ **Barro Alto – Stockpile:** Material that is scheduled for stockpiling or has already been mined and stockpiled. A surface stockpile of 0.6 Mt at 1.19 %Ni is included in the Ferruginous Laterite Mineral Resources.

⁽⁵⁾ **Niquelândia – Mineral Resources:** Mineral Resources are quoted above a 0.9 %Ni cut-off, below an Iron content of 30% Fe and between a SiO₂/(MgO+CaO) ratio of 1.72 to 1.8. A change in the economic assumptions enabled conversion of Mineral Resources to Ore Reserves which was partially offset by a change in evaluation methodology resulting in re-allocation to Mineral Resources.

⁽⁶⁾ **Jacaré:** The Mineral Resources are reported within a pit shell developed for the Concept Study with a cut-off of 1.3 %Ni. A minimum mineralised width of 1m must be present to allow material to be categorised as higher-grade Saprolite Mineral Resource. The Saprolite Resources are a combination of higher-grade resources (>1.3 %Ni) that are expected to feed a pyrometallurgical treatment facility and lower-grade resources (1.3 – 0.9 %Ni) that could be used to neutralise the acid in the proposed hydrometallurgical treatment of the Ferruginous Laterite material while still recovering Nickel in the process. The Plano de Aproveitamento Econômico (PAE) is under consideration by Brazil's Departamento Nacional de Produção Mineral (DNPM).

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations: Barro Alto and Niquelândia.