Annual Report 2006

Anglo American: Delivering our strategic goals

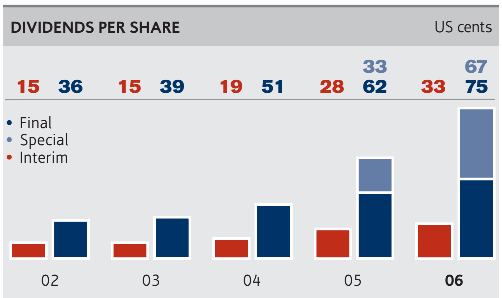
Anglo American – a global leader in mining

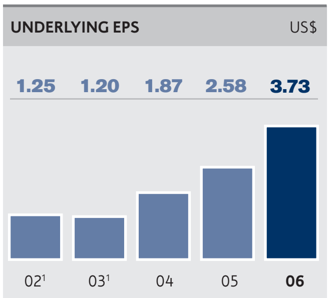
Our products are essential parts of modern life

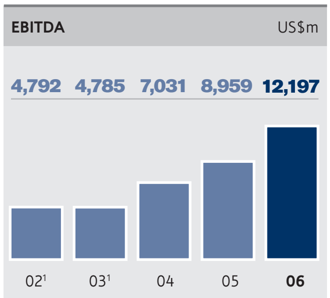
Anglo American is committed to operating in a profitable, sustainable and responsible way

Contents

Highlights of 2006







[1] UK GAAP

- **Record underlying earnings* of $5.5 billion, a 46% increase over 2005**

- **Operating profit* increased to $9.8 billion, up 54%, with record production levels for platinum group metals, zinc, coal and iron ore; highest ever profit contributions from Base Metals, Platinum and ongoing Ferrous Metals business**

- **Cost savings of $583 million achieved, despite ongoing industry cost pressures**

- **Cash generation at a record level: EBITDA* of $12.2 billion, up $3.2 billion. Net debt down 33% to $3.3 billion**

- **$6.9 billion approved project pipeline, includes the following major projects:**
  - **Coal: Dawson ($426 million), Lake Lindsay ($361 million)**
  - **Platinum: Potgietersrust ($692 million), Amandelbult ($224 million)**
  - **Diamonds: Snap Lake ($395 million), Victor ($375 million)**
  - **Ferrous Metals: Sishen Expansion (SEP) ($754 million)**
  - **Base Metals: Barro Alto ($1.2 billion)**

- **Normal dividends up 20% to 108 US cents per share Special dividend up 103% to 67 US cents per share**

- **Additional buyback of $3 billion announced in early 2007, following $7.5 billion announced in 2006, totalling $10.5 billion**

* Basis of calculation of underlying earnings is set out in note 11 to the financial statements. Operating profit includes share of associates' operating profit (before share of associates' tax and finance charges) and is before special items and remeasurements unless otherwise stated. EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates. EBITDA is reconciled to cash inflows from operations in the financial statements below the consolidated statement of recognised income and expense.

Throughout this report 2002 and 2003 are presented under UK GAAP. 2004, 2005 and 2006 results are presented under IFRS. Unless otherwise stated, throughout this report '$' and 'dollar' denote US dollars.

ANGLO AMERICAN AT A GLANCE

Anglo American is a global leader in mining, focused on adding value for shareholders, customers, employees and the communities in which it operates

The Group has a range of high quality, core mining businesses covering platinum, diamonds, coal, base and ferrous metals and industrial minerals

OUR BUSINESSES

Platinum

Business profile
- The world's largest primary producer of platinum, accounting for around 40% of the world's newly mined platinum output.

Products and uses
- Primarily used in autocatalysts and jewellery.
- Also used in chemical, electrical, electronic, glass and petroleum industries and medical applications.

Diamonds

Business profile
- De Beers accounts for about 40% by value of global rough diamond production.
- The world's largest supplier and marketer of gem diamonds.

Products and uses
- The majority of cuttable diamonds are used in jewellery.
- Some natural stones are used for industrial purposes such as cutting, drilling and other applications.

Base Metals

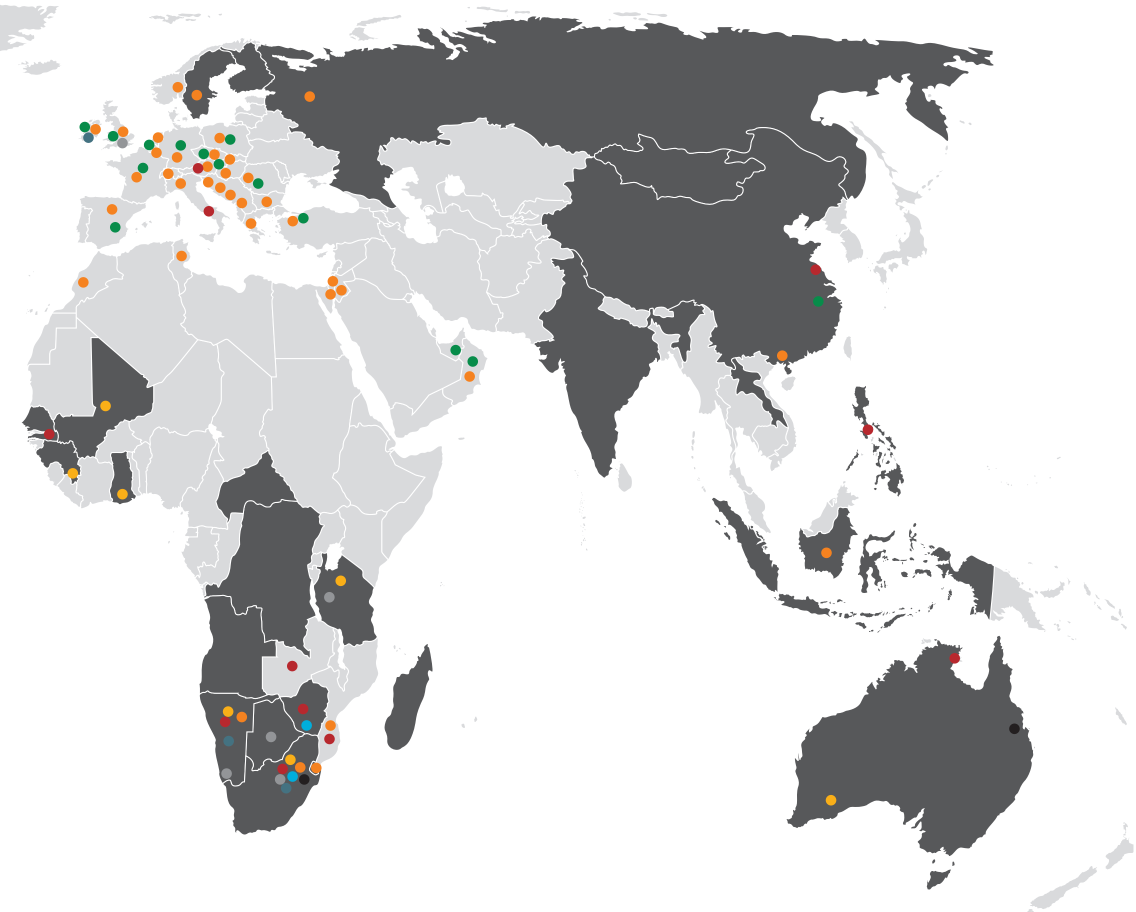
Business profile
- Comprises primarily copper, nickel, zinc and mineral sands operations.
- Operates in South America, southern Africa and Ireland.

Products and uses
- Copper is used mainly in wire and cable, as well as in brass, tubing and pipes.
- Zinc is chiefly used for galvanising.
- Nickel is mostly used in the production of stainless steel.

Ferrous Metals

Business profile
- Operations are mainly in southern Africa, South America, Canada and Australia.
- Businesses produce iron ore, manganese and steel products for the mining sector.

Products and uses
- Iron ore is the basic raw material used in steel production.
- Manganese and vanadium are key components in steelmaking.



KEY
Geographical locations

- Platinum
- Diamonds
- Base Metals
- Ferrous Metals
- Coal
- Industrial Minerals
- Gold
- Paper and Packaging

■ Indicates countries in which exploration is currently under way

EXPLORATION

OTHER BUSINESSES

Coal

Business profile
- Anglo Coal is one of the world's largest private sector coal producers and exporters.
- Its operations are in South Africa, Australia, Colombia and Venezuela.

Products and uses
- About 40% of all electricity generated globally is powered by coal.
- Around 66% of the world's steel industry uses coal and it is an important fuel for other industries.

Industrial Minerals

Business profile
- Tarmac is the No. 1 UK producer of aggregates and asphalt and a leading producer of ready-mixed concrete.
- Its operations are primarily in the UK, continental Europe and the Middle East.

Products and uses
- Tarmac is involved in the production of crushed rock, sand, gravel, concrete and mortar, lime, cement and concrete products.
- Copebrás is a Brazilian producer of phosphate fertilisers.

Exploration

As one of the major diversified mining groups, Anglo American's exploration activities cover many parts of the globe. In its constant search for minerals, Anglo American is currently prospecting in more than 30 countries. In addition to its focus on areas surrounding its existing mining operations, Anglo American is now looking at relatively unexplored new frontiers, including in the Arctic region through an arc stretching from Alaska to the Russian far east. During 2006, over $250 million was spent on exploration – $53 million on base metals, $30 million on platinum, $24 million on coal, $9 million on ferrous metals and $140 million by De Beers.

Gold

Business profile
- AngloGold Ashanti is a major world gold producer.
- It has 22 operations in ten countries.

Products and uses
- Fabricated gold is used in jewellery, electronics, dentistry, decorations, medals and coins.

Paper and Packaging

Business profile
- Mondi is an integrated paper and packaging group.
- Its operations and interests are worldwide.

Products and uses
- Mondi makes packaging and office papers, board, converted packaging and newsprint.

'Another strong year for the Group with record profits and laying the foundation for significant future growth.'

2006 was another strong year for Anglo American. The Group returned record profits and laid the foundations for further growth. A number of major projects were initiated, adding to the strength of the pipeline and a $7.5 billion return of capital was announced in 2006, underlining the Group's strong balance sheet

Progress was made in delivering on our strategy of becoming a more focused mining group. A number of the steps required to complete the restructuring involve complex regulatory issues but I am confident that these will be successfully managed and substantive further progress made by the middle of 2007.

An important development will be the appointment of Cynthia Carroll, who will succeed Tony Trahar as chief executive on 1 March 2007. The Board was seeking a candidate with experience in a capital intensive industry with long investment horizons. It identified three critical factors: a track record of operational excellence and of growing a global business; an ability to give new momentum to our work in transforming the culture of the Group, within South Africa and beyond; and an ability to work well with governments and other stakeholders. Cynthia Carroll met these criteria admirably. She was the unanimous choice of the Board after a very rigorous process.

Tony Trahar has made a pivotal contribution to Anglo American's growth and development at a crucial time in its history. Over the last seven years he has presided over a major streamlining of the Group's interests, including through a significant programme of acquisitions and disposals. Moreover, through some shrewd acquisitions, organic growth opportunities and improved cost control, shareholder returns have been significantly improved. He leaves the Company in good health and poised for a new phase in its development. The Board is grateful to him for his contribution over many years with the Group.

The first three quarters of 2006 saw a significant improvement in our safety performance but the record once again deteriorated in the final quarter. Despite the strong focus on safety during the year only a small improvement in the number of fatalities was achieved and much remains to be done. The Board expects that the intensive training drive undertaken at all management and supervisory levels during the year to embed the Anglo Safety Way will yield results in 2007. Some 20 sites have undertaken safety peer reviews. The lessons emerging from these will be acted upon across the Group.

Perceptions of the need for a more energetic response to climate change grew significantly during 2006 amongst policy makers and the public. Business must play its part in driving more efficient energy use and in the adoption of new technologies. However, this involves substantial long term investment and greater certainty about the post Kyoto policy framework is urgently needed.

In the interim, Anglo American is continuing to improve its

At a glance

- **The Group achieved record profits and laid the foundations for further growth**
- **Progress was made in delivering on our strategy of becoming a more focused mining group**
- **Cynthia Carroll appointed as successor to Tony Trahar**
- **Evolving strategies to combat climate change**

energy efficiency with hundreds of site level initiatives. We have established two methane capture and use projects in Australia which between them are achieving greenhouse gas savings equivalent to removing 375,000 cars from the roads. Also in Australia, we are pursuing the Monash Energy project through a new joint venture with Shell. If it proves feasible, Monash would produce a significant amount of Australia's diesel requirements as well as a major investment in carbon capture and storage. We are also participating in the FutureGen project to achieve near zero emissions power generation from coal.

We have continued to work on projects designed to improve our ability to contribute to sustainable development. At a local level this involves, for example, business development – with major programmes in South Africa and Chile – and implementation of our Socio-Economic Assessment Toolbox (SEAT) process, which has taken place at over 50 sites in 15 countries.

At an international level, we were the first private sector investor in the Investment Climate Facility for Africa, have played a leading role in the mining sector in the Extractive Industries Transparency Initiative and participated in programmes on business and development through the International Council on Mining & Metals and the World Business Council for Sustainable Development. We see action to improve the management of our impacts and to contribute to good governance as fundamental to our licence to operate and access to resources.

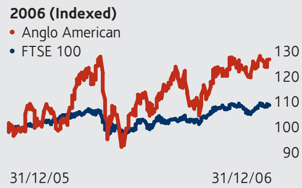
Many commentators expect to see some softening of commodity prices, and especially of base metals, in 2007 compared with the highs achieved in 2006. Nonetheless, prices are likely to continue to be relatively high for the immediate future, underpinned by demand from the BRIC economies and the anticipated strength of the world economy. ■

Sir Mark Moody-Stuart
Chairman

IN DETAIL
Our performance

Anglo American's share price outperforms the FTSE 100 during 2006

Anglo American vs FTSE 100



Anglo American's lost time and fatal injury frequency rates

LTIFR and FIFR

CHIEF EXECUTIVE'S STATEMENT

'We achieved operating profit of $9.8 billion, the highest ever recorded for Anglo American, on the back of increased production and higher commodity prices.'

Tony Trahar
Chief Executive

2006 was an important year for Anglo American. We made good progress in executing our restructuring initiatives to become a more focused mining group.

We reported our strongest ever operating results, announced a $7.5 billion capital return in 2006 and a further $3 billion in 2007, while also investing in significant growth opportunities and progressing our $6.9 billion of projects across our portfolio.

In addition, we were very pleased to announce that Cynthia Carroll will succeed me as chief executive on 1 March 2007. Cynthia brings a wealth of highly relevant experience and an excellent operational track record and is ideally suited to take Anglo American to the next phase of its development.

Record financial results

We achieved operating profit for the year of $9.8 billion –

During 2006

- **Good progress was made in our restructuring initiatives to become a more focused mining group**
- **Strongest ever operating results**
- **A record $7.5 billion returned to our shareholders**
- **Significant investment in our project pipeline**

our highest ever recorded – on the back of increased production and higher commodity prices. While cost pressures persist in the sector, Anglo American successfully continued to limit the impact. Underlying earnings were $5.5 billion with record EBITDA of $12.2 billion. The strong cash generation from our operations, as well as proceeds from non-core disposals, resulted in 2006 in the announcement of a $7.5 billion return of capital in the form of share buybacks and special dividends – one of the highest levels of capital return in the industry – in addition to $1.4 billion in ordinary dividends paid in 2006 and a further $1.1 billion final dividend recommended in 2007.

Focus on core mining portfolio

Our strategic focus is clear:
(1) to further focus the Group on its core mining portfolio and in the process simplify our structure and enhance profitability;
(2) to deliver on our significant $6.9 billion project pipeline; and
(3) to return any excess capital to our shareholders.

In 2006, we made significant progress restructuring our portfolio. In April, we sold $1 billion worth of AngloGold Ashanti, reducing our shareholding from 51% to 42%. The decision to reduce and ultimately exit our gold holding relates to the higher relative valuations attributable to pure-play gold companies, rather than as part of a diversified mining group. We will continue to explore all available options to exit AngloGold Ashanti in an orderly manner.

Regarding Mondi, plans for a full demerger are progressing. Approval in principle has been received from the regulatory authorities in South Africa for a Dual Listed Company Structure with primary listings in Johannesburg and London. Arrangements are being finalised to enable a smooth and efficient transition to a fully independent company. The senior management team is in place and a new board of directors is being established. The listing of Mondi is targeted for mid-2007.

Good progress was made in restructuring our Ferrous Metals and Industries business. In July 2006, we disposed of the majority of our stake in Highveld Steel, with Russia's Evraz group and Credit Suisse each acquiring 24.9% of Highveld's share capital for an aggregate consideration of $412 million. Evraz has an option to increase its stake in Highveld, once regulatory approvals are received, entitling Evraz to purchase our remaining 29.2% shareholding. On implementation of the option arrangement, the aggregate amount that will have been realised by Anglo American for its 79% interest in Highveld will be $678 million.

In November 2006, we completed the restructuring of Kumba Resources with the listings on the Johannesburg Stock Exchange of Kumba Iron Ore as a pure-play iron ore company in which Anglo American holds 64%, and Exxaro, which became South Africa's largest black economic empowered (BEE) natural resources company.

The unbundling of Tongaat-Hulett's aluminium business to shareholders and simultaneous introduction of broad based BEE into both Tongaat Hulett and Hulett Aluminium will occur during the second quarter of 2007. This will reduce Anglo American's interest in Tongaat Hulett to 38% and in Hulett Aluminium to 39%.

Tarmac's strategic review, completed in early 2006, clearly defines the scope of its business as aggregates, together with three routes to market (asphalt, concrete and concrete products) and integration of cement where appropriate. The disposals announced in February 2006 have been largely completed and good progress is being made on delivering structural operational improvements.

A profitable growth platform over the next decade

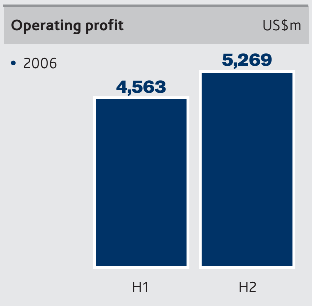
During 2006, we made excellent progress in developing our pipeline of growth opportunities across numerous territories. We currently have $6.9 billion of projects under development and are assessing a further $10 billion to $15 billion of unapproved opportunities that will provide us with a profitable growth platform over the next decade.

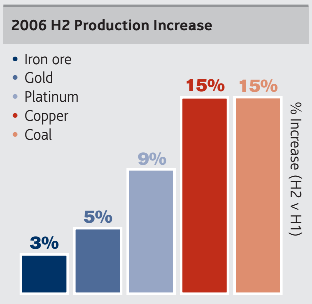
Anglo Platinum expects refined platinum production to be between 2.8 and 2.9 million ounces in 2007 in line with its long term growth target of 5% per annum. During 2006 the company approved several major projects, including the $692 million Potgietersrust Project, the $224 million Amandelbult expansion and the $316 million Paardekraal 2 shaft replacement project. These projects will contribute 456,000 platinum ounces to Anglo Platinum's production. The Townlands Ore Replacement project, at a capital cost of $139 million, was approved in February 2007. This will replace 70,000 ounces of refined platinum per annum by 2014 with production from new Merensky and UG2 areas at the Rustenburg Townlands shaft.

Anglo Coal has one of the most extensive near term portfolios of growth options in the coal industry and is currently developing four major projects across three operating regions.

IN DETAIL

Strong performance in second half





'Relatively strong global growth will provide a supportive climate for commodities in the coming year.'

In Australia, work is continuing on the $835 million Dawson project, which is planned to reach full production in 2007, producing 12.7 million tonnes per annum (Mtpa) for export markets. We also began construction of the $516 million Lake Lindsay greenfield project at the German Creek mine which will produce 3.7 Mtpa of metallurgical coal and 0.3 Mtpa of thermal coal by 2008, most of it for the Pacific Rim markets. In South Africa, we started development of the Mafube mine following the granting of prospecting rights, while the Isibonelo project, which supplies 5 Mtpa to Sasol, reached full production in 2006. In Colombia, the first phase of the expansion to 28 Mtpa at the Cerrejón mine reached completion and a second expansion to 32 Mtpa is already under way.

In February 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, an empowered coal company housing key current and future domestic and export focused coal operations. Anglo Coal has signed a Heads of Agreement with Inyosi, a newly formed broad based BEE company. Inyosi will acquire 27% of Anglo Inyosi Coal, creating a company valued at $1 billion and incorporating several key Anglo Coal assets; namely Kriel Colliery (an existing mine) and the Elders, Zondagsfontein, New Largo and Heidelberg projects.

Anglo Base Metals is currently assessing a number of major projects, which will drive significant production growth well into the next decade. In December, we approved the $1.2 billion Barro Alto project in Brazil which will produce an average of 36,000 tonnes of nickel per year in the form of ferronickel over a minimum 26 year mine life. Construction of the Barro Alto facilities is scheduled to begin in 2007, with production commencing in 2010 and ramping up to full capacity during 2011. In addition, Anglo Base Metals is continuing work on feasibility and debottlenecking studies at the two major Chilean copper operations, Los Bronces and Collahuasi, and a decision to proceed with these expansions is expected in 2007.

Kumba Iron Ore is well advanced on the $754 million Sishen expansion project in South Africa's Northern Cape, with first output due in 2007 and full ramp up to 13 Mtpa targeted for 2009. This will take Kumba Iron Ore to 45 Mtpa of iron ore production, of which 36 Mtpa will be exported. Further brownfield and greenfield projects offer the potential to increase Kumba Iron Ore's annual production to over 70 Mtpa by 2015. Other iron ore growth opportunities are being pursued.

Scaw produced a record operating profit for the year of $160 million, up $39 million on 2005, driven by strong demand for its range of products and the acquisition of AltaSteel, a manufacturer of value added steel products in Canada.

Progress continues on De Beers' Canadian projects at Snap Lake and Victor. Despite project costs rising, owing to higher energy costs, technological challenges and the impact of the early closure of the winter road to the sites, both developments remain on track to open in the final quarters of 2007 and 2008 respectively. In 2006, De Beers also approved two projects in South Africa: the re-opening of the dormant Voorspoed mine and the South African Sea Areas marine mining project for a total capital expenditure of $315 million.

Safety

The most significant challenge remains our safety performance. After several years of steady safety improvement, the last quarter of 2006 was marred by a significantly higher incidence of fatal accidents. During the year, 44 employees and contractors lost their lives. All loss of life at the workplace is totally unacceptable and we continue to strive through a variety of measures for the elimination of any loss of life and injury. During 2006, we introduced a comprehensive new framework of safety policies – the Anglo Safety Way – and guidelines which are based on the principles of achieving zero harm, of identifying key learnings from each incident and of using these to prevent repeat incidents and of ensuring that there is uniform adherence at site level to a set of clear rules.

Sustainable development

In terms of sustainable development, Anglo American continues to be amongst the leading companies in the extractive sector, including through a big improvement in the proportion of employees coming forward for voluntary counselling and testing for HIV/AIDS, continued success in improving our local development impacts through our Socio-Economic Assessment Toolbox (SEAT) process and through our position as the first private sector investor to commit to fund the Investment Climate Facility for Africa. We have continued to be actively involved in the development and promotion of the Extractive Industries Transparency Initiative (EITI), including through representing the mining sector on the EITI's governing body. The EITI supports improved governance in resource rich countries.

Outlook

Global economic growth was especially rapid in the first half of 2006, with all the major regions of the world growing rapidly over this period. Commodity prices reacted positively to this environment, with new highs being recorded for a number of products. In the second half, global growth began to moderate, particularly in the US.

European markets are now improving and emerging markets generally, and China and India in particular, are growing strongly. Continued growth in these regions in 2007 is likely to largely offset weaker US growth and thus the decline in global economic activity from the strong level achieved in 2006 should be fairly modest. The Group continues to progress its strong project pipeline and drive its operational excellence to meet ongoing demand for its commodities. Relatively strong global growth will provide a supportive climate for commodities in the coming year.

I retire from Anglo American in the knowledge that the Group is today one of the largest and strongest mining companies in the world. Its people and assets are second to none and I have every confidence that my successor, Cynthia Carroll, will continue to serve all our stakeholders in a successful and profitable way.

I would like to thank the Board of directors, management and all employees for their support during my tenure as chief executive.

Operating and financial review

Basis of disclosure

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

Forward looking statements

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

The Company – overview and strategy
The businesses

Anglo American is one of the world's largest mining and natural resource groups. With its subsidiaries, joint ventures and associates, it is a global leader in platinum, gold and diamonds, with significant interests in coal, base and ferrous metals, industrial minerals and paper and packaging. The Group is geographically diverse with operations in Africa, Europe, South and North America, Australia and Asia.

The performance of the businesses is reported according to the commodity group around which they focus. The businesses are described below. Detail of their financial performance in 2006 is found on pages 37 to 48.

Platinum

- **World's No. 1 primary producer of platinum**
- **One of the biggest capital expenditure programmes in world mining**
- **Long term outlook is favourable for platinum and other platinum group metals**

Business overview

Anglo American's managed subsidiary, Anglo Platinum Limited, located in South Africa, is the world's leading primary producer of platinum accounting for about 40% of the world's newly mined production. Anglo Platinum mines, processes, refines and markets the entire range of platinum group metals (PGMs) (platinum, palladium, rhodium, ruthenium, iridium and osmium).

Anglo Platinum wholly owns four mining operations, three smelters, a base metals refinery and a precious metals refinery, all of which are located in the Limpopo and north west provinces of South Africa. Each of Anglo Platinum's mines operates its own concentrator facilities, with smelting and refining of the output being undertaken at the Rustenburg Platinum Mines' metallurgical facilities and the Polokwane smelter.

The group's four wholly owned mining operations include Rustenburg Platinum Mines' Rustenburg and Amandelbult Sections, as well as Potgietersrust Platinums Limited (PPRust) and Lebowa Platinum Mines Limited.

Anglo Platinum's Union Section is 85% held following the recently concluded transaction with a black economic empowerment (BEE) consortium, the Bakgatla-Ba-Kgafela traditional community, in terms of which the community acquired a 15% interest in Union Section's mining and concentrating business.

In addition, the group has a 50:50 joint venture with a historically disadvantaged South African (HDSA) consortium, led by African Rainbow Minerals, over the Modikwa platinum mine; a joint venture with Royal Bafokeng Resources, a HDSA partner, over the combined Bafokeng-Rasimone platinum mine and Styldrift properties; and a joint venture with Xstrata over the Mototolo mine. Anglo Platinum also has pooling and sharing agreements with Aquarius Platinum covering the shallow reserves of the Kroondal and Marikana mines and portions of the reserves at Anglo Platinum's Rustenburg Section.

The operations are situated in the world's richest reserve of PGMs known as the Bushveld Complex, with 2006 production exceeding 2.8 million ounces of refined platinum, primarily from the Merensky, UG2 and Platreef ores. Although PGMs are the primary products of Anglo Platinum's operations, base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to the group's earnings.

The group holds a 22.5% share in Northam Platinum Limited, acquired as a consequence of a mineral rights swap. In Zimbabwe, the group is developing a mine, Unki, on the south chamber of the Great Dyke Platinum deposit.

In addition to its current operations, Anglo Platinum has access to an excellent portfolio of ore reserves to ensure that the company is well placed to strengthen its position as the world's leading platinum producer for many generations to come.

Industry overview and demand drivers

PGMs have a wide range of industrial and high technology applications. Demand for platinum is driven by its use in jewellery and in autocatalysts, for both petrol and diesel engine vehicles. These uses are responsible for 75% of net total platinum consumption. However, platinum also has an enormous range of lesser-known applications, predominantly in the chemical, electrical, medical, glass and petroleum industries.

The platinum jewellery market requires constant promotion and development to ensure that platinum maintains its position as one of the most desirable metals for jewellery. Anglo Platinum is the major supporter of the Platinum Guild International, which since its inception in 1975 has played a key role in encouraging demand for platinum and establishing new platinum jewellery markets. Currently, the three largest platinum jewellery markets are China, Japan and North America.

Industrial applications for platinum are driven by technology and, especially in the case of autocatalysts, by legislation. Technological development continues to drive industrial demand and ongoing research into new applications will create further growth in this sector. With the rapid spread of exhaust emissions legislation, over 91% of new vehicles sold in the world now have autocatalysts fitted. The intensifying stringency of emissions legislation will drive growth in PGM demand for autocatalysts as new legislation is applied to trucks and off-road vehicles in the US. The increasing popularity of diesel powered vehicles in Europe continues. This has also intensified the demand for platinum, as diesel powered cars can only use autocatalysts that are predominantly platinum based. Interest in fuel cell technology has accelerated dramatically over the past decade, largely on the back of rising concerns about environmental degradation and energy costs. At present demand is small, but gradual medium to long term growth, first in small battery replacement applications and stationary fuel cells and later with the commercialisation of fuel cell vehicles, is envisaged.

Palladium's principal application is in autocatalysts (around 48% of net production). Palladium is also used in electronic components, including multi-layer ceramic capacitators, in dental alloys and more recently as an emerging jewellery metal. Palladium demand is expected to flatten out against a backdrop of increasing supply expected from South African expansions.

Rhodium is an important metal in autocatalysts. Nearly 85% of rhodium produced is used in catalytic converters for the auto industry. Amounts are also consumed in industrial applications such as glass-making for flat panel display units. In the short to medium term the market supply/demand balance is expected to remain tight, supported by autocatalyst growth and glass demand for flat screen televisions. Thrifting (using less metal, typically in thinner coatings to achieve the same catalytic effect) and increased supply from UG2 expansions may ease the market balance in the longer term.

The other three PGMs produced are ruthenium, iridium and osmium. Ruthenium and iridium have been mainly used in chemical and electronic applications and osmium is used as a catalyst in the pharmaceutical industrial sector and to stain specimens for microscopic analysis. Recently, ruthenium has found an application in magnetic memory storage devices, which has accelerated demand substantially.

Current high US dollar PGM market prices partly reflect the up-cycle being enjoyed by most commodities, but are supported by strong market fundamentals, in particular for platinum where metal supply has been in deficit for seven years and long term demand is robust, based on growth in existing applications and emerging fuel cell technology.

Supplies of and demand for platinum are expected to grow and the market is expected to remain balanced over the short to medium term. Palladium demand is also expected to grow but, against a backdrop of increasing supply from South African expansions, remains adequately supplied. The increased supply of rhodium from expansionary activity should place pressure on current prices in the longer term.

As a result of the current expansionary activity in the mining industry a key challenge that faces platinum producers is the ability to manage and deliver capital projects as well as retaining and attracting skilled staff. Anglo Platinum has focused on skills recruitment and retention and securing contractor capacity to ensure its projects remain on time and within budget. This has placed increased pressure on costs and organisational efficiency. The company continues to focus on cost containment and savings so as to limit the increase in unit costs.

Strategy and business development

Anglo Platinum's strategy is to develop the market for PGMs, expand production into that growth opportunity and conduct its business safely, cost-effectively and competitively.

Growing demand is achieved by substantial investment in research and development into new uses for PGMs, through customers including Johnson Matthey plc, and global promotional campaigns for jewellery through the Platinum Guild International. These investments enable Anglo Platinum to meet its objective of growing the market.

In order to meet the increased demand, Anglo Platinum is targeting expanding operations at an average compound growth target of 5% per annum. Much of this expansion will come from the development of Anglo Platinum's extensive resources.

Anglo Platinum expects to meet its long term growth profile of 5% per annum by exploiting its own reserves through direct investment in projects as well as with joint venture partners. This growth profile requires projects that will create additional new production as well as maintain existing production levels owing to reserve depletion from current mining activities.

Overall mining production (as measured in equivalent refined platinum production) and purchase of concentrate increased in 2006 by 5.4%, or 135,000 equivalent refined platinum ounces, in line with Anglo Platinum's strategy.

The implementation of Anglo Platinum's extensive suite of mining and processing projects to expand and maintain production continues on schedule. Projects that have increased production include Modikwa, Kroondal and for the first time in 2006, the Marikana and Mototolo ventures which have each added 12,800 equivalent refined platinum ounces for 2006. Marikana, approved in 2005, will produce 74,000 equivalent refined platinum ounces a year by 2009. Mototolo is set to reach steady state production by the end of 2007, producing equivalent refined platinum production of 130,000 ounces per annum at steady state.

In 2006 the company approved capital expenditure totalling $1.6 billion, which included the PPRust North expansion project. Work on this project, which aims to mill an additional 600,000 tonnes of ore per month, producing an additional 230,000 refined platinum ounces per annum from 2009, has commenced.

Projects that contribute towards maintaining production levels include the Amandelbult 1 shaft optimisation project which was successfully completed during the year, with the 75,000 tonnes per month (tpm) UG2 concentrator being fully commissioned and running at capacity. This concentrator processes UG2 ore as Merensky production declines owing to the depletion of Merensky ore reserves.

The Amandelbult East Upper UG2 project which was approved in 2006 will conventionally mine the UG2 reef, using existing mining infrastructure previously employed to extract Merensky reef, at the vertical number 2 shaft and at three decline shafts. The 75,000 tpm UG2 concentrator will be expanded to 210,000 tpm and by 2012 the project will contribute an additional 106,000 ounces of refined platinum per annum.

The Rustenburg Paardekraal 2 shaft replacement project will access deeper Merensky reserves at a rate of 100,000 tpm. The project is expected to produce 120,000 ounces of refined platinum per annum by 2015 replacing decreasing production as a result of reserve depletion.

The Townlands Ore Replacement project at a capital cost of $139 million was approved in February 2007 and will replace 70,000 ounces of refined platinum per annum by 2014 with production from new Merensky and UG2 areas at the Rustenburg Townlands shaft.

Anglo Platinum's announced expansion programme and ore replacement projects underpin a sustained high level of exploration activities. Exploration is mainly directed at accumulating geological data in areas where PGM orebodies are known to occur and is thus primarily focused on quantifying ore reserves and mineral resources in the Bushveld Complex, as opposed to seeking out unknown mineralisation.

Anglo Platinum is involved in exploring for PGMs on the Great Dyke of Zimbabwe. The Great Dyke is the second largest known repository of platinum after the Bushveld Complex. Exploration work is focused on new projects in the area, including the Unki mine, as well as establishing extensions to the resource base for future projects.

In addition, Anglo Platinum is involved in exploration activities in Canada, Russia, Brazil and China.

Diamonds

Business overview

De Beers is the world's leading diamond exploration, mining and marketing company. Its expertise extends to all aspects of the diamond pipeline, including prospecting, mining and recovery and, through its marketing arm, the London based Diamond Trading Company (DTC), the sorting, valuing and sale of rough gem diamonds. De Beers produces around 40% by value of total annual global diamond production from its mines in South Africa and through its partnerships with the governments of Botswana, Namibia and Tanzania. Through the DTC, De Beers markets around 45% of the world's diamonds and has conducted a renowned diamond advertising campaign based on its famous advertising promise, *A diamond is forever*, for over half a century. De Beers and Moët Hennessy Louis Vuitton have established a high-end retail jewellery joint venture, through De Beers Diamond Jewellers, with stores in the leading malls around the world.

Anglo American's diamond interests are represented by its 45% shareholding in De Beers Investments (DBI). The other shareholders are Central Holdings Limited, an Oppenheimer family holding company (40%), and the Botswana government (15%). DBI is the 100% owner of De Beers sa.

De Beers sa has a 50% interest in each of Debswana Diamond Company (Proprietary) Limited and Namdeb Diamond Corporation (Proprietary) Limited, owned jointly with the governments of Botswana and Namibia respectively; a 75% interest in Williamson Diamonds (Tanzania), a 74% interest in De Beers Consolidated Mines Limited (Ponahalo Investments acquired a 26% indirect interest in De Beers Consolidated Mines in April 2006) and owns 100% of the non-South African elements of the DTC.

- **De Beers is a global leader in the world diamond industry**
- **Global retail sales continue to rise**
- **De Beers group diamond production surpasses 50 million carats**
- **Upcoming projects will add 3.3 million carats to De Beers' annual production capacity**

Industry overview and demand drivers

The diamond industry can broadly be separated into two markets; one dealing in gem quality rough diamonds, by far the more important of the two, and the other dealing with industrial quality diamonds. Gem grade diamonds are sold for use in jewellery and valued for their size, shape, colour and clarity. Some natural stones are used for industrial purposes such as cutting, drilling and other applications. 95% of diamond material used in industrial applications is synthetic.

Roughly 65% of the world's diamonds by value originate from southern and central Africa, although significant sources of the mineral have been discovered in Canada, Russia and Australia. Approximately 130 million carats of diamonds are mined each year and while the vast majority of natural diamond production by value is gem quality, approximately 70% of mined diamonds by weight are unsuitable for use in jewellery and are destined for industrial use.

Strategy and business development

From being regarded as the custodian of the diamond industry, De Beers now aims to be the partner of choice. Upstream, the company is developing two new mines in Canada, Snap Lake and Victor, which will enter production in late 2007 and at the end of 2008 respectively, while it is re-opening the long-dormant Voorspoed mine in South Africa and increasing its marine mining operations off that country's Atlantic coast. Downstream in the pipeline, the DTC continues to successfully address the challenges of driving consumer demand through its sales and marketing strategy; Supplier of Choice. This strategy has effectively restimulated growth in the industry following the stagnation of the mid-late 1990s, resulting in both volume and value gains in diamond demand. Global retail sales are estimated to have exceeded $68 billion in 2006 and were bolstered by an increase in advertising programmes by the DTC's clients and its downstream trade partners as well as the DTC's own marketing initiatives.

To sustain the success of driving retail demand the DTC continues to develop further consumer understanding on a market-by-market basis. With a global spend of more than $8 million each year on research, it is continuously developing and researching new opportunities that have the potential to stimulate retail growth for diamonds.

While developing these new programmes, the DTC executes existing scale marketing programmes which are at present the primary vehicles for stimulating the diamond market to achieve its ambitious growth targets. Increasing industry marketing remains a vital goal if the DTC is to achieve these targets and, while it has been very successful to date, it continues to aim to increase marketing spend at approximately twice the rate of diamond jewellery market growth over the next five year period.

The launch of Value Added Services for clients marks the second phase of Supplier of Choice, focusing on generating profitable value growth for clients in an increasingly competitive environment. The services are based on DTC expertise in selling and marketing gem diamonds, and are designed to enable sightholders to maximise the effectiveness of their businesses.

De Beers is conducting exploration activities in Canada within the Northwest Territories, Nunavut, Saskatchewan, Manitoba, Ontario and Quebec. In South America a presence is maintained in Brazil, with an indicator mineral laboratory in Brasilia and a small team to manage existing joint venture agreements and assess other opportunities. Exploration continues in South Africa, Botswana and Zimbabwe. Botswana continues to yield interesting results, particularly in the area surrounding the Orapa mine. Elsewhere in Africa, exploration is taking place in highly prospective parts of Angola, the Democratic Republic of Congo and the Central African Republic. The Partner of Choice strategy has been successful in the region, resulting in a number of joint venture agreements with parastatal agencies and other privately and publicly owned exploration and mining entities. De Beers is steadily increasing its exploration activities within Russia and Ukraine and has signed a Memorandum of Understanding with Alrosa, Russia's leading diamond producer, which is expected to lead to joint diamond prospecting and exploration activities in Russia. In India, exploration is under way in Karnataka, Andhra Pradesh, Orissa, Madhya Pradesh, Uttar Pradesh and Chattisgarh, with encouraging results. In China, the representative office in Beijing continues to seek opportunities for partnership and some co-operative activities.

Base Metals

- **One of the world's leading copper producers, with important nickel and zinc assets**
- **$1.2 billion Barro Alto nickel project gets go-ahead**
- **Significant expansion potential in copper**

Business overview

Anglo Base Metals has interests in 13 operations in six countries:

- six copper operations in Chile – the wholly owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, Chagres smelter and a 44% interest in the Collahuasi mine, producing copper and associated by-products such as molybdenum and silver;
- the Codemin nickel and Catalão niobium mines in Brazil and the Loma de Níquel mine in Venezuela;
- the Namakwa mineral sands mine and plants in South Africa produce titanium dioxide, zircon and rutile, together with associated by-products;
- the Lisheen (in Ireland), Black Mountain and Skorpion (both in southern Africa) zinc mines, producing zinc and associated by-products such as lead, copper and silver.

The $1.2 billion 36,000 tonnes per annum (tpa) Barro Alto nickel project in Brazil was approved in December 2006 and will enter production in 2010.

Industry overview and demand drivers

Annual changes in demand for base metals are reasonably well correlated with changes in industrial production. In general, however, the long term trend is for the intensity of use (consumption of metal per unit of industrial production) to decline.

With the exception of nickel, base metals industry ownership is relatively fragmented. The global market shares of the four largest copper, nickel and zinc metal producers are approximately 21%, 50% and 25% respectively. Producers are price takers and there are relatively few opportunities for product differentiation. The industry is highly capital intensive and is likely to become more so as high grade surface deposits are exhausted and deeper and/or lower grade deposits, requiring greater economies of scale in order to be commercially viable, are developed. Real prices of copper, nickel and zinc have declined over the long term, although there have been material and sustained deviations from this trend, most recently and notably in the present uptrend which began in 2004. The decline in prices over a lengthy period reflects the long term reduction in costs as a result of improvements in technology and lower input costs. Average margins, therefore, have tended to be maintained.

In recent years one of the dominant features has been the increased demand for a range of commodities as a result of industrialisation and urbanisation in China and other developing countries. China now comprises an estimated 22%, 18% and 28% of global demand for copper, nickel and zinc respectively and these markets have all benefited materially, with several of these commodities reaching their highest price levels for many years in 2006. The inflow of fund money from both speculative and longer term portfolio investors has served to further exaggerate the upward movement in metal prices.

Use of base metals

Copper's principal application is in the wire and cable markets (60%-65%), followed by brass. End users rely on copper's electrical conductivity, corrosion resistance and thermal conductivity. Applications making use of copper's electrical conductivity, such as wires, cables and electrical connectors, account for over

50% of total offtake. Corrosion resistance makes up around 20% of demand, with applications in the construction industry including plumbing pipe and roof sheeting. The metal's thermal conductivity also makes it suitable for use in heat transfer applications such as air conditioning and refrigeration, which make up some 10% of total demand. Remaining applications include structural and aesthetic uses.

Around 60% of all refined nickel goes into stainless steel. Other uses include high corrosion-resistant alloys for use in chemical plants, superalloys that can withstand elevated temperatures and which are predominantly used in aviation, high tech electronic uses and as a substitute for chromium plating.

Zinc is used predominantly in galvanising and alloys. The electrochemistry of zinc is such that steel coated with zinc (galvanised steel) exhibits high levels of corrosion resistance. This application is responsible for around 60% of total refined demand. Zinc based alloys in die casting, ranging from automotive components to toys and models, account for around 14% of refined demand, with copper based zinc alloys (brass) accounting for 9%. Zinc semis are used as roofing products and in dry cell batteries. Chemical and other applications make up the remainder of refined demand (approximately 10%), where zinc is used in a diverse range of products and applications, including tyres, paints, pharmaceuticals and chemical processing.

Mineral sands sale

In January 2007 it was announced that black economic empowerment company Exxaro Resources Limited had exercised an option in terms of which it had, subject to satisfaction of conditions precedent and contractual price adjustments, agreed to acquire 100% of Namakwa Sands for $0.3 billion (R2.0 billion) and 26% of each of Black Mountain and Gamsberg for a combined $26 million (R180 million). Black Mountain and Gamsberg will remain subsidiaries of and continue to be managed and operated by Anglo Base Metals.

Strategy and business development

Anglo Base Metals' strategy is to find or acquire, develop and operate long life, low cost mines in a socially and environmentally responsible manner, with a strong focus on efficient resource allocation, continuous improvement and capital and operating excellence.

Options for growth are constantly being developed and evaluated from a combination of sources, including greenfield and brownfield projects, acquisitions, exploration and technology development. The ability to grow through acquisitions in a value additive manner at this point in the cycle is challenging. However, a combination of exploration success, which has seen the division's exploration and research and development budgets materially increased, and a strong project pipeline provide material scope for organic growth, including but not limited to:

- the recently approved $1.2 billion Barro Alto nickel project which will enter production in 2010 and increase existing nickel production by 36,000 tpa by 2011;
- the Los Bronces expansion project feasibility study, which envisages increasing copper production by 170,000 tpa at a capital cost of approximately $1.2 billion, will be completed during 2007;
- Collahuasi has the potential to increase sulphide mill throughput from 130,000 tonnes per day (tpd) to 160,000 to 180,000 tpd through a debottlenecking programme, the conceptual study of which will be completed in 2007;
- the revised feasibility study on the Quellaveco project in Peru, which contemplates an operation producing approximately 200,000 tpa of copper in concentrate at a capital cost of approximately $1.2 billion, will be completed in 2008.

In 2006, Anglo Base Metals spent $53 million on exploration and has increased its exploration around its Chilean copper mines, adding significant resources at Los Bronces. Exploration to the south of Los Bronces continues to report significant intervals of copper mineralisation. In Brazil, further drilling at the Jacaré nickel discovery has indicated the potential for a major new nickel asset for the company, while work continues in the Philippines to complete a pre-feasibility study at Boyongan by the end of 2007. At Gamsberg, South Africa, initial drilling of several key zinc targets has provided encouraging results. Copper exploration is being undertaken in Brazil, Chile, Indonesia, Mexico, Peru and the US. Nickel sulphide mineralisation is being sought in Arctic Canada, Russia and Scandinavia (through alliances) and zinc programmes continue in Australia, South Africa and Namibia.

Ferrous Metals and Industries

- **Further progress in optimising the asset base: formation of Kumba Iron Ore as a pure-play iron ore company**
- **Kumba Iron Ore has a $754 million expansion programme to boost production by 40% by 2009**
- **Record iron ore production**
- **Scaw makes record operating profit of $160 million**

Anglo Ferrous Metals and Industries principally comprises iron ore, carbon steel, manganese and vanadium operations in South Africa, manganese operations in Australia and grinding media operations in North America, South America and Australia. In Canada, steel and value added steel products are manufactured.

Business overview

Kumba Iron Ore – 64% holding

Kumba Iron Ore was born from the unbundling of Kumba Resources, through which Exxaro, South Africa's largest empowered mining group, was also created. Kumba Iron Ore, which listed on the Johannesburg Stock Exchange on 20 November 2006, offers investors exposure to a pure-play iron ore company. Kumba Iron Ore is the world's fourth largest supplier of seaborne iron ore, and exported over 70% of its 31 million tonnes per annum (Mtpa) production in 2006. Kumba Iron Ore supplies approximately 30 global customers, mainly in Europe and Asia. The group, through its subsidiary Sishen Iron Ore Company (Pty) Ltd (SIOC), currently operates two mines in South Africa – Sishen in the Northern Cape, which achieved a record production of 29 Mtpa in 2006, and Thabazimbi, in Limpopo, which produced 2 Mtpa in 2006. Kumba Iron Ore consolidates 80% of SIOC and, as a result of its 64% shareholding in Kumba Iron Ore, Anglo American consolidates an effective 51% in SIOC.

Scaw – 100% holding

Scaw Metals is an international group, manufacturing a diverse range of steel products. Its principal operations are located in South Africa as well as North and South America. Scaw produces rolled steel products (bar, wire rod and sections), steel and high chromium white iron castings, cast high chromium and forged steel grinding media, plain carbon and low alloy steel chain and fittings, steel wire rope, synthetic and natural fibre rope and pre-stressed concrete wire and strand. Scaw products serve the construction, railway, power generation, mining, cement, marine and offshore oil industries worldwide. Most of the South African operations are based in or close to Germiston, 20 kilometres east of Johannesburg. Scaw's international grinding media business, Moly-Cop, is headquartered in Chile, with operations in Mexico, the Philippines, Australia, Canada, Italy, Zambia and Zimbabwe. AltaSteel, a manufacturer of steel and value-added steel products in Canada, was acquired by Scaw in February 2006.

Samancor – 40% holding

Samancor is the world's largest integrated producer by sales of manganese ore and alloys. Anglo American has a 40% shareholding in Samancor, with BHP Billiton holding the remaining 60% and having management control. Samancor's business encompasses the production of manganese ores and alloys. The company supplies its worldwide customer base with commodities produced by its various mines and plants, which are situated in South Africa and Australia. Samancor owns Australian manganese operations consisting of Groote Eylandt Mining Company Proprietary Limited and Tasmanian Electro Metallurgical Company Proprietary Limited.

Highveld Steel and Vanadium – 29% holding

Highveld is a Johannesburg Stock Exchange listed company producing vanadium products, steel, ferroalloys and carbonaceous products, with its main operations situated in Witbank, South Africa. It is the largest vanadium producer in the world. In addition, its steelworks have a current annual rated capacity of 1 Mtpa, consisting of billets, blocks and slabs. Ore for the steelworks and Vanchem, Highveld's main vanadium operation, is sourced from Highveld's Mapochs mine near Roossenekal in Mpumalanga, South Africa. Hochvanadium is a wholly owned subsidiary, based in Austria, which processes and sells vanadium products. Transalloys and Highveld's Rand Carbide operate as divisions of Highveld, producing manganese alloys and carbonaceous products respectively.

Tongaat-Hulett – 50% holding

Tongaat-Hulett is listed on the Johannesburg Stock Exchange. It comprises Hulett Aluminium (Hulamin) and the Tongaat-Hulett agri-processing business which includes the essentially integrated components of land management, agriculture and property development. Tongaat-Hulett is the second largest cane sugar producer in southern Africa, with operations in South Africa, Zimbabwe, Mozambique and Swaziland. The starch and glucose operations, based in Gauteng and Cape Town, South Africa, are the largest in southern Africa. Moreland, which converts Tongaat-Hulett's agricultural land to property developments at the appropriate time, is the premier land developer on the prime coastal strip north of Durban, South Africa. Hulamin, based in KwaZulu-Natal, South Africa, is an independent niche producer of aluminium rolled, extruded and other semi-fabricated and finished products.

Industry overview and demand drivers

Steel

The most widely used of all metals, steel is used in the construction of buildings, bridges, machinery, vehicles and many household appliances.

World crude steel production increased by 9% in 2006, to reach a total of 1.2 billion tonnes. China accounted for most of the increase, with its share of world total production rising to 34% in 2006. The coming year again promises to be a year of strong steel production growth with global world output in 2007 forecast to rise by over 6%. Further out, global steel growth rates are forecast to average 4.4% between 2007 and 2010, with world steel production set to increase by almost 300 million tonnes between 2005 and 2010, to reach a total of 1.4 billion tonnes. Global steel prices peaked in mid-2006 but tailed off by the end of 2006 largely due to a US stock overhang.

Iron ore

Global demand for iron ore in 2006 increased year on year by 15% to 1.7 billion tonnes. It is expected to remain strong over the next two decades, with steady growth projected to 2020, particularly in the seaborne market. This growth will be fuelled by the continuing development of the steel industry in China, which is expected to exceed 50% of total iron ore demand by 2007 (up from 42% in 2005). Further steel growth in the former Soviet Union and South America, in the short term, and India and other developing markets in the longer term, contributes to this positive picture. Short to medium term scrap shortages should ensure that iron ore demand growth is higher than steel production growth for at least the next ten years. Iron ore supply is continuing to ramp up as major global producers bring capacity on line.

A further benchmark annual price increase of 9.5% has been achieved by major producers, effective 1 April 2007, after increases of 71.5% in 2005 and 19% in 2006.

Unit cost containment remains a major issue for commodity producers and Kumba Iron Ore has been no exception, experiencing significant cost pressures in 2006, with higher fuel, labour and project-linked operating costs as well as increases in stripping and maintenance related activities.

Manganese

Manganese ore is smelted to produce manganese ferroalloys (such as ferromanganese and silicomanganese). Manganese is not recycled and, since only very small amounts are present in finished steel, steel scrap recycling does not significantly impact on manganese demand.

World consumption of manganese ore rose by 10% in 2006, having dropped marginally in 2005. As around 91% of ore is consumed in ferroalloy production, the performance of the manganese alloy industry is the key determinant for ore demand. Demand for manganese ore is generally robust, driven by steel production increases in China and strong steel production in other market areas. While generally the market remains oversupplied, the situation has improved from 2005 with some marginal suppliers pulling out of the market. Ore prices are expected to show gradual improvements from those seen in 2006. The manganese alloy market remains regionally different, but in general the global market remains well balanced for the first half of 2007. The outlook for prices remains unclear owing to a combination of factors such as anti-dumping cases in Europe, a further rise in Chinese duties and general capacity availability, although the effect of these changes plus strong steel demand and increasing energy costs are expected to be generally positive for alloy prices.

Vanadium

Most vanadium produced is consumed in alloy form in the production of carbon and alloyed steel. Other uses for vanadium are as an alloying agent in titanium-aluminium alloys, principally used in the aerospace industry, and as a chemical for catalysts and pigments. Demand for vanadium depends largely on world steel production. Important vanadium suppliers include South Africa, China and Russia. Vanadium prices in 2006 were off the record levels seen in 2005, with Highveld achieving an average ferrovanadium price of $39/kgV in 2006, compared with the 2005 average of $66/kgV. The vanadium market in 2007 is expected to remain similar to that seen in 2006.

Strategy and business development

The core strategy of the business remains that of growing Anglo American's position in iron ore with a view to consolidating it as the cornerstone of the reconfigured Ferrous Metals portfolio.

Kumba Iron Ore has extensive brownfield and greenfield opportunities to expand its iron ore production to 45 Mtpa by 2009 and to over 70 Mtpa by 2015. After completion of the detailed feasibility study for the 10 Mtpa Sishen Expansion Project in late 2004, an investment decision on this project was made in February 2005. In August 2006, this project was expanded to 13 Mtpa. Production is anticipated to commence by mid-2007, ramping up to full capacity by the beginning of 2009.

A pre-feasibility study on a further expansion at Sishen mine of between 10 and 20 Mtpa is currently under way and will be completed by mid-2007. This study evaluates the potential to increase utilisation of the lower grade resources at Sishen mine. Depending on the outcome of the pre-feasibility study, a commitment towards the execution of a detailed feasibility study is expected in 2007. The Sishen South Project involves the development of a new opencast operation near the town of Postmasburg, approximately 70 kilometres south of Sishen mine. The 9 Mtpa Sishen South Project will produce a range of products similar to the Sishen Expansion Project. An investment decision on this project is expected to be made during 2007.

Tongaat-Hulett is proceeding with a $158 million expansion of its sugar production and cane growing activities in Mozambique at its Xinavane and Mafambisse sugar mills. Hulamin is currently undertaking a $120 million expansion to increase its rolled products capacity by 20% to 250,000 tpa, focusing on high margin products.

In line with the strategy of optimising the division's asset base, further progress was made during 2006.

In July, Anglo American announced the sale of its 79% shareholding in Highveld Steel to Evraz, an international steel producer, and Credit Suisse, for a total aggregate consideration of $678 million. Following the disposal of the initial 49.8%, for which Anglo American received $412 million, Evraz has an option to acquire Anglo American's remaining 29.2% stake in Highveld Steel for $266 million once regulatory approvals are received. This amount will be reduced by any dividends paid by Highveld Steel prior to Anglo American selling its remaining shares. The deal represents a substantial foreign direct investment in South Africa.

In November, the Kumba empowerment transaction was completed. This resulted in the listings on the Johannesburg Stock Exchange of Kumba Iron Ore, as a pure-play iron ore company in which Anglo American holds 64%, and Exxaro, which became South Africa's largest black economic empowered natural resources company.

In December, Tongaat-Hulett announced the proposed unbundling and listing of Hulamin, and simultaneous introduction of broad based black economic empowerment (BBBEE) into both companies. This transaction, which is anticipated to take place by mid-2007, will result in BBBEE groups acquiring 25% and 15% interests in Tongaat-Hulett and Hulamin respectively. Anglo American's shareholding in Tongaat-Hulett will reduce from 50% to 38% and its shareholding in Hulamin will reduce from an effective 45% to 39%.

In line with Anglo American's objective of consolidating its agri-processing businesses within Tongaat-Hulett, it was announced in December that Tongaat-Hulett had acquired Anglo American's 50% shareholding in the Zimbabwe Stock Exchange listed sugar producer, Hippo Valley Estates, for $36 million.

Coal

- **New capital expenditure projects in Australia: Dawson project ($835 million) set to come on stream in late 2007 and Lake Lindsay ($516 million) in 2008**
- **Cerrejón is ramping up to 32 Mtpa, with full production scheduled for 2008**
- **Market remains strong for thermal coal**

Business overview

Anglo Coal is the world's sixth largest private sector coal producer and a major exporter. In 2006, Anglo Coal produced 96 million tonnes (mt) from three geographic regions: South Africa, Australia and South America.

In South Africa, Anglo Coal owns and operates eight mines and has a 50% interest in Mafube mine, a joint venture with Eyesizwe. Four mines are trade mines in the Witbank coalfield which supply approximately 20 million tonnes per annum (Mtpa) of low ash metallurgical and thermal coals to the export and local markets. Coal is exported through Richards Bay Coal Terminal, in which Anglo Coal has a 27% interest. Anglo Coal's New Vaal, New Denmark and Kriel mines supply around 35 Mpta of thermal coal to Eskom, the South African state owned electric power utility. Its coal supply contracts with Eskom cover the delivery of tonnages and qualities, generally for the expected life of the relevant power station. The Eskom power stations are mine mouth facilities, and coal is transported a short distance from the mine by conveyor to the power station's stockpiles. Anglo Coal's Isibonelo mine produces some 5 Mtpa for Sasol Synthetic Fuels under a 21 year supply contract.

In Australia, Anglo Coal has one wholly owned mine and has controlling interest in another four. The mines are located in Queensland and New South Wales and produce approximately 25 Mtpa. Anglo Coal also owns an effective 23% interest in the Jellinbah mine in Queensland. The mines produce high quality coking coal used for steel production, and export and domestic thermal coal used for power generation and industrial applications. The company is the fourth largest producer of coal in Australia and also has significant undeveloped coal reserves. At Dawson mine, expansion of the mine to increase attributable production by 5.7 Mtpa is under way with completion expected in 2007, while at Capcoal, the Lake Lindsay development is progressing with estimated completion during the second half of 2008. The additional production from both Dawson and Lake Lindsay will increase Anglo Coal's metallurgical coal production to approximately 16 Mtpa. Key future development prospects are Grosvenor and Moranbah South in Queensland and Dartbrook and Saddlers Creek in New South Wales.

In South America, Anglo Coal has a 33% shareholding in Cerrejón Coal, which produces approximately 28 Mtpa, with approved expansion plans to increase production to 32 Mtpa. Cerrejón primarily produces thermal coal which is exported to Europe and the Americas. In addition, Anglo Coal has a 25% interest in Carbones del Guasare (CDG) which owns and operates the Paso Diablo mine in the state of Zulia, in northern Venezuela. CDG produces around 6.2 Mtpa.

Industry overview and demand drivers

Coal is the most abundant source of fossil fuel energy in the world, considerably exceeding known reserves of oil and gas. The bulk of coal produced worldwide is thermal coal used for power generation where it competes with oil, gas, nuclear and hydro generation. Thermal coal is also supplied as a fuel to other industries such as the cement sector. Metallurgical coal is a key raw material for 70% of the world's steel industry.

Approximately 5 billion tonnes of hard coal is produced globally each year and the majority of this is used in the country of production. A small volume is traded across land borders such as those between the US and Canada or between the former Soviet Union countries. The international seaborne coal market comprises some 0.7 billion tonnes. The thermal coal component in this sector comprises some 0.5 billion tonnes and the metallurgical component some 0.2 billion tonnes.

Metallurgical coal is primarily used in the steelmaking industry and includes hard coking coal, semi-soft coking coal and pulverised coal injection (PCI) coal. Metallurgical coal is produced in a relatively limited number of countries. The chemical composition of the coal is fundamental to the steel producers' raw material mix and product quality. The market for this coal is generally characterised by large volume, longer term, annually priced contracts.

Demand in this sector is fundamentally driven by economic, industrial and steel demand growth, but the Med-Atlantic and Indo-Pacific markets have their own particular supply and demand profiles. Price negotiations between Australian suppliers and Japanese steel producers generally, but not always, set the trend that influences settlements throughout the market. Anglo Coal is a significant supplier to virtually all the major steel producing groups in the world.

Thermal coal is primarily used for power generation, although the cement industry is an important secondary source of demand. The thermal coal market is supplied by a larger number of countries and producers than the metallurgical coal market, spread across the world. Production companies vary in size and operate in a highly competitive market.

Demand for thermal coal is driven by demand for electricity and is also affected by the availability and price of competing fuels such as oil and gas, as well as nuclear power. Driven by the deregulation of the electricity markets, customers focus increasingly on securing the lowest cost fuel supply at any particular point in time. This has resulted in a move away from longer term contracts towards short term contracts, spot pricing, the development of various price indices, hedging and derivative instruments.

Anglo Coal exports thermal coal from South Africa, South America and Australia to customers throughout the Med-Atlantic and Indo-Pacific markets.

The balance of Anglo Coal's production is sold domestically in Australia and South Africa. In South Africa a large portion of domestic sales are made to the domestic power utility, Eskom, on long term (i.e. life of mine) cost-plus contracts. Sales also take place to domestic industrial sector consumers. In Australia, domestic sales are predominantly to power utilities under long and shorter term contractual arrangements.

Strategy and business development

Anglo Coal's strategy is focused on globalisation to secure a balanced and profitable mix of metallurgical and thermal coal assets, supplying international markets in the Med-Atlantic and Indo-Pacific basins and, where appropriate, selected customers in the country in which the production takes place. This will be achieved via the expansion of existing assets, acquisition of new assets and by strategic alliances that facilitate, protect and augment the above strategy.

While Anglo Coal continues to grow and expand its operations in its existing geographies, it is looking at potential opportunities in new regions, such as China, Indonesia, the US and Canada.

In South Africa, Anglo American has approved the $132 million development of the Mafube mine. The Mafube mine will supply coal to Eskom, the local power utility, and to the export market. It is anticipated that the mine will increase thermal coal production by a total of 5 Mtpa, atributable share being 2.5 Mtpa. The current and forecast growth rates in the South African economy present numerous opportunities for the coal industry, especially in connection with the supply and demand of electricity. Anglo Coal is evaluating a number of opportunities in order to continue to participate in the domestic electricity supply sector and is currently reviewing these opportunities with potential historically disadvantaged South African partners and Eskom.

In Australia, the focus is on delivery of the expansion of Dawson Complex in 2007 and the development of Lake Lindsay in 2008. In addition to the current developments, Anglo Coal is reviewing a number of studies for Moranbah South, Grosvenor, Dartbrook and Saddlers Creek.

In Colombia, the approved expansion at Cerrejón from 28 to 32 Mtpa is on schedule and should be achieved in 2008. Feasibility studies are currently under way reviewing possibilities of expanding the Cerrejón operation beyond 32 Mtpa.

Anglo Coal has recently established a 60% interest in Peace River Coal, consisting of one operating metallurgical coal mine and significant coal resources in western Canada. Peace River Coal is expected to produce approximately 2.0 Mtpa in 2007.

In China, Anglo Coal has a 60% interest in the Xiwan open cut coal lease area mine where the feasibility of developing the mine with downstream partners is under evaluation.

The impact of climate change continues to be a focus area and Anglo Coal's strategy is to participate where appropriate to help address the issue of carbon emissions and climate change as the demand for energy continues to grow. To this end, Anglo Coal formed an alliance with Shell to further advance the Monash Energy clean coal-to-liquids project in the state of Victoria, Australia. The Monash Energy project will involve the gasification – via Shell's proprietary coal gasification process – of Anglo Coal's brown coal from Victoria's Latrobe Valley for further conversion into clean transportation fuels, including virtually zero sulphur, synthetic diesel using Shell's proprietary gas-to-liquids technology.

In addition to the Monash Energy project, Anglo Coal is also a member of The FutureGen Industrial Alliance, a body consisting of major energy and mining companies, who will partner with the US Department of Energy to design, construct, and operate the world's first 'near zero' emissions coal-fuelled power generation plant.

Anglo Coal is a member of the World Coal Institute and in this capacity contributes to promoting the interests and addressing the concerns of the wider coal industry.

Anglo Coal has spent $24 million in continuing to investigate resources for thermal and coking coal, coal bed methane and oil sands, mainly looking in southern Africa, China and Australia. It has conducted advanced resource evaluations of the Xiwan project in China and projects in Canada and Australia.

In February 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, an empowered coal company housing key current and future domestic and export focused coal operations. Anglo Coal has signed a Heads of Agreement with Inyosi, a newly formed broad based black economic empowerment company. Inyosi will acquire 27% of Anglo Inyosi Coal, creating a company valued at R7 billion and incorporating several key Anglo Coal assets; namely Kriel Colliery an existing mine, and Elders, Zondagsfontein, New Largo and Heidelberg projects.

Industrial Minerals

Business overview

Anglo Industrial Minerals (AIM) has two businesses – Tarmac and Copebrás. Tarmac is a leader in the construction materials business in the UK and also has operations in continental Europe and the Middle East. It is principally involved in the production of crushed rock, sand and gravel, asphalt, concrete and mortar, concrete products, lime and cement. Copebrás is a leading Brazilian producer of phosphate fertilisers, phosphoric acid and sodium tripolyphosphate (STPP).

- **Completion of strategic review facilitates continuous improvement both operationally and commercially**
- **Tarmac acquires assets in Turkey and Romania for first time**
- **Work under way on Tarmac's largest ever contract – resurfacing a stretch of England's M1 motorway**

Tarmac

Tarmac accounts for around 90% of AIM's business and is well positioned with a long life asset and reserve base. It is the UK market leader in aggregates, asphalt and mortar and is the second largest in ready-mixed concrete.

Tarmac's UK organisation comprises two business units: Aggregate Products and Building Products. These units are supported by a shared service centre based in Wolverhampton, in central England.

Aggregate Products comprises aggregates, asphalt, contracting, recycling and ready-mixed concrete. The organisation is based on seven geographical areas, enabling greater local customer focus.

Building Products comprises those businesses that have essentially national markets. These include cement, lime, mortar and concrete products.

Tarmac's International Business is a combination of seven different businesses operating in 11 countries, with a centralised management team in Frankfurt. Tarmac is a leading producer of hard rock, sand and gravel and concrete products in the countries in which it operates in central Europe, and of ready-mixed concrete in the Madrid and Alicante areas of Spain. In France and Poland, it has important and growing shares of the concrete products markets. Tarmac has recently entered Turkey and acquired a developing business in Romania, involving interests in quarries and ready-mixed concrete.

Products

Sand and gravel

Used mostly in the production of ready-mixed concrete, sand and gravel are also used for fills and drainage. Extracted from pits and dredged from coastal waters, materials are washed and graded prior to use.

Crushed rock

Crushed rock is predominantly used for road construction (where it is used both as a foundation and, when heated and mixed with bitumen, as a surfacing material), other foundations, drainage, railway ballast and concrete products. Extraction is generally from open pits, by drilling and blasting followed by various crushing and screening processes to achieve specifications appropriate to the ultimate end use. Crushed rock may also be used in ready-mixed concrete.

Ready-mixed concrete

Manufactured at production units located close to its market, ready-mixed concrete consists of sand, gravel, crushed rock, water, cement, cement replacements and other components dependent upon the performance required from the resultant mix. Ready-mixed concrete is transported to site in specialist truck mixers designed to thoroughly mix the material during transit.

Mortar and screeds

Mortar and screeds consist of sand, cement, and various admixtures dependent on application and performance requirements. Mortar is predominantly used for masonry applications such as bricklaying and will often contain lime to improve working properties. Levelling screeds and self-smoothing flowing screeds are generally used to prepare floors to receive final surfaces.

Asphalt

Manufactured by coating graded, crushed rock with bitumen, asphalt is the main product used for surfacing roads. Applied hot or cold to road foundations, asphalt is either supplied to site or collected by contractors from strategically located plants.

Concrete products
Utilising extracted materials, the concrete products sector provides the construction industry with a variety of prefabricated products, including blocks for walling, pre-stressed structural flooring and engineered precast elements.

Lime and cement
Using similar production processes, lime and cement are added value materials used widely within construction. Lime is also an important product in the agricultural, environmental and industrial sectors.

Copebrás
Copebrás' principal products are phosphoric acid, a range of phosphate based fertilisers and STPP. Phosphoric acid is the raw material for the manufacture of phosphate fertilisers and STPP. Phosphate fertilisers are used to supplement natural soil nutrients to achieve high agricultural yields. STPP is used in water treatment and the manufacture of detergents, paints and ceramics.

Industry overview and demand drivers
The aggregates, asphalt and ready-mix markets in which Tarmac participates in the UK are heavily consolidated, with the top five players controlling over 70% of each market.

The cement market too is highly consolidated, with the leading five companies accounting for nearly 90% of the market.

The main aggregates players also compete, to a greater or lesser extent, in the concrete products market, which is more fragmented.

A highly competitive marketplace, coupled with weak demand, resulted in the construction industry experiencing difficult market conditions over the past few years. Market conditions in the UK are expected to remain challenging with weak demand in some sectors, including roads and housing. The volatility of energy prices and the impact on cement and distribution costs will also continue to affect the industry.

Tighter planning regimes are likely to lead to current holdings of consented mineral reserves becoming more valuable over time.

Strategy and business development
Tarmac's strategy is to maximise shareholder value by exploiting its core competitive advantage of maintaining reserves in established territories and continuing acquisitive and organic growth in selected territories. It will focus on the UK and Europe, with increasing emphasis on central and eastern Europe, where it can develop businesses of scale; it will concentrate on aggregates and downstream activities where the latter provide routes to market for aggregates. The company will continue to focus on the active management of its portfolio to optimise its returns to shareholders.

During 2005, Tarmac was restructured to deliver improved and sustainable financial performance by creating an effective, efficient and enterprising organisation that is reliable, straightforward, understanding and responsive in its relationships with customers.

Tarmac continues to seek opportunities to add further value to its business. Several programmes are under way across the UK and international businesses, which will deliver improvements in business performance and lay the foundations of a culture of continuous improvement in all businesses.

Specific strategies are:

- to become the supplier of choice across Tarmac's full product range and through its various routes to market;
- to continue to develop innovative product and service solutions to differentiate it from competitors;
- strategic sourcing that is targeted to produce annual savings through economies of scale in company wide procurement;
- capital expenditure to reduce cost and improve productivity.

Gold

Business overview

AngloGold Ashanti is one of the world's largest gold producers, with production of 5.64 million ounces of gold in 2006 and has extensive reserves and resources. The company draws its production from four continents. Its operations comprise open pit and underground mines and surface reclamation plants in Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the US, and employs approximately 61,000 people around the globe.

- **Strategic alliances established in Russia and are being pursued in China**
- **Continuing investor interest in gold**

AngloGold Ashanti continues to enhance the value of the company through organic growth. The company currently has several major capital projects in development that will be coming into production over the next few years and currently has an extensive exploration programme in 15 countries.

The company has seven underground operations in South Africa, nine operations in East and West Africa, an open pit operation in North America, three South American operations (one open pit, two underground) and one open pit operation in Australia. The Boddington Expansion Project in Australia was approved by the AngloGold Ashanti board in January 2006. Production is scheduled to commence during the third quarter of 2008.

AngloGold Ashanti also continues to build on its strategy of seeking out partnerships with junior exploration and mining companies in regions outside the world's mainstream mining areas. In these partnerships, the company, when possible, seeks to retain the right to convert its minority stakes into majority holdings if and when a project reveals the potential to become a large deposit. Over the past year the company has diversified in this way into regions such as Laos, China, the Philippines and Alaska.

AngloGold Ashanti also focuses on developing the market for its product. Through its international gold marketing initiatives on its own, and in collaboration with organisations such as the World Gold Council, it is able to take advantage of downstream opportunities for potential value capture and help to ensure a healthy customer base.

Industry overview and demand drivers

Gold is used primarily for fabrication and bullion investment and is traded on a worldwide basis. Fabricated gold has a variety of uses, including jewellery, electronics, dentistry, decorations, medals and official coins. Central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value.

Apart from gold's status as the 'ultimate store of value' (estimates are that the world's central banks hold approximately 33,000 tonnes), the overwhelming use for gold is in jewellery. On average, over the past decade, demand for gold from the jewellery industry has consistently outstripped newly mined supply.

Strategy and business development

AngloGold Ashanti's strategic objectives are to drive down costs, lower mining and geopolitical risk by diversification and invest directly in, or partner in, downstream retail operations.

Its value adding growth strategy will remain a core focus and the company will continue to look for additional opportunities to grow its business organically, through focused exploration and a disciplined approach to opportunistic asset acquisitions and mergers and acquisitions, not least in new regions such as Russia, Laos, the Philippines, China and countries in South America such as Colombia.

AngloGold Ashanti is changing from being solely a gold mining company to one that is able to add value at several stages of a supply chain from the geologist's search for a deposit through to the consumer.

The company is committed to developing the market for gold. Its marketing programme aims to increase the desirability of its product, to sustain and grow demand, and to support the deregulation of the market in key economies.

During 2006, AngloGold Ashanti spent some $16 million on gold marketing initiatives, of which the majority was spent through the World Gold Council. Gold marketing expenditure by AngloGold Ashanti in 2005 and 2004 amounted to $13 million and $15 million, respectively. Independently of its support for the World Gold Council, AngloGold Ashanti is active in a number of other marketing projects that support gold. It remains the only gold company in the world to have committed this level of resource to the marketing of the metal it produces.

AngloGold Ashanti holds a 25% stake in OroAfrica, the largest manufacturer of gold jewellery in South Africa, as an investment in the downstream beneficiation of gold in South Africa. AngloGold Ashanti and OroAfrica have co-operated in a number of projects, including OroAfrica's development and launch of an African gold jewellery brand. An important strategic step has been the establishment of a Jewellery Design Centre at OroAfrica at a cost of $250,000. The purpose of the centre is to improve product standards through technology, design and innovation.

AngloGold Ashanti and Mintek, South Africa's national metallurgical research organisation, launched Project AuTEK in 2002 to research and develop industrial applications for gold. Project AuTEK has developed a gold based catalyst for the oxidation of carbon monoxide at ambient temperatures. Mintek has carried out pilot scale catalyst production tests. Negotiations for the commercial production of the catalyst have commenced.

The company is now looking outside of the world's mature gold regions and has exploration projects in Africa in the Democratic Republic of Congo and in South America in Colombia. In Russia, AngloGold Ashanti has announced the formation of a strategic alliance with Polymetal. Strategic alliances are being pursued in China to allow the company to successfully extract value from a region undergoing significant regulatory change. Exploration partnerships in the Philippines and Laos have resulted in land positions being acquired in several prospective areas.

Paper and Packaging

- **Agreement in principle reached for Mondi to become a Dual Listed Company Structure, with listings in London and Johannesburg**
- **First phase of modernisation programme at Syktyvkar in Russia under consideration**
- **$365 million capital expenditure in Poland or the Czech Republic being considered**

Business overview

Mondi is an integrated paper and packaging business with revenue of $7.5 billion in 2006. Its key operations and interests are in western Europe, emerging Europe and South Africa and it is principally involved in the manufacture of packaging paper, converted packaging products (including corrugated packaging, bags and flexible packaging) and office paper. In addition, it has merchant operations which focus on Austria and emerging Europe and newsprint operations in South Africa, the UK and Russia.

Mondi is integrated across the paper and packaging production process, from the growing of wood for pulp production and the manufacture of pulp and paper, to the conversion of packaging papers into corrugated packaging and industrial bags.

Mondi has production operations in around 115 locations across 35 countries, employing around 34,000 employees worldwide as at 31 December 2006.

Industry overview and demand drivers

Mondi operates in the following broad industry sectors:

- the packaging sector, which includes packaging paper, paper based packaging (primarily corrugated boxes, industrial bags and folding cartons) and non-paper based packaging made from materials including metal, glass, rigid plastics and flexible plastics; and
- the graphic paper sector, which includes uncoated woodfree paper, uncoated mechanical paper, coated woodfree paper, coated mechanical paper and newsprint.

Within the packaging sector, Mondi primarily competes in the global paper based packaging value chain. In the graphic paper sector, Mondi primarily competes in the global uncoated woodfree paper value chain, with a presence in selected geographic markets in newsprint.

Prices for Mondi's products are affected by changes in capacity and production and by demand for its products which is influenced by general economic conditions, changes in consumer preferences and inventory levels maintained by its customers. Changes in these factors have, in the past, resulted in significant fluctuations in the prices for Mondi's products and can be expected to have a similar effect in the future.

The industry is currently undergoing broad rationalisation, with many of the large players having announced significant capacity closures, restructuring measures and cost saving programmes.

Strategy and business development

The strategic focus of Mondi is to add value through sustainable profit growth over the course of the paper cycle. In existing operations, the focus is on maintaining and developing its cost advantages over its major competitors and achieving growth through a combination of its various business excellence initiatives and selected capital expenditures focused around low-cost assets in emerging markets. A disciplined acquisition programme is intended to supplement this organic growth, with the focus on targets offering clear market and/or operations synergies with Mondi's existing business.

Mondi continued to strengthen its global position within the paper and packaging industry in 2006 with focused acquisitions, the more significant being Akrosil (release liner), Stambolijski (kraft paper and bags) and Schleipen & Erkens (release liner). Management closely monitors the existing asset base, and in 2006 took the decision to close or divest various underperforming assets, particularly within the corrugated packaging business.

Business focus

Anglo American's strategy has been to become a more focused mining group, in the process simplifying its structure and enhancing returns

Strategic focus

- **$1.6 billion has been realised through the disposal of non-core assets in 2006**
- **Mondi demerger planned for mid-2007**
- **Phased exit of the AngloGold Ashanti holding**

In order to achieve its strategy, Anglo American has undertaken a major restructuring of its asset base. Over the past seven years, disposals of non-core businesses have totalled $11.8 billion and acquisitions amounted to $15.7 billion.

Following implementation of the restructuring programme, Anglo American will be focused around six commodity groups: platinum, diamonds, base metals, coal, ferrous metals and industrial minerals. As a more focused, cohesive group, further cost savings and synergies as well as technology and knowledge sharing will be key priorities.

Platinum is one of the main differentiators of the Group. With platinum group metals enjoying an unparalleled and expanding range of applications, and the prospect of buoyant demand for years to come, Anglo Platinum, will continue to be a major part of the Group's mining portfolio. The steady increase of Anglo Platinum's production over the last decade is testament to the major role Anglo Platinum will play in the Group's future.

De Beers, like Anglo Platinum, is a world leader in its field. It has a market share of some 40% of rough diamond production and is bringing on stream two new mines in Canada and one in South Africa over the next two years to augment its overall output.

In little over a decade, Anglo Coal has become a leading producer and exporter, supplying coal from three continents. In partnership with a number of major energy companies, Anglo Coal is examining the feasibility of producing downstream products such as gas and synthetic fuels on a commercial scale and is gradually moving from being a pure coal supplier to becoming a broader player in the energy field.

Anglo American is consolidating its position as a major copper producer, with several expansions under way or at the feasibility stage. With Anglo Platinum's nickel production set to rise significantly, combined with Anglo Base Metals' Barro Alto nickel project, the Group is set to become a significant nickel producer with around 100,000 tpa in 2012.

Kumba Iron Ore is becoming a major force in the consolidated iron ore industry, with current expansions that will boost production by around 40% to 45 Mtpa, with further potential to raise this to over 70 Mtpa by 2015.

Following an extensive review, Tarmac has restructured in the UK and reduced its downstream activities. Tarmac has sold a number of small underperforming businesses in western Europe and is focusing on the growth markets of eastern Europe. It is aiming to make a $50 million structural profit improvement over the next three years.

In terms of the restructuring, Anglo American has sold $1 billion of its stake in AngloGold Ashanti, reducing its shareholding from 51% to 42%. We will continue to explore all available options to exit AngloGold Ashanti in an orderly manner.

Regarding Mondi, plans for a full demerger are progressing. Approval in principle has been received from the regulatory authorities in South Africa for a Dual Listed Company Structure with primary listings in Johannesburg and London.

In 2006, the first tranche of Anglo American's 79% shareholding in Highveld Steel was sold to Evraz and Credit Suisse. In November, Kumba was restructured. Anglo American now owns 64% in pure-play iron ore company Kumba Iron Ore. The unbundling of Tongaat-Hulett's aluminium business to shareholders and simultaneous introduction of broad based BEE into both Tongaat-Hulett and Hulett Aluminium will occur during the second quarter of 2007. This will reduce Anglo American's interest in Tongaat-Hulett to 38% and in Hulamin to 39%.

Anglo American's principal objective is to maximise long term value creation for shareholders through the effective development and operation of world class mining assets. In order to achieve this, the Group needs to ensure it has the technical resources in place to manage operations efficiently. High quality mining assets are the lifeblood of any mining company, and Anglo American constantly seeks to replace and augment its asset base through a combination of exploration, discovery and development, complementing this organic growth process by value accretive acquisition.

In order to execute this strategy the Group has identified the following areas as being of central importance.

Safety
The safety of all employees is of paramount importance to Anglo American and is one of its core values. The Group's approach to safety is based on three pillars. The instillation of a safety culture throughout the Group with a zero injury tolerance mindset ensures that the Group learns from each incident and adheres to a set of simple, non-negotiable safety standards.

Sustainable development
This means ensuring that all stakeholders in Anglo American's mining operations are positively impacted by those operations. The Group aims to respond to the five key global challenges (wealth, energy, health, land use and biodiversity) identified at the Johannesburg World Summit on Sustainable Development in 2002 and to incorporate the principles of sustainable development and social responsibility into all aspects of the business cycle.

World class assets
Anglo American's strategy is to seek to invest in opportunities that will deliver strong cash flows through the cycle and which offer the greatest potential for optimisation and expansion. Consequently, the Group concentrates on pursuing mining investments that will provide low cost and long life exposure to the commodity price cycle. Furthermore, the Group aims to ensure that maximum value is gained from ownership of these assets through a continual focus on cost savings and operating efficiencies.

Project pipeline
Anglo American has one of the strongest organic growth pipelines in the mining industry, encompassing all our business units across a wide range of geographies. This pipeline creates a distinctive platform for Anglo American to deliver growth and value creation through the cycle. The Group will continue to invest in growth projects in its core mining businesses of platinum, diamonds, coal, base metals and iron ore to ensure that it is well positioned to deliver growth well into the future.

People
Anglo American's employees are essential to the long term success of the Group. Anglo American continues to invest in the development of its people and strives to ensure that it is positioned to attract and retain the best mining and other talent.

Key performance indicators

In order to measure and assess the achievement of its strategic objectives, Anglo American has put in place a number of key performance indicators (KPIs). These encompass both financial and non-financial indicators as well as quantitative and qualitative measures. While these KPIs are helpful in measuring the Group's performance, it should be stressed that they are not exhaustive and that many additional performance measures are used to monitor progress.

Strategic objective	KPI	Description	Results and target (if applicable)
Long term value creation and world class assets	Return on capital employed	Calculated as total operating profit before impairments for the year divided by the average total capital less other investments and adjusted for impairments.	2006: 32.4% 2005: 19.2%
	Year on year cost savings	Reduction in year on year operating costs is analysed between operating efficiencies, procurement savings and restructuring and synergies.	
	Underlying earnings per share	Underlying earnings are net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements, and any related tax and minority interests.	2006: \$3.73 2005: \$2.58
	Total shareholder return (TSR)	TSR is defined as share price growth plus dividends reinvested over the performance period. The Group uses a performance period of three years and calculates TSR annually.	Please refer to Remuneration Committee report on pages 66 to 83.
	Optimise production volumes	Production and extraction of the Group's prime commodities, measured in industry standard units.	A full analysis of the Group's production is given on pages 148 to 152. Record production levels achieved for platinum, coal, iron ore, nickel (on continuing operations basis) and zinc. Copper production increased over 2005 levels.
Safety	Work related fatal injuries and fatal injury frequency rate (FIFR)	FIFR is calculated as the number of fatal injuries per 200,000 hours worked.	2006: 44 fatalities, 0.017 FIFR 2005: 46 fatalities, 0.017 FIFR 2007 target: zero incidents
	Lost time injury frequency rate (LTIFR)	The number of lost time injuries (LTIs) per 200,000 hours worked. An LTI is an occupational injury which renders the person unable to perform his/her duties for one full shift or more the day following the one on which the injury was incurred, whether a scheduled work day or not.	2006: 1.16 2005: 0.94 2007 target: 0.94
Sustainable development	Improve energy efficiency and reduce CO_2 emission intensity	Improvements in energy efficiency and reduction in CO_2 emission per unit of production are measured from a 2004 baseline.	A 15% improvement in energy efficiency and 10% reduction in CO_2 emissions per unit of production by 2014.
	Community social investment	Social investment as defined by the London Benchmarking Group includes donations, gifts in kind and staff time for administering community programmes or volunteering in company time.	2006: \$50.3m, 0.6% of PBT 2005: \$56.7m, 1.0% of PBT
New capital investment	Capital projects and investment, optimising risk rate of return	Optimise the pipeline of projects and ensure that new capital is only committed to projects that show a positive net present value on a risk adjusted basis.	A full analysis of the Group's project pipeline is on pages 28 and 29.
People	Please see the narrative on pages 49 to 50 describing the Group's Human resources principles.		

Project pipeline and major projects

Project pipeline

Anglo American has one of the strongest project pipelines in world mining. Across the Group, the platinum, diamond, coal, base metals and iron ore projects that are under development total $6.9 billion.

This array of projects stretching into the future, building on Anglo American's unique suite of existing assets, has created formidable organic growth potential for the Group.

In South Africa, Anglo Platinum, the world leader in platinum, with considerable platinum reserves, is implementing its extensive suite of projects to expand and maintain production, with $1.6 billion approved in 2006. Against a background of positive fundamentals for the entire range of platinum group metals (PGMs), the company plans to lift its platinum production in 2007 to between 2.8 and 2.9 million ounces, as well as expand output of other PGMs. A $692 million project to add 230,000 platinum ounces per annum at PPRust is under way, with a further $230 million allocated to maintaining existing production of 200,000 ounces per annum. The $224 million East Upper UG2 project at Amandelbult, to exploit mainly the UG2 reef, will raise the mine's platinum output by 106,000 ounces a year by 2012. Accessing Merensky reef, the $316 million Paardekraal 2 shaft project, to replace 120,000 ounces of platinum annually by 2015, has also been given the go ahead.

Anglo Base Metals has several projects in South America which will ensure that Anglo American retains its significant market position in copper, while the Group is also becoming a bigger player in nickel. At Minera Sur Andes in Chile, the Chagres smelter is now operating at full capacity following the completion of a recent expansion project. Los Bronces has a feasibility study under way on a $1.2 billion project to increase copper production by 75%, while a debottlenecking opportunity is being evaluated at Collahuasi. A feasibility study is being conducted on the Quellaveco project in Peru. A decision on whether to proceed with the mine, which would produce in the region of 200,000 tonnes of copper a year, at a capital cost of approximately $1.2 billion, is expected in 2008. In Brazil, the recently approved $1.2 billion Barro Alto project will produce an average of 36,000 tonnes of nickel in ferronickel annually over a minimum 26 year mine life. The mine should come on stream in 2010, ramp up to full production the following year and boost the Group's total nickel production to around the 100,000 tonnes per annum level by 2012.

Anglo Ferrous Metals, through Kumba Iron Ore, is well advanced on the 13 Mtpa $754 million Sishen expansion project in South Africa's Northern Cape, with first output due in 2007 and full ramp up targeted for 2009. Further brownfield and greenfield projects should increase Kumba Iron Ore's annual production to over 70 Mtpa by 2015. Other iron ore growth opportunities are being pursued.

Anglo Coal's actual and approved thermal/domestic coal projects are scheduled to raise attributable production to surpass 100 Mtpa early on in the next decade. In Australia, the $835 million Dawson mine is planned to reach production in late 2007, producing 12.7 Mtpa of metallurgical and thermal coal for the export market. Construction has also started on the $516 million Lake Lindsay greenfield project at the German Creek mine. Annual saleable production will be 4.0 Mtpa, comprising mainly metallurgical coal. The recent granting of prospecting rights to Anglo Coal by South Africa's Department of Minerals and Energy is an encouraging development. At Cerrejón in Colombia, capacity is being expanded from the current level of 28 Mtpa to 32 Mtpa in 2008, with further expansion potential to at least 50 Mtpa.

De Beers has a number of significant projects to maintain its role as a leading global diamond producer. The major expansion focus is in Canada, where it is spending about $1.7 billion to bring two advanced projects to production. The technically and logistically challenging Snap Lake development close to the Arctic Circle in the Northwest Territories is due to come on stream in 2007, producing 29 million carats over the life of the project. In Ontario, the province's first diamond mine, Victor, is set to enter production in the last quarter of 2008 and yield 7 million carats over a mine life of about 12 years. In South Africa, work is under way on reopening the long dormant Voorspoed mine and on getting diamond mining under way off South Africa's Atlantic coast, for a total investment of $315 million.

Major growth and replacement projects

Currently Anglo American has major projects under development amounting to $6.9 billion, on an attributable basis, stretching across all business units and geographies. The Group is considering further major projects with an estimated potential cost between $10 billion and $15 billion.

Selected major completed projects

Sector	Project	Country	Full production	Capex [1] $m	Production volume[2]
Coal	Grasstree	Australia	2006	153	4.5 Mtpa
	Isibonelo	South Africa	2006	65	5.0 Mtpa
Base Metals	El Soldado	Chile	2007	73	17 year life extension copper

Selected major approved projects

Sector	Project	Country	Full production	Estimated capex $m [1]	Production volume[2]
Platinum	PPRust North expansion	South Africa	2009	692	230,000 oz refined Pt
	Mototolo JV	South Africa	2007	100	130,000 oz refined Pt
	Paardekraal 2 shaft	South Africa	2015	316	replace 120,000 oz Pt
	Amandelbult UG2	South Africa	2012	224	106,000 oz Pt
	Townlands Ore Replacement project	South Africa	2014	139	replace 70,000 oz Pt
	PPRust North Replacement	South Africa	2009	230	replace 200,000 oz Pt
	Lebowa Merensky	South Africa	2010	179	replace 108,000 oz Pt
	Marikana JV	South Africa	2009	18	145,000 oz Pt
Coal	Dawson	Australia	2007	835	5.7 Mtpa
	Lake Lindsay	Australia	2008	516	4.0 Mtpa
	Mafube	South Africa	2008	264	5.0 Mtpa
	Cerrejón	Colombia	2008	129	3.0 Mtpa (2nd stage)
Base Metals	Barro Alto	Brazil	2011	1,200	36,000 tpa nickel
Ferrous Metals	Sishen expansion	South Africa	2009	754	13 Mtpa
Gold	Mponeng (below 120 level)	South Africa	2013	272	2.5 M oz over life of project
	Boddington[3]	Australia	2009	432	4.7 M oz over life of project
Diamonds	Snap Lake	Canada	2008	878	29 m carats over life of project
	Victor	Canada	2009	833	7 m carats over life of project
	Voorspoed	South Africa	2009	170	8.3 m carats over life of project
	South African Sea Areas	South Africa	2008	145	4.6 m carats over life of project

Selected major future unapproved projects

Sector	Project	Country	Estimated full production	Estimated capex $m [4]	Production volume[2]
Coal	Zondagsfontein implementation	South Africa	2009	335	6.6 Mtpa
	Elders Opencast	South Africa	2011	335	6.5 Mtpa
	Elders Underground	South Africa	2013	180	4.0 Mtpa
	Heidelberg Underground	South Africa	2013	120	3.0 Mtpa
	Waterberg	South Africa	2014	355	23.9 mmcf
	New Largo	South Africa	2017	530	13.7 Mtpa
	MACWest	South Africa	2009	90	2.7 Mtpa
Base Metals	Los Bronces expansion	Chile	2011	1,200	170,000 tpa copper
	Collahuasi debottleneck	Chile	2010	300-500	60,000-120,000 tpa copper
	Quellaveco	Peru	2012	1,200	200,000 tpa copper
Ferrous Metals	Sishen South	South Africa	2011	420	9 Mtpa iron ore
	Sishen Pellet	South Africa	2013	145	1.5 Mtpa iron ore
	Sishen Expansion 2	South Africa	2013	560	10 Mtpa iron ore

(1) Shown on 100% basis unless otherwise stated.
(2) Production represents 100% of incremental or replacement production from the project.
(3) This represents AngloGold Ashanti's 33.3% share of Boddington.
(4) Shown on 100% basis, approximate amounts.

Anglo Platinum also has a number of unapproved projects under evaluation: Amandelbult 4 shaft, Booysendal JV, Der Brochen, Ga-Phasha JV, Pandora JV, Styldrift and Twickenham.

Sustainable development

The Group made a firm commitment to sustainable development in 2000. It has since worked to ensure that its policies and strategies address the key economic, social and environmental risks and concerns which underpin this agenda through daily good business practice as well as through work in partnership with other industry leaders, international agencies and NGOs. This has highlighted real business opportunities.

The Group's approach to sustainable development and measurement of its performance is reported in the *Report to Society*. The report is published annually in April and is available both in printed form and electronically on the Company website. The report provides extensive detail of the Group's commitment to its principles of sustainable development as well as analysis of its performance in 2006.

Sustainable development strategy

The sustainable development strategy is reviewed annually but has as a core theme the need to embed sustainable development thinking into business practice and to systematically address risks and opportunities.

The sustainable development strategic process is constantly evolving and includes consultation at various levels. The process includes input from area experts through Communities of Practice (COP) into the various steering groups. Issues raised here are tabled at the SD Forum where all divisions are represented. Priorities are then integrated into the strategy document which is submitted to the SD Council for sanctioning prior to presentation to the Executive Board. This loop is cyclical, with the SD Council highlighting priority actions to be addressed by the COPs, steering groups and SD Forum.

SD Council – A sustainable development council, made up of the leaders of corporate functions and business units, takes the lead on strategy and agrees Group targets.

SD Forum – Senior managers with responsibility for sustainable development meet regularly during the year to address constraints and opportunities in formulating and giving effect to the strategy and policies.

Sustainable development risks and opportunities are assessed and reported periodically through the Group's internal risk management procedure.

Safety

Anglo American's vision of zero harm is built on three clear principles: all injuries and occupational illnesses are preventable; all necessary steps must be taken to learn from incidents in order to prevent any recurrence; and common, simple, non-negotiable standards must be consistently applied. During 2006 a peer review programme was instituted across the Group, and in 2007 the peer review findings and experience from others will be integrated to reinforce the safety strategy and to enhance the application of the Company safety framework and principles.

The challenge of improving safety performance across the Group to meet Anglo American's goal of zero harm to the workforce has been the major focus of the year, with renewed efforts through both engineering and behavioural interventions at every level of the organisation to understand and eliminate the root cause of injuries.

During 2005 the Group's Lost Time Injury Frequency Rate (LTIFR) was 0.94. The target for 2006 was 0.64, or a 32% reduction. The figure achieved was 1.16. Anglo American's core business going forward achieved a LTIFR of 1.58 in 2006. A target of 0.94 is set for 2007.

Energy use and reducing CO_2 emissions

Climate change is one of the most significant global challenges. Anglo American reports energy use and carbon emissions annually and is committed to ongoing operational efforts to reduce its impact. The Company also actively engaged in long term international research and development programmes for zero emissions power generation and carbon sequestration.

The Company is aiming to achieve a 10% reduction in CO_2 emissions per unit of production (energy intensity) by 2010 and increase energy efficiency by 15% of the 2004 baseline by 2014.

The Group's managed companies used 303.7 million Gigajoules (GJ) of energy in 2006 (2005: 298.5 million GJ). The Group's managed companies' CO_2 equivalent emissions in 2006 were 32.6 million tonnes (2005: 29.3 million tonnes).

Community social investment

In addition to addressing core social issues at both corporate and operational levels, the Group annually invests across the world in community development, education and youth, the arts, the environment and other causes. In 2006 the investment was $50.3 million or 0.6% of pre-tax profit (2005: $56.7 million or 1.0%).

Key challenges

Key challenges facing the mining industry

In pursuing its strategy, Anglo American, along with many of its peers in the mining industry, faces a number of key challenges. The ability to respond to these challenges will play a key role in ensuring that Anglo American is best placed to extract maximum benefit from all of its future growth options. Anglo American has identified the following as being of particular importance.

Cost escalation

Although the last few years have seen dramatic increases in the prices of a wide range of commodities, there has also been considerable pressure on operating and capital costs. Controlling this cost escalation will ensure that Anglo American realises maximum value from its existing operations and that all future projects benefit from the best possible economics. As set out in more detail below, Anglo American remains committed to an ongoing programme of cost savings, which has realised $583 million in 2006.

Mining skills

People remain Anglo American's most important asset and it is the technical expertise in core mining and engineering disciplines of these people that is the ultimate source of value creation in a mining company. As an industry it is essential that this skills base is not depleted and that mining remains an attractive career option for the next generation of university graduates. In responding to this challenge, Anglo American remains committed to its programme of university sponsorship and support to ensure that it will retain the skills necessary to secure all of its medium and long term growth opportunities.

Energy

There is now more focus than ever on the global demand for energy and the sustainability and impact of meeting this ever increasing demand. As one of the world's largest mining companies, Anglo American is both a significant consumer and supplier of energy. Consequently, Anglo American will continue to participate fully in the ongoing global and industry wide dialogue on how best to respond to this challenge and will continue to embed the principles of sustainable development into all of its operating practices.

Resource depletion

Anglo American, in common with all mining companies, must continually invest in its resource base to ensure that it has a steady pipeline of new projects in place to replace production from those assets that reach the end of their life. As existing operations become depleted, mining companies will have to access new mineral deposits which may be geologically or metallurgically more complex than those of existing assets. Anglo American has a programme of continuous investment to develop the technology and productivity improvements that will allow Anglo American to develop these deposits in the most value accretive manner.

Key challenges facing Anglo American – driving operational excellence

A key challenge is to drive the process of operational excellence throughout the business – from exploration to procurement.

Operational excellence is very much a twin pronged thrust: driving a culture change through our continuous improvement efforts that aim to get each employee involved in improving what they do and how they do it, and the development or adoption of leading edge technology and of applying it quickly and intelligently.

Procurement and supply chain excellence has been a major element of the Group's activities since 2000 with the inception of Project Angelo, which was designed to increase volume leverage for lower supplier prices and maximise synergies Groupwide. In 2006, Anglo American businesses spent $14 billion with their suppliers and achieved cost savings of $583 million in synergies, operating efficiencies and negotiated procurement savings.

At Anglo Platinum's Waterval mine, trials of extra low profile (XLP) trackless mining equipment, employed in areas of severely restricted height, have shown a near tripling in cubic metres mined per month, with improved productivity and safety. The exercise has also shown that it is possible to determine accurately the structural life expectancy of heavy mining machinery such as load haul dumpers in different conditions, which enables more accurate replacement strategies to be put in place. Modifications can now be designed to extend the life of XLP and other equipment and it is intended to embed these design principles into the equipment's specifications by transferring the technology to the equipment manufacturers. Following its success at Waterval mine, this new mining method will be implemented at other Anglo Platinum operations, where practically and economically viable, during 2007-2008.

At Kumba Iron Ore's Sishen mine the focus is on bringing about a sustained improvement in operating margins by extracting ore from material previously defined as waste. The mining operation reduces waste stripping by using smaller loaders in the ore waste contact areas. 'Contact' ore that would have been discarded owing to excessive dilution is now separated and recovered by the smaller scale equipment. The 'clean' ore is then hauled to the crusher and the waste discarded. This selective mining process has yielded two important benefits: ore that would have been discarded owing to dilution is recovered, while 'contact' waste, that would have claimed space in the beneficiation plant, is removed before the material enters the plant. During 2006, 2.7 million tonnes of ore was recovered from waste, with a near equivalent amount of 'clean' ore delivered to the plant.

At the Skorpion zinc mine, located in a remote and arid environment in southern Namibia, a novel solvent extraction and electrowinning process was developed by Anglo Base in partnership with Anglo Research and Spanish technology providers to treat an oxide zinc ore. Skorpion is now one of the lowest cost zinc producers in the world – exploiting a deposit that was previously uneconomic to mine.

Open pit slope stability is an issue of growing importance to the mining industry due to the potential for loss of life and serious injury – not to mention damage to equipment, leading to loss of production. Radar based and laser based mobile systems, designed to detect sub-millimetre slope movements long before they can be detected by the naked eye, and then generate alarms, are being installed where necessary at open pit operations across the Group.

Vehicle related incidents are responsible for a disproportionately high number of deaths and serious injuries at Group operations. Anglo Technical Division and business unit representatives have compiled a matrix of technologies to examine various collision avoidance systems. Combinations of several technologies, including radar, video cameras, ultrasonic, infrared and radio frequency, are being implemented at Group operations. Information is being shared across the business units, while a joint working group is establishing closer relationships with suppliers and investigating joint initiatives with other mining companies.

In South Africa, poor road conditions at Anglo Coal's Landau colliery had been causing damage to haul trucks and impacting productivity in wet weather. To counter this, and to ensure that there would be sustained improvement, a detailed haul road design and construction standard was drawn up. Previously discarded sandstone was used in the construction of the haul roads, which were properly cambered, with improved drainage. The benefits include a 7% reduction in haul truck maintenance costs, increased tyre life, improved productivity arising from shorter truck turnaround times and a saving of around $200,000 in diesel in 2006.

In the UK, Tarmac recently completed a review to evaluate the commercial activities of the Aggregate Products business and to identify areas of opportunity. The project, which drew together people from all major disciplines in Tarmac, has resulted in a significant change in organisational structure and proposed new ways of working that require retraining, upskilling and behavioural change. Post programme audits have been undertaken to embed the new skills and knowledge gained and to continue the improvements in working practices.

Financial performance during the year

The Group produced record underlying earnings of $5.5 billion, 46% higher than 2005, with record production levels at many of its mining operations. With strong cash flow, the Group announced during 2006 and early 2007 the return of $10.5 billion to shareholders through share buybacks and special dividends.

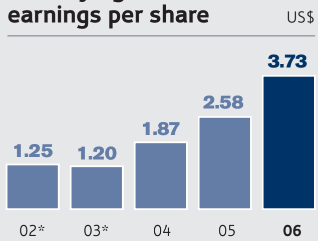
Financial review of the Group's results

Underlying earnings per share for the year increased to $3.73 per share, an increase of 45% compared with 2005. Underlying earnings totalled $5,471 million, with strong contributions from Base Metals and Platinum as well as a significant increase in contribution from AngloGold Ashanti. Coal recorded lower underlying earnings mainly due to a decline in export sales volumes and increased costs, while Paper and Packaging recorded a lower earnings contribution and Industrial Minerals a flat contribution, owing to continuing difficult market conditions, although Paper and Packaging saw some improvement in overall market conditions in the second half of the year. Underlying earnings at De Beers were below the prior year, principally reflecting lower sales by The Diamond Trading Company and increased exploration and development costs, as well as lower preference share income arising from the June 2006 redemptions, and higher minorities as a result of the Ponahalo black economic empowerment transaction which was completed in April 2006. Kumba's results showed a significant increase over the prior year; however, Ferrous Metals as a whole recorded a lower contribution chiefly owing to lower manganese and vanadium prices, the impact of the increased minorities as a result of the Highveld part disposal in July 2006, as well as the full year impact of the disposal in mid-2005 of Boart Longyear and Samancor Chrome.

- **Strong performance during the year with underlying EPS of $3.73, up 45% over 2005**
- **Base metals and Platinum produced record results**
- **Increased production in most commodities, with particularly strong performances in second half of the year**
- **Profit for the financial year up 76% over 2005**
- **During 2006 and early 2007, Anglo American announced the return of $10.5 billion capital to its shareholders through three share buyback programmes totalling $9 billion and special dividends of $1.5 billion**

Underlying earnings $ million	Year ended 31 Dec 2006	Year ended 31 Dec 2005
Profit for the financial year attributable to equity shareholders	6,186	3,521
Operating special items including associates	562	323
Operating remeasurements including associates	429	317
Net profit on disposals including associates	(1,367)	(185)
Financing special item	4	–
Finance remeasurements including associates:		
Fair value loss on convertible option	18	32
Exchange gain on De Beers' preference shares	(40)	(72)
Unrealised gains and losses on non-hedge derivatives	(8)	(2)
Tax on special items and remeasurements including associates	(124)	(15)
Related minority interests on special items and remeasurements including associates	(189)	(183)
Underlying earnings	5,471	3,736
Underlying earnings per share ($)	3.73	2.58

Underlying earnings per share



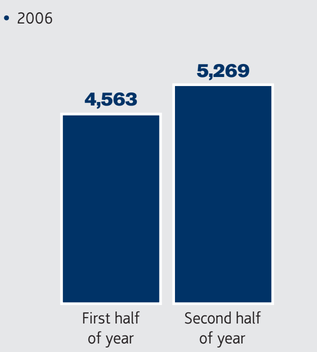
* UK GAAP

Profit for the year after special items and remeasurements increased by 76% to $6,186 million compared with $3,521 million in the prior year. This increase relates mainly to strong operational results, as discussed above. There was a significant increase in net profits on disposal which, including associates, was $1,182 million higher than 2005, mainly as a result of the Group's disposal of 19.7 million ordinary shares in AngloGold Ashanti and the Group's non-participation in the issue of ordinary shares by AngloGold Ashanti ($909 million net profit on disposal), as well as the profit of $301 million on part disposal of Highveld. This was largely offset by the $52 million loss on part disposal of Kumba's non-iron ore assets as well as operating special items and remeasurements losses of $991 million, including the impairment and restructuring of certain Tarmac assets ($278 million), impairment and closure costs relating to the Dartbrook coal mine in Australia ($125 million), impairment mainly of certain downstream converting Packaging assets and certain Business Paper assets at Paper and Packaging ($104 million) and unrealised losses on non-hedge derivatives ($429 million), recorded principally at AngloGold Ashanti.

The Group's results are influenced by a variety of currencies owing to its geographic diversity. The South African rand on average weakened slightly against the US dollar compared with the prior year, with an average exchange rate of R6.77 compared with R6.37 in 2005. Currency movements positively impacted underlying earnings by $129 million. Operating results benefited from weaker average rates for the rand

and Australian dollar, although these were offset by the stronger Chilean peso and Brazilian real. There was a significant beneficial effect on underlying earnings from increased prices amounting to $3,581 million, particularly in respect of copper and platinum group metals.

Operating profit US$m



Summary income statement

$ million (unless otherwise stated)	Year ended 31 Dec 2006	Year ended 31 Dec 2005
Operating profit before special items and remeasurements	8,742	5,344
Operating special items	(524)	(186)
Operating remeasurements	(344)	(301)
Operating profit from subsidiaries and joint ventures	7,874	4,857
Net profit on disposals	1,168	87
Share of net income from associates[1]	685	657
Total profit from operations and associates	9,727	5,601
Net finance costs before special items and remeasurements	(165)	(428)
Financing special items and remeasurements	–	35
Profit before tax	9,562	5,208
Income tax expense	(2,640)	(1,275)
Profit for the financial year	6,922	3,933
Minority interests	(736)	(412)
Profit for the financial year attributable to equity shareholders	6,186	3,521
Basic earnings per share ($)	4.21	2.43
Group operating profit including associates before special items and remeasurements	9,832	6,376

[1] Operating profit from associates before special items and remeasurements	1,090	1,032
Operating special items and remeasurements[2]	(123)	(153)
Net profit on disposals[2]	199	98
Net finance costs (before remeasurements)	(101)	(51)
Financing remeasurements[2]	26	7
Income tax expense (after special items and remeasurements)	(368)	(274)
Underlying minority interest (after special items and remeasurements)	(38)	(2)
Share of net income from associates	685	657

[2] See note 7 to the financial statements.

Special items and remeasurements

$ million	Excluding associates 31 Dec 2006	Associates 31 Dec 2006	Total 31 Dec 2006	Excluding associates 31 Dec 2005	Associates 31 Dec 2005	Total 31 Dec 2005
Operating special items	(524)	(38)	(562)	(186)	(137)	(323)
Operating remeasurements	(344)	(85)	(429)	(301)	(16)	(317)
Operating special items and remeasurements	(868)	(123)	(991)	(487)	(153)	(640)

Operating special items and remeasurements, including associates, amounted to $991 million, with $562 million operating special charges in respect of impairments, restructurings and mine and operation closures. This included a $278 million combined impairment and restructuring charge relating to certain non-core assets to be sold and other assets to be restructured at Industrial Minerals following the conclusion of the strategic review, an impairment and related closure costs of $125 million at Anglo Coal Australia's Dartbrook mine, and a $104 million impairment at Paper and Packaging mainly of certain downstream converting Packaging assets.

Operating remeasurements, including associates, of $429 million principally related to unrealised losses on non-hedge commodity derivatives at AngloGold Ashanti. The loss in 2006 related to the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price, exchange rates and interest rates compared with the equivalent period in 2005.

Net profit on sale of operations, including associates, amounted to $1,367 million. This included the profit on sale of 19.7 million ordinary shares in AngloGold Ashanti, which resulted in $737 million profit on disposal as well as $172 million profit on the deemed disposal of AngloGold Ashanti arising from the non-participation in the issue of ordinary shares by AngloGold Ashanti. A gain of $301 million also arose on the part disposal of Highveld, offset by a loss of $52 million on the part disposal of Kumba's non-iron ore assets. The Group also realised a $103 million profit on the sale of an indirect 26% equity interest in De Beers Consolidated Mines Limited to Ponahalo Holdings (Proprietary) Limited.

Financing remeasurements, including associates, are made up of a $18 million fair value loss on the AngloGold Ashanti convertible bond option, unrealised gains of $8 million on non-hedge derivatives and a $40 million foreign exchange gain on De Beers dollar preference shares held by a rand denominated entity.

In line with IFRIC guidance, the option component of the AngloGold Ashanti convertible bond is fair valued at each reporting period and held as a liability. Changes in fair value of the liability are taken to the income statement.

The De Beers dollar preference shares (held by a rand functional currency entity) are classified as 'financial asset investments' and are retranslated at each period end. The resulting rand:dollar foreign exchange gains and losses are reported through the income statement as a remeasurement charge.

Net finance costs

Net finance costs, excluding special items and remeasurement gains of nil (2005: gain of $35 million), decreased from $428 million in 2005 to $165 million. The decrease reflects lower interest costs due to the reduction in net debt.

Taxation

$ million (unless otherwise stated)	Before special items and remeasure-ments 31 Dec 2006	Associates' tax and minority interests 31 Dec 2006	Including associates 31 Dec 2006	Before special items and remeasure-ments 31 Dec 2005	Associates' tax and minority interests 31 Dec 2005	Including associates 31 Dec 2005
Profit before tax	9,159	407	9,566	5,612	285	5,897
Tax	(2,763)	(369)	(3,132)	(1,283)	(281)	(1,564)
Profit for the financial year	6,396	38	6,434	4,329	4	4,333
Effective tax rate including associates (%)			32.7			26.5

IAS 1 *Presentation of Financial Statements* requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's total tax charge on the face of the income statement. Associates' tax, before special items and remeasurements included within 'Share of net income from associates' for the year ended 31 December 2006 is $369 million (2005: $281 million).

The effective rate of taxation, before special items and remeasurements including share of associates' tax before special items and remeasurements, was 32.7%. This was an increase from the effective rate, on the same basis, of 26.5% in the year ended 31 December 2005. The December 2005 tax rate benefited from the one-off impact of a reduction in the statutory tax rates in South Africa and Ghana. Without this one-off benefit, the effective tax rate for the prior year would have been 29.7%. The December 2006 tax rate reflected the relative impact of the statutory tax rates, on a fully distributed basis where appropriate, of the countries in which the Group's operations are based. In future periods it is expected that the effective tax rate, including associates' tax, will remain at or above the UK statutory tax rate of 30%.

Balance sheet

Equity attributable to equity shareholders of the Company was $24,271 million compared with $23,621 million as at 31 December 2005.

During the year, the Group announced a share buyback programme totalling $6 billion. By the end of 2006, $3.9 billion of this programme had been completed, with the programme due to complete fully in the first half of 2007. A further $3 billion share buyback has been announced in early 2007.

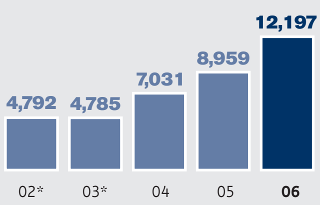
Net debt, excluding hedges but including balances that have been reclassified as held for sale ($80 million), was $3,324 million, a decrease of $1,669 million from 31 December 2005. The reduction was principally due to reduction of debt from cash flows from operations and disposals, deconsolidation of AngloGold Ashanti debt and conversion of $1.1 billion of the Group's convertible debt, although this was partially offset by $3.9 billion of share buyback and $1.5 billion special dividend as at 31 December 2006.

Net debt at 31 December 2006 comprised $6,304 million of debt, offset by $2,980 million of cash, cash equivalents and current financial asset investments. Net debt to total capital[1] as at 31 December 2006 was 12.9%, compared with 17.0% at 31 December 2005.

Cash flow

Net cash inflows from operating activities were $8,310 million compared with $6,781 million in 2005. EBITDA was $12,197 million, a substantial increase of 36% from $8,959 million in 2005.

EBITDA US$m



* UK GAAP

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

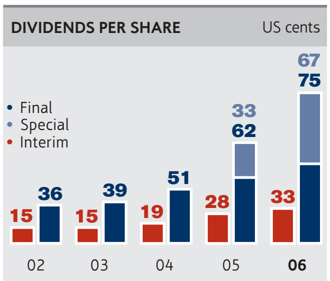
Depreciation and amortisation decreased by $405 million to $2,036 million. Acquisition expenditure accounted for an outflow of $344 million compared with $530 million in 2005. This included $76 million, net of cash acquired, in respect of the Group's investment in AltaSteel (Ferrous Metals and Industries) and $65 million in respect of the Group's investment in Akrosil and Stambolijski (Paper and Packaging).

Proceeds from disposals totalled $1,642 million, with net proceeds on the sale of 19.7 million ordinary shares of AngloGold Ashanti of $839 million, and net proceeds of $412 million received on disposal of 49.8% of Anglo American's shareholding in Highveld Steel.

Repayment of loans and capital from associates amounted to $394 million, and is attributable to capital redemptions by De Beers, comprising the redemption of $175 million of preference shares and a further $219 million in respect of a share premium redemption following the Ponahalo black economic empowerment transaction. Purchases of tangible assets amounted to $3,686 million, an increase of $380 million. Increased capital expenditure by Platinum, Coal, Ferrous Metals and Industries and Base Metals was partially offset by a reduction in capital expenditure at Paper and Packaging, as well as the impact of including AngloGold Ashanti's capital expenditure up to 20 April 2006, after which it was accounted for as an associate.

Analysis of depreciation and amortisation by business segment (subsidiaries and joint ventures) $ million	2006	2005
Platinum	444	428
Gold	183	538
Coal	172	188
Base Metals	338	312
Industrial Minerals	244	248
Ferrous Metals and Industries	199	300
Paper and Packaging	439	411
Other	17	16
	2,036	2,441

Analysis of capital expenditure on a cash flow basis by business segment (subsidiaries and joint ventures) $ million	2006	2005
Platinum	923	616
Gold	196	722
Coal	780	331
Base Metals	298	271
Industrial Minerals	298	274
Ferrous Metals and Industries	581	373
Paper and Packaging	581	691
Other	29	28
Purchase of tangible assets	3,686	3,306
Investment in biological assets	64	55
	3,750	3,361



Dividends

At the half year, an interim dividend of 33 US cents per share, plus a special dividend of 67 US cents per share, paid together on 21 September 2006, was recommended. A final dividend of 75 US cents per share, to be paid on 3 May 2007, has been recommended.

Analysis of dividends US cents per share	2006	2005
Interim dividend	33	28
Recommended final dividend	75	62
Normal dividend	108	90
Special dividend previously paid	67	33
Total dividends	175	123

Return on capital employed

ROCE in 2006 was 32.4% compared to 19.2% in 2005. The increase was mainly due to strong operational results, as discussed on page 33.

Financial review of the businesses

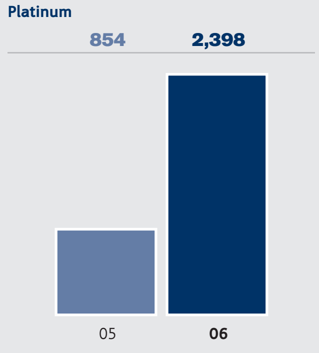
Business review

In the operations review on the following pages, operating profit includes associates' operating profit and is before special items and remeasurements unless otherwise stated. Capital expenditure relates to cash expenditure on tangible assets.

Platinum

$ million (unless otherwise stated)	2006	2005
Operating profit	2,398	854
EBITDA	2,845	1,282
Net operating assets	7,078	7,018
Capital expenditure	923	616
Share of Group operating profit	24%	13%
Share of Group net operating assets	25%	20%

OPERATING PROFIT $ million



Anglo Platinum's operating profit reached a record $2,398 million, increasing 181% on 2005's operating profit of $854 million. This was achieved on the back of a significantly higher price achieved for the basket of metals sold, increased production and a weaker average rand/US dollar exchange rate.

Markets

The average dollar price realised for the basket of metals sold equated to $2,030 per platinum ounce, 46% higher than in 2005, with firmer platinum, rhodium and nickel prices making the largest contribution to the increase. The average realised price for platinum of $1,140 per ounce was $246 higher than in 2005, while nickel averaged $10.74 per pound against $6.77 in 2005. The price achieved for rhodium averaged $3,542 per ounce, an increase of $1,576 per ounce over 2005, and includes the effect of existing long term contractual arrangements entered into with some customers to support and develop the rhodium market.

Technological development continues to drive industrial demand for platinum and ongoing research into new applications will create further growth in this sector. With the rapid spread of exhaust emissions legislation, over 91% of new vehicles sold in the world now have autocatalysts fitted. The intensifying stringency of emissions legislation will drive growth in PGM demand for autocatalysts as new legislation is applied to trucks and off road vehicles in the US. The increasing popularity of diesel powered vehicles in Europe continues and this has also intensified the demand for platinum, as diesel powered cars can only use autocatalysts that are predominantly platinum based.

Operating performance

Refined platinum production for the year rose by 15% to 2,816,500 ounces, primarily due to increased production at mining operations and the release of metal from pipeline stocks, including the processing of concentrate built up at the Polokwane Smelter in 2005. Platinum production from mining operations, expressed in equivalent refined ounces (metal contained in concentrate net of smelting and refining losses) increased by 5% to 2,638,600 ounces. The increase was mainly attributable to improved production volumes at the Amandelbult, Kroondal, Modikwa, Bafokeng-Rasimone and Rustenburg operations as well as new output from the Marikana and Mototolo operations. However, this was partly offset by lower output from Potgietersrust and the Western Limb Tailings Retreatment plant.

The cash operating cost per equivalent refined platinum ounce in rand terms increased by 10.7%. Once-off additional ground support work during 2006 at Union, equipping and development programmes to establish a sustainable base for future production at Amandelbult and Rustenburg, cost increases in diesel, steel, tyres and labour and the effect of lower grades as a consequence of a higher percentage of UG2 ore mined were the principal reasons for the above inflation unit cost increase.

Projects

Anglo Platinum remains confident of the robustness of demand for platinum and is continuing with its expansion programme and expects to meet its stated average compound growth target of 5% per annum by exploiting its own reserves through direct investment in projects as well as with joint venture partners. This growth profile requires projects that will create incremental new production as well as maintain existing production levels due to reserve depletion from current mining activities.

The implementation of Anglo Platinum's extensive suite of mining and processing projects to expand and maintain production continues on schedule. Projects that have increased production include Modikwa, Kroondal and, for the first time in 2006, the Marikana and Mototolo ventures each added 12,800 equivalent refined platinum ounces. Marikana, approved in 2005, will produce 74,000 refined platinum ounces a year by 2009. Mototolo is set to reach steady state production by the end of 2007, producing refined platinum of 130,000 ounces per annum at steady state.

In 2006 the company approved capital expenditure totalling $1.6 billion, which included the Potgietersrust North expansion project. Work on this project, which aims to mill an additional 600,000 tonnes per month (tpm) of ore, producing an additional 230,000 refined platinum ounces per annum from 2009, has commenced.

Projects that contribute towards maintaining production levels include the Amandelbult 1 shaft optimisation project, which was successfully completed during the year, with the 75,000 tpm UG2 concentrator being fully commissioned and running at capacity. This concentrator processes UG2 ore as Merensky production declines due to the depletion of Merensky ore reserves.

The Amandelbult East Upper UG2 project, which was approved in 2006, will conventionally mine the UG2 reef, using existing mining infrastructure previously employed to extract Merensky reef, at the vertical number 2 shaft and at three decline shafts. The 75,000 tpm UG2 concentrator will be expanded to 210,000 tpm and by 2012 the project will contribute an additional 106,000 ounces of refined platinum per annum.

The Rustenburg Paardekraal 2 shaft replacement project will access deeper Merensky reserves at a rate of 100,000 tpm. The project is expected to produce 120,000 ounces of refined platinum per annum by 2015, replacing decreasing production as a result of reserve depletion.

The Townlands Ore Replacement project at a capital cost of $139 million was approved in February 2007 and will replace 70,000 ounces of refined platinum per annum by 2014 with production from new Merensky and UG2 areas at the Rustenburg Townlands shaft.

In December, Anglo Platinum concluded a black economic empowerment transaction with the Bakgatla-Ba-Kgafela traditional community, under which the community acquired a 15% interest in Anglo Platinum's Union Section mining and concentrating business as well as interests in the prospecting rights of certain properties in the vicinity of Union Section.

Outlook

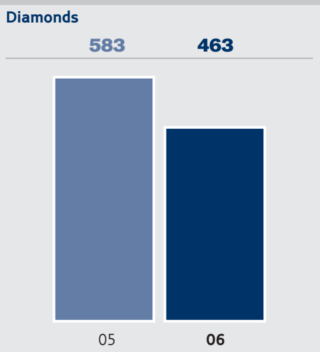
The demand for newly mined platinum continues to grow from the autocatalyst and industrial sectors, offsetting the decline in demand from the jewellery sector. Autocatalyst demand is expected to continue expanding in response to growth in the sales of diesel vehicles worldwide coupled with the advances in emission legislation requiring the fitment of catalyst systems and particulate filters containing platinum. The application of platinum in a wide variety of uses in industry remains robust. In the jewellery sector, the high price of platinum, but more importantly the volatility in the price, is limiting the levels of stock held within the trade and hence demand is down. Additional development projects to support the *Platinum* brand and the industry are being implemented in China, Japan and the US. These initiatives are expected to sustain interest and assist in restoring demand even at current price levels.

The recovery of palladium demand in the industrial market continues particularly in the autocatalyst and electronics sectors. Substitution of palladium for platinum in petrol engine emission control catalysts is a continuing feature. Demand for palladium in the Chinese jewellery trade reduced from the exceptional peak last year as the manufacturing and retail pipelines were established. Sustained demand will be dependent on creating consumer desire for the product. The development of a differentiating image for palladium is in its infancy, but being pursued. Investor interest is also supporting the market for palladium, which continues to absorb additional supply from Russian stocks.

The markets for rhodium and ruthenium are supported by strong industrial demand and are expected to be buoyant in the medium term.

Refined platinum production for 2007 is expected to be between 2.8 million and 2.9 million ounces. While production and sales volumes will increase in 2007, the most significant variable affecting earnings will be metal prices and the rand/US dollar exchange rate.

OPERATING PROFIT $ million



Diamonds

$ million (unless otherwise stated)	2006	2005
Share of associate's operating profit	463	583
EBITDA	541	655
Group's share of De Beers' net assets[1]	2,062	2,056
Share of Group operating profit	5%	9%

[1] De Beers is an independently managed associate of the Group. The Group's share of De Beers' net assets is disclosed.

The Group's share of operating profit from De Beers declined by 21% to $463 million from the 2005 figure of $583 million. This was largely attributable to lower sales by The Diamond Trading Company (DTC), the marketing arm of De Beers, increased exploration and development costs, reduced earnings in the diamond account, the impact of increased finance charges, and the dilution in earnings as a consequence of the sale of 26% of De Beers Consolidated Mines to a black economic empowerment consortium.

Markets

Solid consumer demand for diamond jewellery continued in 2006, with the US, and particularly China and India, reporting strong sales growth. Sales by the DTC were $6.2 billion, slightly below the previous year (2005: $6.5 billion), though still the second highest on record. The decline reflected the reduced supply available to the DTC and the continuing challenging environment in the wholesale market for rough diamonds, where a lack of liquidity, margin pressure and increasing financing costs impacted pipeline demand.

DTC marketing initiatives continue to effectively drive demand for diamond jewellery. Preliminary reports point to global retail sales for 2006 rising by about 4%-5%, with India and China achieving double digit growth. DTC marketing programmes such as *Journey Diamond Jewellery* and *Trilogy* were strong growth drivers in 2006. Independently managed De Beers Diamond Jewellers (DBDJ), the De Beers retail joint venture with Möet Hennessy Louis Vuitton, had an excellent year, with an encouraging performance in the US, which accounts for around 50% of world jewellery sales by value. In 2007 DBDJ will introduce its first wristwatch collection and increase its presence in the US, the Middle East, Japan, Hong Kong and South Korea.

Operating performance

In 2006 the De Beers group achieved its highest ever production of 51 million carats (2005: 49 million carats). This was attributable mainly to Debswana raising output in Botswana from 31.9 million carats to 34.3 million carats. In Namibia, Namdeb lifted production by 18% to just over 2 million carats. Production from the South African operations totalled 14.6 million carats. Element Six, De Beers' industrial diamond business, continues to achieve sustained growth, recording a satisfactory profit for the year.

In Canada, De Beers is on target to start production at Snap Lake in the Northwest Territories in October 2007, while the Victor mine in Ontario is scheduled to come on stream in the last quarter of 2008. In June 2006 De Beers announced that it had been granted a right to mine for diamonds at the long closed Voorspoed mine in South Africa's Free State province. As part of its $145 million South African Sea Areas marine mining project, a mining vessel, now undergoing commissioning, will commence operations off the west coast of South Africa in the third quarter of 2007. When all of these operations are in full production they will contribute 3.3 million carats, valued at $700 million, to De Beers' production capacity.

In 2006 De Beers positioned itself well to take advantage of exploration opportunities. The company has been granted three new concessions in Angola, prospecting licences have been granted in Botswana around the Jwaneng and Orapa areas, while De Beers is involved in a number of joint ventures to access promising ground in the Democratic Republic of Congo. In Canada, De Beers has sold its 42% stake in the Fort à la Corne project in Saskatchewan. In September 2006 De Beers and Alrosa, the leading Russian diamond mining company, signed a Memorandum of Understanding which should lead to joint diamond prospecting and exploration activities in Russia.

A groundbreaking empowerment transaction was concluded in April 2006, resulting in the sale of 26% of De Beers Consolidated Mines, the South African mining arm of De Beers, to a black economic empowerment consortium.

In May 2006 the Government of Botswana and De Beers signed the renewal of the mining licence for Jwaneng, the world's most valuable diamond mine. The licence will run for 25 years (effective from 1 August 2004), while the currently held licences for the Orapa, Letlhakane and Damtshaa mines were also extended to 2029. The agreement also covered the sale of diamond production from Debswana (held 50:50 by the Government of Botswana and De Beers) to the DTC for a further five years, and the establishment of Diamond Trading Company Botswana (also equally owned by the two parties) to sort and value all Debswana's diamond production.

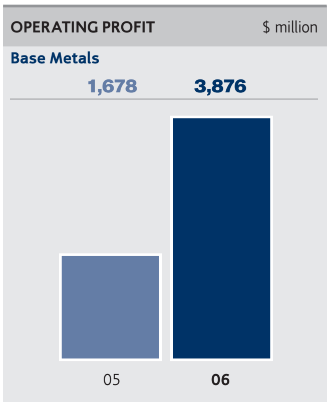
On 30 January 2007, the Government of Namibia and De Beers announced the extension of the DTC sales contract for a further eight years (effective 1 January 2006), and the establishment of Namibia Diamond Trading Company to sort, value and market Namibia's diamond output.

Following the announcement in 2004 that De Beers had reached a settlement with the US Department of Justice, De Beers announced a provisional agreement in March 2006 to settle and consolidate the remaining class actions against De Beers for a total sum of $295 million. Proceedings to obtain final judicial approval of the settlement of the class actions are continuing.

On 31 January 2007 the European Commission formally announced that it had decided to reject all of the outstanding complaints against De Beers and the DTC in respect of the DTC Sales and Marketing policy, and the Russian Trade agreement.

Outlook

The outlook for further growth in retail diamond jewellery sales remains positive, with India and China likely to be the leading growth markets, and the US continuing its five year growth trend. While DTC sales are likely to be constrained by availability in 2007, due to the reduction in Russian purchases as agreed with the European Commission, De Beers will benefit from bringing new production on stream towards the end of the third quarter of 2007. De Beers will focus on implementing its new vision of maximising the value of its leadership position. This includes, in addition to new production, reviewing assets that do not fit the De Beers portfolio criteria, focusing exploration on the most prospective areas, continuing to improve cost efficiency and investing in DBDJ and the *Forevermark* marketing programmes.



Base Metals

$ million (unless otherwise stated)	2006	2005
Operating profit	3,876	1,678
Copper	3,019	1,381
Nickel, niobium and mineral sands	405	249
Zinc	516	102
Other	(64)	(54)
EBITDA	4,214	1,990
Net operating assets	4,268	4,785
Capital expenditure	298	271
Share of Group operating profit	39%	26%
Share of Group net operating assets	15%	13%

Anglo Base Metals generated a record operating profit of $3,876 million (2005: $1,678 million) on the back of increased copper, zinc, lead and ferroniobium production and significantly higher metal prices, partially offset by significant rises in the costs of energy and most key consumables. Although copper and zinc treatment and refining charges eased, increases in metal price linked smelter deductions and price participation saw a significant increase in this component of costs. The strength of the Chilean and Brazilian currencies against the dollar also adversely impacted operating profits.

Markets

Average LME prices (US cents/lb)	2006	2005
Copper	305	167
Nickel	1,095	668
Zinc	148	63
Lead	58	44

With global GDP growth remaining strong, average base metal prices moved significantly upwards in 2006. Although copper demand was slightly weaker than expected (with destocking by the Chinese and other manufacturers) and price induced substitution (particularly in respect of copper and nickel) was also a feature, aggregate demand growth for base metals was largely as expected at 5%-6%. The primary drivers of the dramatic increase in prices were tight metal inventories (in turn, a reflection of weak mine supply growth arising from a lack of investment in new capacity and further supply side disruptions, particularly in the case of copper) and the significant and rapid inflow of speculative and investor funds into commodities markets.

Operating performance

Copper division	2006	2005
Operating profit ($m)	3,019	1,381
Attributable production (tonnes)	643,800	634,600

Los Bronces copper mine implemented measures to overcome the lower throughput experienced in the first half arising from unexpectedly hard ore encountered in the Donoso Este area. Production, which included a record amount of cathode, was marginally lower at 226,000 tonnes (2005: 227,300 tonnes). El Soldado saw increasing mining flexibility and grade as the year progressed and delivered 68,700 tonnes (2005: 66,500 tonnes). Mantoverde suffered some delays in dump construction early in the year and output decreased by 3% to 60,300 tonnes. Mantos Blancos reduced the dump leach area under irrigation but this was more than offset by improved grades and recoveries in both the vat leach and sulphide ore circuits, resulting in a 5% rise in production to 91,700 tonnes. Notwithstanding intermittent production interruptions arising from the Rosario crushing and conveying system and SAG Mill No. 3, Collahuasi lifted output to 440,000 tonnes (2005: 427,100 tonnes) largely as a result of a 13% improvement in sulphide mill throughput. Molybdenum production rose materially to 3,400 tonnes (2005: 300 tonnes) in the first full year of molybdenum plant production. Chagres increased production by 26% to 173,400 tonnes following the completion of the expansion project at the end of 2005.

The $80 million El Soldado pit extension project was completed on time and under budget. The Los Bronces feasibility study, which contemplates increasing copper production by 75% at a cost of approximately $1.2 billion, will be completed in mid-2007, while the Quellaveco revised feasibility study, examining a project with production of copper of around 200,000 tonnes per annum (tpa) at a capital cost of approximately $1.2 billion, will be complete in 2008. Evaluation of the progressive debottlenecking project at Collahuasi will be undertaken this year.

The new Chilean mining tax was paid with effect from January 2006.

Nickel, niobium and mineral sands division	2006	2005
Operating profit ($m)	405	249
Attributable nickel production (tonnes)	26,400	26,500

Production of 16,600 tonnes at Loma de Níquel was marginally down for the year. Codemin output rose to 9,800 tonnes (2005: 9,600 tonnes), but sales volumes were 11% higher owing to the timing of shipments. In the first full year of production following the completion of the scalping project, niobium output increased a further 18% to a record 4,700 tonnes. Namakwa Sands' zircon and rutile production was very similar to 2005 at 128,400 tonnes and 28,200 tonnes respectively, while slag tonnage, which had been at similar levels until a major furnace burn out occurred in August, was 19% lower at 133,900 tonnes.

In December the $1.2 billion Barro Alto project, which will see the construction of a 36,000 tpa ferronickel operation in Brazil, was approved. First production is scheduled for 2010.

Zinc division	2006	2005
Operating profit ($m)	516	102
Attributable zinc production (tonnes)	334,700	324,200
Attributable lead production (tonnes)	71,400	63,000

Skorpion operated at design capacity until August when impurities in the electrowinning circuit caused a hydrogen fire, necessitating a 20 day shutdown. Although operations were again running at design capacity by December, production for the year eased to 129,900 tonnes (2005: 132,800 tonnes). Increased production from secondary mining (released by the backfill programme), improved grades (arising from the start up of mining in the Bog Zone) and higher mill throughput and recoveries resulted in Lisheen producing 170,700 tonnes of zinc and 23,100 tonnes of lead (2005: 159,300 tonnes and 20,800 tonnes, respectively).

At Black Mountain the commissioning at the Deeps shaft and the phased redeployment from the Broken Hill and Swartberg orebodies to, and the opening up of, the Deeps orebody has led to a gradual improvement in grade. This, together with a modest improvement in mill throughput, saw an increase of 6% in zinc production and 14% in lead output to 34,100 tonnes and 48,300 tonnes, respectively.

In January 2007 it was announced that black economic empowerment company Exxaro Resources Limited had exercised an option under which it had, subject to the satisfaction of conditions precedent and contractual price adjustments, agreed to acquire Namakwa Sands for $0.3 billion (R2.0 billion) and 26% of each of Black Mountain and Gamsberg for a combined figure of $26 million (R180 million).

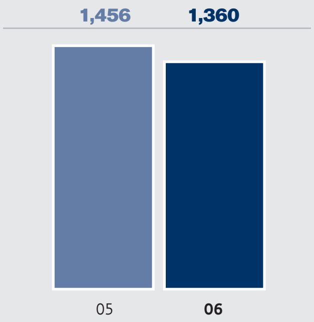
Anglo Base Metals continues to focus on operational excellence and delivering on the value adding growth options that it is creating. Increases in zinc and ferroniobium production are forecast in 2007 while nickel output should be maintained. Copper production, excluding Collahuasi, is forecast to increase modestly. Collahuasi had forecast a rise in production of some 5%, but the taking down of a SAG mill for 65 days to replace its stator motor (which is covered by insurance) will result in an attributable shortfall of approximately 13,000 tonnes and a level of production in line with 2006.

Outlook

After four consecutive years of particularly strong growth in the world economy, the current consensus is one of slightly lower growth in 2007 without undue pressure on inflation rates and thus the level of interest rates. Although fundamentals will continue to be positive and overall stock levels below normal, both the zinc and the copper markets are likely to see some stock build up as they move into a surplus in 2007, the extent of which (particularly in copper) will depend on supply side disruptions. Nickel markets will remain very tight in 2007, but nickel and zinc markets will see further increases in supply in 2008. Fundamentals are therefore supportive, but suggest an easing of prices. The full extent of any price moves and the pace of such change will be dictated by fluctuations in speculative and investment funds sentiment in what is likely to be a volatile pricing environment.

OPERATING PROFIT $ million

Ferrous Metals and Industries



Ferrous Metals and Industries

$ million (unless otherwise stated)	2006	2005
Operating profit	1,360	1,456
Kumba	778	568
Highveld Steel	230	436
Scaw Metals	160	121
Samancor	52	144
Tongaat-Hulett	154	131
Boart Longyear	–	67
Other	(14)	(11)
EBITDA	1,560	1,779
Net operating assets	2,796	4,439
Capital expenditure (including biological assets)	582	373
Share of Group operating profit	14%	23%
Share of Group net operating assets	10%	12%

Ferrous Metals and Industries' operating profit declined by 7% to $1,360 million (2005: $1,456 million), mainly as a result of the sale of non-core businesses that contributed $94 million in 2005, as well as lower vanadium and manganese prices, partially offset by higher iron ore prices.

Markets

World crude steel production increased by 9% in 2006, to reach a total of 1.2 billion tonnes. China accounted for most of the increase, with its share of global output rising to 34% in 2006. The South African steel market was characterised by strong demand, attributable to numerous major projects, among them infrastructural preparations for the 2010 Soccer World Cup, as well as expansion by utilities and the mining and chemical industries.

Operating performance

Kumba achieved an operating profit of $778 million (2005: $568 million). Global iron ore demand remained strong in 2006, fuelled by the continuing expansion of the steel industry in China. In addition to the 71.5% annual iron ore price increase achieved in April 2005, an annual increase of 19% was achieved with effect from April 2006. Export sales volumes for the period grew in line with production improvements. Kumba Iron Ore produced a record 31 million tonnes (mt) of iron ore for the period, exporting 21 mt. A $754 million, three year expansion programme is currently under way at the Sishen mine which will increase sales volumes by 40% to 45 million tonnes per annum. Ramp up will commence in 2007, with full production expected in early 2009.

Scaw produced a record operating profit of $160 million (2005: $121 million). The acquisition in February of AltaSteel, a manufacturer of value added steel products in Canada, together with the acquisition of the remaining 50% of Moly-Cop Canada, contributed $32 million for the year. Strong demand for rolled, cast and wire rod products contributed to higher profits. The international grinding media operations achieved higher sales volumes, although this benefit was more than offset by negative exchange rate movements.

Anglo American's attributable share of Samancor's operating profit was $52 million (2005: $144 million). The 2005 operating profit included a $16 million contribution from Samancor's chrome business, which was disposed of in June 2005. Although higher manganese ore sales volumes were achieved, lower alloy volumes and lower selling prices negatively impacted profits. In 2006, the average manganese ore price achieved was $2.2 per metric tonne unit (mtu), compared with the 2005 average price of $2.9/mtu.

Highveld reported a lower operating profit of $230 million (2005: $436 million), although this performance was still the second best in its history. An increased contribution from the steel business, driven by strong South African steel demand, was more than counteracted by the easing of vanadium prices from the record levels achieved in 2005. In 2006, the average ferrovanadium price achieved was $39 per kilogram of vanadium (kgV) compared with the 2005 average of $66/kgV.

Tongaat-Hulett's operating profit grew to $154 million (2005: $131 million). The sugar operations benefited from a higher world sugar price of 12.8 US cents per pound (c/lb) in 2006, compared with 9.0 c/lb in 2005, while the 2006 South African sugar crop was the second lowest in ten years. Hulamin continued its progress in increasing sales volumes, with record rolled product sales of 183,000 tonnes (2005: 173,000 tonnes). African Products' margins were affected by pricing pressures on starch and glucose and increasing maize input costs. Moreland benefited from increased contributions from its commercial, industrial and resorts property development portfolios.

Strategic review
Further progress was made on optimising asset base during the year.

In July, Anglo American announced the sale of its 79% shareholding in Highveld Steel to Evraz, an international steel producer, and Credit Suisse, for an aggregate consideration of $678 million. Following the disposal of the initial 49.8%, for which Anglo American received $412 million, Evraz has an option to acquire Anglo American's remaining 29.2% stake in Highveld Steel for $266 million once regulatory approvals are received. This amount will be reduced by any dividends paid by Highveld Steel prior to Anglo American selling its remaining shares. The deal represents a substantial foreign direct investment in South Africa.

In November the Kumba empowerment transaction was completed. This resulted in the listings on the Johannesburg Stock Exchange of Kumba Iron Ore, as a pure-play iron ore company in which Anglo American holds 64%, and Exxaro, which became South Africa's largest black economic empowered natural resources company.

In December the Tongaat-Hulett Group announced the proposed unbundling and listing of Hulett Aluminium and simultaneous introduction of broad based black economic empowerment (BBBEE) into both companies. This transaction, which is anticipated to be completed by mid-2007, will result in BBBEE groups acquiring 25% and 15% interests in Tongaat-Hulett and Hulett Aluminium, respectively. Anglo American's shareholding in Tongaat-Hulett will reduce from 50% to 38% and its shareholding in Hulett Aluminium from an effective 45% to 39%.

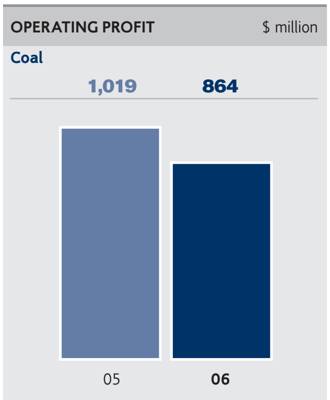
In line with Anglo American's objective of consolidating its agri-processing businesses within Tongaat-Hulett, it was announced in December that Tongaat-Hulett had acquired Anglo American's 50% shareholding in the Zimbabwe Stock Exchange listed sugar producer, Hippo Valley Estates, for $36 million.

Outlook
Global economic growth looks set to continue in 2007, albeit at a slightly softer pace, with global steel output forecast to rise by over 6% in 2007. The outlook for Ferrous Metals and Industries remains broadly positive, given the benchmark annual iron ore price increase of 9.5% effective 1 April 2007 and a stable rand. Earnings in 2007 will be influenced by the timing of the sale of Anglo American's remaining Highveld stake and the transaction unbundling the Tongaat-Hulett aluminium business.

Scaw's volumes in the South African market are expected to grow, driven by infrastructural expansion and construction and mining industry activity. Demand for Scaw's products internationally is forecast to remain strong, driven by mining demand in Latin America and buoyant economic growth in Alberta, Canada. Samancor should benefit from volume improvements and higher prices. Highveld's performance in 2007 should be similar to that of 2006, depending largely on vanadium prices and continued strength in South African steel demand. Tongaat-Hulett is expected to benefit from higher sugar production and sales revenue, while Hulett Aluminium plans to continue to grow its rolled product volumes and optimise its sales mix.

Coal

$ million (unless otherwise stated)	2006	2005
Operating profit	864	1,019
South Africa	380	470
Australia	279	323
South America	227	240
Projects and corporate	(22)	(14)
EBITDA	1,082	1,243
Net operating assets	2,862	2,244
Capital expenditure	780	331
Share of Group operating profit	9%	16%
Share of Group net operating assets	10%	6%



Anglo Coal's operating profit decreased by 15% to $864 million. Coal production and sales for the first half of the year were adversely affected by a combination of poor weather in South Africa and rail and port constraints in Australia. In the second half production and sales volumes recovered and were markedly higher. Nevertheless for the year, operating profit was lower due to an overall decline in export volumes and a pull back in export prices from the very high levels of the year before. South Africa, Australia and South America contributed 44%, 32% and 26% respectively to operating profit.

Markets
Global demand and supply for thermal coal remained well balanced during 2006. The dampening effect of mild winter temperatures in Europe and the US was mitigated by a series of worldwide logistical and production constraints and a buoyant European energy market, bolstered by high oil and gas prices. The combination of these factors maintained thermal coal prices at historically high levels. Metallurgical coal prices softened in 2006 from the highs of 2005, particularly the semi-soft coking and pulverised injection (PCI) coals.

During 2006 geopolitical events demonstrated coal's strategic importance to the overall energy mix. Compared to oil and gas, coal's security of supply from widely distributed reserves makes it one of the world's most reliable energy sources. This together with the development and implementation of clean coal technologies will, over time, position coal to make a significant contribution towards satisfying future global energy demand while addressing environmental concerns.

Operating performance

Operating profit for South African sourced coal, at $380 million, was 19% lower than the previous year's $470 million, reflecting average realised export prices which were 6% lower in 2006 and a 1% decline in export sales volumes. The rand continued to weaken in 2006, with a positive impact on operating profit of $28 million.

Production for the year increased by 2.5 million tonnes (mt), or 4.3%, to 59.3 mt, as Isibonelo went into full production and output from Landau and New Denmark grew. Landau benefited from improved yields arising from plant efficiency improvements and favourable contractor performance, while New Denmark benefited from strong longwall performance. Excessive rainfall during the first quarter hampered production at several operations, in particular New Vaal and Kleinkopje.

Total sales, bolstered by Isibonelo, reached 59.3 mt, 4.5% higher than prior year. Export sales decreased by 0.2 mt or 1%. Sales to Eskom rose by 2.5% as increased economic activity continued to spur electricity demand.

Operating profit for the Australian operations reduced by 14% to $279 million (although the 2005 results included $27 million from insurance proceeds pertaining to a roof fall at Moranbah North the previous year). The decline in operating profit was chiefly on account of lower production volumes arising from the cessation of mining at Dartbrook owing to difficult geological conditions, combined with commissioning delays to the Grasstree longwall operation. These reductions were partly compensated by the staged expansion at Dawson, resulting in an overall reduction of 0.9 mt for Anglo Coal Australia. Site costs rose, with industry inflation statistics reporting 11.7% increases year on year on the back of rising prices of commodities globally and often poor local availability of scarce resources. Other cost increases came with the expanding Dawson mine and the purchase of third party coal during the Grasstree transition phase at Capcoal. Port and rail constraints impeded final sales volumes and resulted in higher closing stock on hand at all export mine sites.

Callide's output increased by 0.3 mt to 9.8 mt. Dawson mine received additional heavy mining equipment as part of its incremental expansion and increased production by 11%, with the coking coal proportion of its coal mix rising to 45% from 30% in 2005. Drayton maintained output, although port constraints resulted in the mine being stock bound at year end. During the year Capcoal moved its main underground operations to the Grasstree mine, which experienced delays owing to conveyor and longwall commissioning problems, resulting in an 11% reduction in production. In 2006 work got under way on the Lake Lindsay project, which will extend open cut mining from the Capcoal operation. Moranbah North's production was 0.5 mt lower, primarily as a result of difficult geological challenges being experienced during the first half of 2006.

In South America, operating profit was 5% lower than 2005 at $227 million following a decline in export selling prices, higher operating costs, particularly in respect of fuel prices, and a stronger Colombian peso. The decrease in operating profit was partly offset by an increase in production at Cerrejón of 9% to 28.4 mt as the first expansion project was completed. Sales volumes at Carbones del Guasare in Venezuela were marginally below 2005 because of transportation difficulties between the mine and the port.

In Australia, capital expenditure for the year was 190% higher at $537 million, principally attributable to the ramp up of the $426 million Dawson and $361 million Lake Lindsay projects. Dawson is expected to reach full production of 5.7 million tonnes per annum (Mtpa) in 2007. Lake Lindsay is proceeding to plan, with first coal scheduled for 2008.

In South Africa, the start of work at the $132 million Mafube mine, wash plant enhancements at Goedehoop and completion of the Isibonelo mine represent the majority of the capital expenditure. Mafube will increase Anglo Coal's thermal coal production by a total of 5 Mtpa (Anglo Coal's attributable share 2.5 Mtpa).

In South America the expansion of Cerrejón to 32 Mtpa is continuing and full production is scheduled for 2008. A pre-feasibility study is investigating additional capacity beyond 32 Mtpa.

Outlook

The rand exchange rates and coal prices will continue to be the two main variables in 2007, with export prices expected to be more stable in 2007, though with a somewhat softer bias.

Thermal coal prices for 2007 will continue to be subject to volatility, resulting from anticipated growth in India and the Asian economies, increased incremental supply from major producing regions, unpredictable fluctuations in seasonal temperatures and the price of competing energy fuels. Hard coking coal prices have decreased by up to 20% for 2007 contracts beginning in April. Early negotiations in thermal coal are showing that the market is remaining strong, with similar prices set to be realised in 2007.

Substantial capital will continue to be invested in all regions, with accompanying increases in production, particularly in South Africa and Australia.

In November 2006, Anglo Coal, Hillsborough Resources and North Energy Mining Incorporated created Peace River Coal, of which Anglo Coal owns 60%. Peace River Coal is a metallurgical coal mine in Canada that is expected to produce around 2.0 mt in 2007.

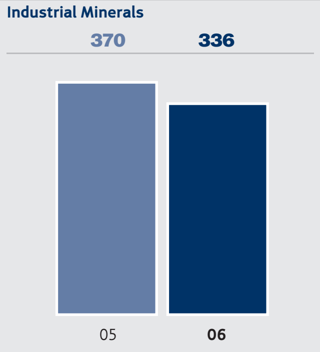
The agreement between Anglo Coal and Shell with respect to the joint development of Monash Energy (coal-to-liquids project) advances and the conclusion of the concept study is anticipated in 2007.

In February 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, an empowered coal company housing key current and future domestic and export focused coal operations. Anglo Coal has signed a Heads of Agreement with Inyosi, a newly formed broad based black economic empowerment company. Inyosi will acquire 27% of Anglo Inyosi Coal, creating a company valued at $1 billion and incorporating several key Anglo Coal assets, namely Kriel Colliery (an existing mine), and the Elders, Zondagsfontein, New Largo and Heidelberg projects.

Industrial Minerals

$ million (unless otherwise stated)	2006	2005
Operating profit	336	370
Tarmac	315	340
Copebrás	21	30
EBITDA	580	618
Net operating assets	4,524	3,982
Capital expenditure	298	274
Share of Group operating profit	3%	6%
Share of Group net operating assets	16%	11%

OPERATING PROFIT $ million



Anglo Industrial Minerals generated an operating profit of $336 million. Tarmac group's operating profit was 7% lower than 2005 at $315 million. The UK profit was down 10%, a robust performance in the face of challenging market conditions, with lower volumes and weaker margins in some businesses exacerbated by high energy costs for much of the year. Input cost pressures were partly mitigated by cost savings of some $63 million as a result of operational efficiencies, including Tarmac's ongoing supply chain management programme.

Markets and operating performance

Tarmac's contribution from its international businesses increased by 5%, reflecting strong performances by the Middle East and improvements by Poland and Germany, offset by weaker demand in Spain. Copebrás' operating profit was down 30% from the prior year owing to the combined effects of the 11% strengthening of the Brazilian real against the US dollar and weak demand from the agricultural sector.

In 2006 Tarmac completed its operational, commercial and organisational restructuring. The new business structure facilitates continuous improvement both operationally and commercially. The scope of its activities is also now clearly defined as aggregates, together with the three routes to market (asphalt, concrete and concrete products), and integration of cement where appropriate. This strengthens Tarmac's ability to improve its results and grow. A special charge for impairment and restructuring costs of $278 million was taken. This related to businesses sold ($46 million), businesses retained and restructured ($212 million) and closure and other items ($20 million).

In addition to bolt-on acquisitions in France, the Czech Republic and Poland, Tarmac successfully entered Turkey and acquired a developing business in Romania, involving interests in quarries and ready-mixed concrete. These acquisitions enhance Tarmac's ability to develop its business in central and eastern Europe, identified as a key focus of the company's growth strategy.

2006 saw increased focus on improving the profitability of underperforming businesses and on disposing of non-core businesses, including the UK based Minerals and Materials business and the underperforming TopPave business. Previously announced disposals of assets in Hong Kong and Germany were completed in the second half of the year.

Tarmac's operating profit in the UK declined owing largely to general market weakness, which caused demand to fall, and to high and volatile energy related costs for much of the year. The Aggregate Products business was impacted by weak demand and a highly competitive marketplace, with demand for coated stone being 8% down on the previous year.

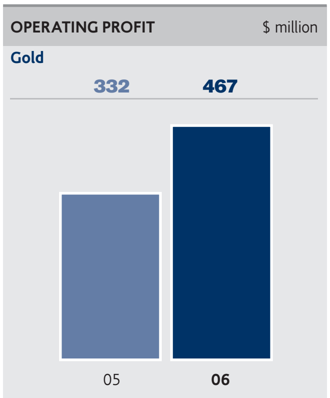
During 2006, additional resources were directed at improving commercial and operational processes in Aggregate Products, and early results are encouraging. Work has started on Tarmac's largest ever contract, resurfacing a stretch of England's M1 motorway – an example of new, long term, framework agreements that now prevail in the marketplace.

Tarmac's Building Products and International businesses experienced improved results compared with the previous year. However this gain was offset by weak demand for aggregate products, particularly in the road and housing sectors. Despite a substantial decline in demand from the housing sector for blocks, underlying profits in Building Products were 23% better than 2005. This reflects the benefits of operational improvements in the Topblock and Precast businesses and the disposal of the underperforming TopPave business. The Precast business also benefited from the work related to the construction programme for the 2012 London Olympic games.

Operating profits for Tarmac International improved 5% over the previous year owing to stronger markets in France and benefits accruing from acquisitions and re-organisation and improved performance in Poland, the first full year benefit of the Shawkah quarry in the Middle East (one of the largest in the Tarmac group) and high demand in the Czech Republic and Germany. Profits in Spain were lower, largely reflecting the impact of higher cement costs despite strong demand in the Central Region.

Outlook

Market conditions in the UK are expected to remain challenging with weak demand in some sectors and high cost pressures. The uncertainty of government spending on infrastructure is also a cause for concern, as is the increasing impact of different types of construction materials such as steel and timber on the industry. Volatility of energy prices and the impact that they have on Tarmac's business in terms of cement and distribution costs will also continue to affect performance and demand commensurate efforts to drive further efficiencies.



Gold

$ million (unless otherwise stated)	2006[1]	2005
Operating profit	467	332
EBITDA	843	871
Net operating assets	–	6,982
Capital expenditure	196	722
Group's aggregate investment in AngloGold Ashanti	1,623	–
Share of Group operating profit	5%	5%
Share of Group net operating assets	–	20%

(1) The results for 2006 are reported as a subsidiary up to 20 April and thereafter as an associate at 42% attributable (see note 2 to the financial statements). The Group's share of AngloGold Ashanti's net assets is disclosed.

Attributable operating profit in 2006 climbed to $467 million, 41% higher than the figure for the previous year (2005: $332 million), mainly due to the impact of a stronger gold price, partially offset by the Group accounting for AngloGold Ashanti as an associate from 20 April 2006. At the end of 2006 the gold price ($604 per ounce) was more than 36% higher than at the beginning of the year ($445 per ounce), while the average price received for the year was 31% higher than the prior year. Total cash costs were $27 per ounce higher, at $308 per ounce, mainly resulting from stronger operating currencies, inflation and lower grades.

Markets

Investor interest in gold continued throughout 2006. The average gold price received increased by $138 per ounce to $577 per ounce. This momentum has continued into 2007, with the spot gold price currently well above the $600 per ounce mark.

Operating performance

In 2006, AngloGold Ashanti's production from ongoing operations declined by 9% to 5.64 million ounces and was largely attributable to reductions of 305,000 ounces in Tanzania, 122,000 ounces in South Africa and 88,000 ounces in Ghana. These decreases were only partly compensated by small increases in output from assets in Australia, Argentina and Mali.

The review of AngloGold Ashanti's assets has resulted in management implementing programmes to ensure that these operations better their ore reserve, profit margin and growth potential.

During the year AngloGold Ashanti successfully raised $500 million of equity at a negligible discount to the prevailing market price.

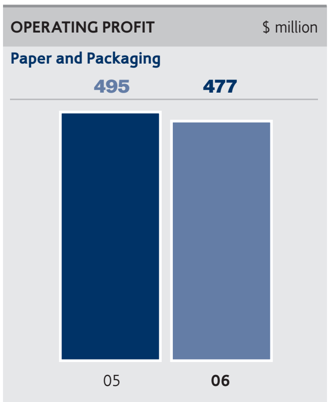
AngloGold Ashanti is focusing on growing the reserve and resource base, both through exploration and through a disciplined, value adding mergers and acquisitions programme.

In respect of both of these activities, the company is now looking outside of the world's mature gold regions and has exploration projects in Africa in the Democratic Republic of Congo and in South America in Colombia. In Russia, AngloGold Ashanti has announced the formation of a strategic alliance with Polymetal. Strategic alliances are being pursued in China to allow the company to successfully extract value from a region undergoing significant regulatory change. Exploration partnerships in the Philippines, Laos and Mongolia have resulted in land positions being acquired in several prospective areas.

Outlook
The gold price has now risen for six years in succession, which has not been seen since the deregulation of the gold market in the developed markets in 1971. Ongoing strong demand from the growing economies of China and India as well as continued investor speculation and official sector activities are seen as being supportive of the gold price.

Paper and Packaging

$ million (unless otherwise stated)	2006	2005
Operating profit	477	495
Packaging	287	293
Business Paper	130	163
Other	60	39
EBITDA	923	916
Net operating assets	7,019	6,365
Capital expenditure (including biological assets)	644	746
Share of Group operating profit	5%	8%
Share of Group net operating assets	25%	18%



In the second half of the year there was some improvement in overall market conditions. Operating profit for the second half of 2006 at $265 million was up on the comparable period for 2005. The second half performance partially offset the impact of a poor first six months with full year profits of $477 million, 4% down on 2005. Although operating rates for Mondi's European upstream paper markets appear to have improved, allowing for some price increases, input cost pressures (fibre, chemicals and energy) and tough trading conditions in downstream converting activities have continued to put margins under pressure. In response, Mondi has focused on cost saving and profit improvement initiatives, delivering $224 million of benefits for the full year.

Markets and operating performance
Mondi Packaging's operating profit of $287 million was 2% below the previous year's $293 million, the strong upturn in packaging paper pricing was more than offset by higher input costs and continued margin pressure in the converting operations. Mondi has been active in restructuring its converting operations to improve efficiencies and focus on high growth niche areas, with ten sites divested and one closed during the year. In addition Mondi closed down two corrugators amounting to 8% of its capacity. The results of these actions can be seen in productivity, measured in output per employee, which has improved by 9% across the business.

There were several small acquisitions in the period, with Mondi further strengthening its position in the higher growth niche release liner segment through the acquisition of Akrosil (mainly US and European based), Schleipen & Erkens and NBG Special Coatings (both European based). The acquisition of Peterson Barriere in Norway adds to the extrusion coating segment. The acquisition of the Bulgarian Kraft Paper Factory Stambolijski was finalised during June 2006. Agreement to dispose of Mondi's stake in Bischof + Klein, an associate company specialising in polymer films and flexible packaging, was reached in December with completion expected during the first quarter of 2007.

Mondi is considering an investment in Poland or the Czech Republic in a new paper machine to produce lightweight testliner and fluting. This is a market which is growing rapidly and where there is a shortage of product in eastern Europe. The cost of this investment is estimated at $365 million and will provide capacity of 470,000 tonnes with first production expected in the second half of 2009.

Mondi Business Paper's operating profit of $130 million was 20% down on the $163 million recorded in 2005. Tough trading conditions contributed to the decline in profits (particularly in the first half), and were compounded by the slow start up, at the Merebank South Africa operation, of the paper machine PM31 following a major rebuild, and expenses related to project development.

PM31 is now operating at a much improved run rate and is producing better grades of paper. Further improvement is required, which may include some modifications to the machine in order that it can produce at its design potential. In addition the South African operation is undergoing a major restructuring programme to improve efficiencies and lower costs. As a result of this restructuring and the improvement in PM31 performance a better result is expected in 2007 from South Africa.

Within the rest of the business the non-integrated mills saw profitability significantly eroded by rising pulp costs but both Syktyvkar and Ruzomberok recorded strong results on the back of increased sales volumes and good cost control.

In response to weak European market conditions Mondi took 110,000 tonnes of annual production capacity out of the business papers market in 2006 by irreversibly converting the Dunaujvaros mill in Hungary to a speciality paper plant and selling the assets.

Overall product demand was positive with uncoated woodfree sales volumes up 10% also helped by increased production from PM31. The increased demand has led to improved operating rates and some improvement in pricing towards the end of the year (an average price increase of 4% was announced across Mondi Business Paper's key paper grades in January 2007). However pricing is still well below historical mid-cycle levels and margins continue to be impacted by rising input costs, particularly for fibre and energy.

Consideration is being given to a major modernisation programme for the Russian operation which could see substantial investment over the next five years in improving infrastructure, increasing capacity and reducing costs through enhanced efficiencies. This capital expenditure programme includes some elements that would have been part of the previously announced major pulp expansion project (initial cost estimate of $1.5 billion) and will allow the mill to be in a good position to reconsider this project once the modernisation programme is complete.

Mondi Packaging South Africa had a better year with improved agricultural packaging volumes and good cost control. Other operations which comprise the newsprint and merchant activities as well as corporate costs, saw net operating profits well up on the comparable period. All major trading operations recorded improved results with both newsprint operations performing well as a result of an improved pricing environment.

Outlook

The company enjoyed a strong finish to 2006 which will provide a good platform going into 2007. While the trading environment has undoubtedly improved, concerns remain about the strength of the recovery and the level of overcapacity in some of the markets in which Mondi operates. Mondi management is encouraged by the number and scale of recent industry announcements regarding capacity closures and this bodes well for the future. Overall Mondi expects a better financial performance in 2007, despite rising corporate costs (in anticipation of the demerger from Anglo American plc), as a result of improved pricing for its key products, the focus on cost saving and the benefits of better PM31 performance.

Resources

The resources we consider critical to achieving our strategic objectives include:

- our people
- our knowledge and expertise
- our proven and probable reserves
- our financial strength together with the committed and uncommitted borrowing facilities available to us.

Development – during 2006 we provided entry level development to over 6,500 individuals (1,150 bursars, 2,045 apprentices, 560 graduates and over 2,700 other trainees).

Transformation – during 2006 we exceeded our targets in our South African operations on HDSA representation at management levels (43%) and gender diversity (14% females).

Our people

The Group's strategy remains centred on achieving world beating performance in all areas of our business with and through our people. We employ more than 125,000 people who are located in over 50 countries around the globe (excluding joint ventures and our independently managed businesses).

Development

Many of our operations are labour intensive, providing employment and economic advancement for previously disadvantaged communities. We invest in a number of local, regional and global schemes to offer training and education support in our employment catchment areas and during 2006 we provided bursaries to 1,150 students, enrolled 2,045 apprentices and offered employment to 560 graduates and over 2,700 other trainees.

We entered a collaborative venture with the South African government and the South African technikons during 2006, which will expand our successful local and global university student work experience programmes to include over 200 additional trainee artisan placements per annum. The Group's various work placement schemes have also become an important part of the Group's strategy in securing a steady entry resourcing pipeline, particularly in scarce skills areas.

Talent management

During 2006 we conducted an audit of our talent management processes which are designed to plan for succession into business critical roles and identify and develop the key leadership people in our business. The outcome of the audit was a fundamental re-affirmation of our three tier approach to talent management (business level reviews feeding cross business functional reviews, which in turn inform our CEO led biannual strategic group talent reviews).

The review processes have provided us with the opportunity to build our talent pools for succession into key positions, to accelerate the development of key members of the talent population and identify timeously where we need to supplement our internal resources with further breadth and depth of experience from outside the Group.

Our portfolio of talent development programmes continues to grow in scope and sophistication as we partner with world leading providers of executive development. During 2006 we introduced further refinements to our high potential and senior management and executive programmes designed to challenge and equip our delegates at the intellectual, interpersonal and intercultural level.

We believe that event based development constitutes only 10% of the learning opportunities that our Group has to offer, and have built in a rigorous requirement for our programme alumni and their sponsors to commit to ongoing development through stretch assignments in current roles and broadening career moves into different businesses and different geographies.

In order to further enhance our ability to deliver compelling career growth opportunities within the Group we have embarked on a number of initiatives to facilitate cross business and cross country moves during 2007.

Reward and retention

The strength of demand in the commodity markets and the tight supply of key mining skills have meant that we have continued to pay close attention to a variety of mechanisms to attract and retain our people. These have included, but not been limited to, various pay and equity related schemes. During 2006 we have also concentrated on developing many of our managers' motivational and leadership skills and on providing training and learning opportunities to our employees to enable them to enhance their own skills and careers.

One of our key measures of employee retention is percentage voluntary labour turnover. On a Groupwide basis this has remained constant over the last three years (approximately 5%), and fell below 3% within our Group talent population in 2006.

While we have put in place some special reward retention measures for key targeted individuals, in general our Group reward processes remain closely aligned to our performance contract and development cycle, and our incentives are performance linked, at Board level and downwards. Our long term incentive programmes are benchmarked externally and are subject to regular review by the Remuneration Committee to ensure their ongoing appropriateness and effectiveness.

Transformation in Anglo American

We continue to make progress with our transformation programmes within our South African operations. We have increased the representation of historically disadvantaged South Africans (HDSAs) at management levels to 43% (target 40%). Women now constitute 14% of the workforce (target 10%) and 14% of the management ranks within our South African businesses. Increased emphasis and attention will need to be paid to the retention of our HDSA population. Within the Group as a whole our gender diversity profile continues to change, with increased numbers of female managers in 2006 (15%), and we recognise that further progress in this area is needed during 2007.

During 2006 we followed up on the findings from the 2005 Employee Communication Survey which had indicated improvement in most of the indicators since the previous survey in 2002, but that further work was still needed in developing our managers and leaders, in securing increased understanding by employees of Company goals and targets, and in increasing internal collaboration and knowledge sharing. The further development and roll out of the Group's worldwide intranet during 2006 is playing an increasingly important role in fostering wider understanding of the Group and encouraging networking and knowledge transfer across different geographies and businesses.

Our knowledge and expertise

Anglo American draws heavily on technology and research to maintain a lead in its key mining activities. Technology as a core competence adds significant value to operations, thereby enhancing shareholder value.

It is important for significant research and development activity to be undertaken in house, although external partnerships are also of great value. The Anglo American Research Laboratory and the Anglo Platinum Research Centre have recently merged to form Anglo Research. The organisations are coming together on the same site, to derive maximum synergies and value adding benefits.

Anglo Research and Anglo Technical Division work closely alongside the operating divisions on continuous improvement programmes. At the other end of the spectrum, research focuses on cutting edge innovation and a number of pilot plants to test potential breakthrough technologies are in place or are at the design stage.

In one innovative study, finite-element analysis techniques are being used to identify potential areas of weakness in underground mining vehicles. Another project is investigating the use of microwaves and radio frequency heating to pre-condition ores before separation. A third is testing hyperspectral scanning technology as an aid to ore sorting. Removing waste rock before crushing and separation can reduce operating costs and boost throughput of value bearing ore.

Safety needs are often an important component of research and Anglo Technical Division is looking into safety commissioning procedures for major processing plant such as mills, furnaces and solvent extraction plants, where incidents are more likely during initial start up or after change interventions.

Other projects are aimed at improving energy efficiency or reducing environmental impact. Notably, Anglo Coal is studying a number of clean coal technologies to further the sustainable use of this fuel in long term environmentally friendly applications.

Exploration

Exploration is one of the key activities for the continued growth of Anglo American. The strong competition for resources globally has led the Group into more remote regions, to create exploration alliances and to apply new and innovative technology in its search for new mineral resources. In 2006, the Anglo American Group was active across 33 countries, including 111 alliances with 103 different entities in 25 countries.

In 2006, Anglo Base Metals spent $53 million and has increased its exploration around its Chilean copper mines, adding significant resources at Los Bronces. Exploration to the south of Los Bronces continues to report significant intervals of copper mineralisation. In Brazil, further drilling at the Jacaré nickel discovery has indicated the potential for a major new nickel asset for the Company, while work continues in the Philippines to complete a pre-feasibility study at Boyongan by the end of 2007. At Gamsberg, South Africa, initial drilling of several key zinc targets has provided encouraging results. Copper exploration is being undertaken in Brazil, Chile, Indonesia, Mexico, Peru and the US. Nickel sulphide mineralisation is being sought in Arctic Canada, Russia and Scandinavia (through alliances) and zinc programmes continue in Australia, South Africa and Namibia.

Anglo Platinum ($30 million) is exploring in and around existing operations in South Africa's Bushveld Complex. Drilling continues at its Danba project in China, following encouraging exploration results.

Anglo Coal ($24 million) is continuing to investigate resources for thermal and coking coal, coal bed methane and oil sands, mainly looking in southern Africa, China and Australia. Anglo Coal conducted advanced resource evaluations of the Xiwan project in China and projects in Canada and Australia.

Anglo Ferrous Metals ($9 million) is exploring for iron ore in South Africa and other iron ore growth opportunities are being pursued.

De Beers spent $140 million and is currently active in Angola, the Democratic Republic of Congo, Botswana, Canada, India, South Africa and Namibia.

Ore reserves and mineral resources estimates

Full details of our ore reserves and mineral resources estimates are found on pages 128 to 149.

Principal risks and uncertainties

Understanding our key risks and developing appropriate responses to those risks is key to Anglo American's success

Anglo American is exposed to a variety of risks and uncertainties which may have a financial or reputational impact on the Group and which may also impact the achievement of social, economic and environmental objectives. These risks include strategic, commercial, operational, compliance and financial risks. The principal risks and uncertainties facing the Group have been categorised into headline risk areas. The Group's approach to risk management is set out in the corporate governance section on pages 59 to 65.

The key headline risks identified for 2006/7, potential impacts on the Group and the mitigation strategies are summarised below.

Key headline risks

Safety, health and environment

Mining is a hazardous industry and failure to adopt high levels of safety management can result in a number of negative outcomes; harm to our employees and the communities that live near our mines, harm to the environment as well as fines and penalties, liability to employees and third parties for injury and loss of reputation. Anglo American sets a very high priority on safety, health and environmental issues. Anglo American recognises the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development. In 2002 the Group announced it would provide anti-retroviral therapy to employees with HIV/AIDS. Anglo American also invests considerable resources in research and development to minimise the impact the Group's operations have on the environment, for example seeking ways to improve energy efficiency. The Group believes it must make an enduring contribution to the societies in which it operates, and implements principles of sustainable development. In doing so the Group aspires to forge good relationships with its local communities.

Treasury risk management

The Group's principal treasury policies are set by the Board. The Board delegates responsibility for managing financial risk to the Executive Board. The Group treasury acts as a service centre and operates within clearly defined guidelines that are approved by the Board. Treasury front office and treasury back office are segregated and report to separate executive positions. The Anglo American accounting department provides an independent control function to monitor and report on treasury activities, which are also subject to regular review by internal and external audit.

The treasury operations of the Group's listed subsidiaries are managed independently within the scope of the Group treasury policy. The treasury operations of the Group's associates, De Beers and AngloGold Ashanti, are independently managed.

The Group is exposed to liquidity risk arising from the need to finance its ongoing operations. As a consequence of its global operations the Group is exposed to currency risk where transactions are not conducted in US dollars, where assets and liabilities are not determined in US dollars or where assets and liabilities are not US dollar denominated. Commodity prices determined primarily by international markets and global supply and demand give rise to commodity price risk across the Group. Cash deposits and other financial instruments, including trade receivables due from third parties, give rise to counterparty credit risk.

Further details of these risks and their management are provided in note 24 to the financial statements. The main exchange rates giving rise to currency risk in the Group are shown on page 155.

Sensitivity analysis in respect of currency and commodity prices

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

Commodity currency	Average price/rate [6]	10% sensitivity US$ million [1]
Gold	604 $/oz	± 107
Platinum	1,142 $/oz	± 159
Palladium	321 $/oz	± 24
Coal	51 $/t [2]	± 186
Copper	305 c/lb [3]	± 276 [4]
Nickel	1,095 c/lb [3]	± 37
Zinc	148 c/lb [3]	± 105
Iron ore	55 $/t [5]	± 52
ZAR/USD	6.77	± 449
AUD/USD	1.33	± 72
CLP/USD	530	± 21
Euro/USD	0.80	± 60
GBP/USD	0.54	± 7

(1) Excludes the effect of any hedging activities. Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and reflect the impact of a 10% change in the average prices received and exchange rates during 2006. Increases in commodity prices increase underlying earnings and vice versa. A strengthening of the rand, Australian dollar and Chilean peso relative to the US dollar reduces underlying earnings and vice versa. A strengthening of the euro and pound sterling relative to the US dollar increases underlying earnings and vice versa.
(2) Average price represents RSA-API 4 index. Sensitivity reflects the impact of a 10% change in the average price across the entire Anglo Coal product portfolio.
(3) Being the average LME price. Sensitivity reflects the impact of a 10% change in the average price received.
(4) Copper sensitivity excludes the impact of provisionally priced copper from 2005. At 31 December 2006 there were 140,098 tonnes of provisionally priced copper sales, marked at 287 c/lb (2005: 136,095 tonnes, marked at 202 c/lb).
(5) Average price represents iron ore lump. Sensitivity reflects the impact of a 10% change in the average price across lump and fine.
(6) 'oz' denotes ounces, 't' denotes tonnes, 'c' denotes US cents, 'lb' denotes pounds.

Supplier risk

Supplier risk remains a concern for the mining industry. Procurement and supply chain excellence has been a major element of the Group's activities since 2000 with the inception of Project Angelo which is discussed in more detail on page 31.

Political, legal and regulatory

Businesses may be affected by any political or regulatory developments in any of the countries and jurisdictions in which they operate, including changes to fiscal regimes or other regulatory regimes, which may result in restrictions on the export of currency, expropriation of assets and imposition of royalties. The Group has no control over changes in local inflation, market interest rates or political acts or omissions which may deprive the Group of the economic benefits of ownership of its assets. The Group actively monitors regulatory and policy developments.

Event risk

Damage to or breakdown of a physical asset including risk of fire and explosion, can result in loss of revenue or consequential losses. The Group's operations can be exposed to natural risks such as extreme weather conditions. Specialist consultants are engaged to provide information regarding key event exposures and recommendations to reduce exposures. Anglo American seeks to purchase insurance to protect against catastrophic event risk though conditions in global insurance markets mean this is not always possible or economic at certain times.

Reserves and resources

The Group's mineral resources and ore reserves estimates are subject to a number of assumptions, including the price of commodities, production costs and recovery rates. Fluctuations in these variables may have an impact on the long term financial condition and prospects of the Group. In South Africa, the Minerals and Petroleum Resources Development Act (2002) provides for conversion of existing mining and exploration rights to 'new order rights'. Conversion of these rights is subject to a variety of conditions and undertakings by the applicant, including employment, skills development and ownership by historically disadvantaged South Africans (HDSAs), specifically 15% ownership by 2009 and 26% by 2014. Details of this conversion process and the Group's policy on reporting of Ore Reserves and Mineral Resources with reference to the Act are expanded on in the specific section on Ore Reserves and Mineral Resources estimates.

Employees

The ability to recruit, develop and retain the appropriate skills for Anglo American is made difficult by global competition for skilled labour amongst resource companies, particularly in periods of high commodity prices. A number of strategies are implemented to mitigate this risk including attention to an appropriate suite of reward and benefit structures and ongoing refinement of Anglo American as an attractive employee proposition.

Operational performance

Failure to meet production targets results in increased unit costs. The impact is more pronounced at operations with a high level of fixed costs. Mitigation strategies include efforts to secure strategic supplies at competitive prices, energy reduction, increased use of green energy and sale of excess emission credits, use of cheaper alternative inputs, application of group water management guidelines and business improvement initiatives to reduce unit costs. In addition, the Group manages a strong project pipeline. In doing so the Group must manage the associated risk of meeting project delivery times and costs.

Acquisitions

The Group has undertaken a number of acquisitions in the past. With these, as with any such future transaction, there is the risk that any benefits or synergies identified at acquisition may not be achieved. Rigorous guidelines are applied to the evaluation and execution of all acquisitions, which require approval of the Investment Committee and Executive Board and, in the case of acquisitions beyond a certain value, the approval of the Board.

Infrastructure

Inadequate supporting facilities, services, installations (water, power, transportation, etc.) may impact the sustainability and/or growth of the business, leading to loss of competitiveness, market share and reputation. Anglo American promotes early development of strategy and alignment with infrastructure owner/operator, development of relationships, participation in industry groups and lobbying to ensure effective provision of services by key utility providers.

Critical accounting judgements and key sources of estimation and uncertainty

In the process of applying the Group's accounting policies, which are presented in note 1 to the financial statements, management necessarily makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact on the financial statements. The most critical of these are:

Useful economic lives of assets and ore reserves estimates

The Group's mining properties, classified within tangible assets, are depreciated over the respective life of the mine using the unit of production (UOP) method based on proven and probable reserves. When determining ore reserves, assumptions that were valid at the time of estimation may change when new information becomes available. Any changes could affect prospective depreciation rates and asset carrying values.

The calculation of the UOP rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proven and probable mineral reserves.

These factors could include:

- changes of proven and probable mineral reserves;
- the grade of mineral reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation of mineral reserves;
- unforeseen operational issues at mine sites; and
- changes in capital, operating mining, processing and reclamation costs, discount rates and foreign exchange rates possibly adversely affecting the economic viability of mineral reserves.

The majority of other tangible assets are depreciated on a straight line basis over their useful economic lives. Management reviews the appropriateness of assets useful economic lives at least annually and, again, any changes could affect prospective depreciation rates and asset carrying values.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU). The recoverable amount of those assets, or CGU, is measured as the higher of their fair value less costs to sell and value in use.

Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGUs, and also in estimating the timing and value of underlying cash flows within the value in use calculation. Subsequent changes to the CGU allocation or to the timing of cash flows could impact the carrying value of the respective assets.

Restoration, rehabilitation and environmental costs

Provision is made, based on net present values, for restoration, rehabilitation and environmental costs as soon as the obligation arises. Costs incurred at the start of each project are capitalised and charged to the income statement over the life of the project through depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage are provided at net present value and charged against profits as extraction progresses. Environmental costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

Retirement benefits

The expected costs of providing pensions and post retirement benefits under defined benefit arrangements relating to employee service during the period are charged to the income statement. Any actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the consolidated statement of recognised income and expense.

Assumptions in respect of the expected costs are set after consultation with qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the earnings of the Group.

Special items

Operating special items are those that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information also allows an understanding of the underlying performance of the business. The determination as to which items should be disclosed separately requires a degree of judgement.

Directors' report

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2006.

Principal activities and business review

Anglo American plc is the holding company of the Anglo American Group, a global leader in mining with a range of high quality core businesses covering platinum, diamonds, coal, base metals, ferrous metals and industrial minerals.

More detailed information about the Group's businesses, activities and financial performance can be found in the chairman's and chief executive's statements, and the operating and financial review on pages 4 to 55. The information required by the amendment to the Companies Act in respect of an Enhanced Business Review is also set out in the operating and financial review.

Going concern

The Group's business is a going concern as interpreted by the Guidance on Going Concern and Financial Reporting for directors of listed companies registered in the UK, published in November 1994.

Dividends

An interim dividend (including a special dividend of 67 US cents per ordinary share) totalling 100 US cents per ordinary share was paid on 21 September 2006. The directors are recommending that a final dividend of 75 US cents per ordinary share be paid on 3 May 2007 subject to shareholder approval at the AGM to be held on 17 April 2007. This would bring the total dividend in respect of 2006 to 175 US cents per ordinary share. However, in accordance with International Financial Reporting Standards (IFRS), the final dividend will be accounted for in the financial statements for the year ended 31 December 2007.

Three shareholders have waived their rights to receive dividends. In each case, these shareholders act as trustees/nominees holding shares for use solely in relation to the Group's employee share plans. These shareholders and the value of dividends waived during the year were;

Greenwood Nominees Limited	$52,915,331
Security Nominees Limited	$174,219
Rose Nominees Limited	$36,662

Share capital

The Company's authorised and issued share capital as at 31 December 2006, together with details of shares allotted during the year, is set out in note 28 on page 113.

The Company was authorised by shareholders at the 2006 AGM to purchase its own shares in the market up to a maximum of 10% of the issued share capital. This authority will expire at the 2007 AGM and a resolution to renew it for a further year will be proposed. As at 20 February 2007, 55,485,838 shares, representing 3.73% of the issued share capital, had been purchased under this authority.

Material shareholdings

Details of interests of 3% or more in the ordinary share capital of the Company are shown within the shareholder information section of the Notice of Meeting 2007.

Directors

Biographical details of the directors currently serving on the Board are given on pages 24 and 25 of the Annual Review. Details of directors' interests in shares and share options of any Group company can be found in the remuneration committee's report on pages 66 to 83.

Peter Woicke and Mamphela Ramphele joined the Board on 1 January 2006 and 25 April 2006 respectively. Dr Maria Silvia Bastos Marques retired from the Board at the conclusion of the AGM on 25 April 2006. Cynthia Carroll was appointed to the Board with effect from 15 January 2007 and will be proposed for election at the forthcoming AGM. She will succeed Tony Trahar as Group chief executive on 1 March 2007. Tony Trahar will retire from the Board at the conclusion of the AGM on 17 April 2007. Chris Fay, Sir Rob Margetts and Nicky Oppenheimer will be proposed for re-election at the forthcoming AGM.

Sustainable development
The Anglo American Report to Society 2006 will be available in April. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, their performance with regard to the Company's *Good Citizenship: Our Business Principles* and their community development social programmes.

Payment of suppliers
Anglo American plc is a holding company and, as such, has no trade creditors.

Businesses across the Group are responsible for agreeing the terms under which transactions with their suppliers are conducted, reflecting local and industry norms. The Group expects its regular and significant suppliers to perform to standards comparable to those set out in the *Good Citizenship: Our Business Principles*. The Group values its suppliers and recognises the benefits to be derived from maintaining good relationships with them. Anglo American acknowledges the importance of paying invoices, especially those of small businesses, promptly.

Value of land
Land is mainly carried in the financial statements at cost. It is not practicable to estimate the market value of land and mineral rights, since these depend on product prices over the next 20 years or longer, which will vary with market conditions.

Post balance sheet events
Post balance sheet events are set out in note 39 to the financial statements on page 124.

Audit information
Each director has confirmed that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Employment and other policies
The Anglo American Group is managed along decentralised lines. Each key operating business is empowered to manage, within the context of its own industry, and the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship: Our Business Principles*.

Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- adherence, as a minimum, to national legal standards on employment and workplace rights at all times;
- adoption of fair labour practices;
- prohibition of child labour;
- prohibition of inhumane treatment of employees and any form of forced or bonded labour, physical punishment or other abuse;
- continual promotion of safe and healthy working practices;
- promotion of workplace equality and elimination of all forms of unfair discrimination;
- provision of opportunities for employees to enhance their work-related skills and capabilities;
- recognition of the right of our employees to freedom of association; and
- adoption of fair and appropriate procedures for determining terms and conditions of employment.

Copies of the *Good Citizenship: Our Business Principles* booklet are available from the Company and may be accessed on the Company's website – www.angloamerican.co.uk

As in previous years, numerous employee communication and education initiatives and workshops took place covering, amongst others, safety, sustainable development, financial results and Group strategy. The aim was to inform and consult employees on matters of concern to them and to raise awareness of financial and economic factors affecting the performance of the Group.

DIRECTORS' REPORT

In addition, the Company regularly publishes *Optima* (available on the Company's website) and AngloWorld, which contain items of news, current affairs and information relevant to Group employees. During the year, the Company continued to enhance the new enterprise information portal – the**source** – aimed at promoting knowledge-sharing across the Group and keeping employees up to date with developments in those business sectors in which the Group is active. The availability of the**source** continues to grow and it is now available to over 13,000 computer-connected employees across the Group. Following a Groupwide communication and culture survey in 2005 measures have been implemented to address weaknesses identified and a number of business units also undertook climate surveys amongst their workforces in 2006.

Charitable donations

During the year, Anglo American and its subsidiaries made donations for charitable purposes or wider social investments amounting to $50.3 million (0.6% of pre-tax profit). Charitable donations of $2.7 million were made in the UK, consisting of payments in respect of education, sport and youth $0.8 million (29%); community development $0.4 million (15%); health and HIV/AIDS $0.3 million (11%); environment $0.2 million (8%); arts, culture and heritage $0.2 million (8%); housing/homelessness $0.2 million (8%) and other charitable causes $0.6 million (21%). These figures were compiled with reference to the London Benchmarking Group model for defining and measuring social investment spending. A fuller analysis of the Group's social investment activities can be found in the *2006 Report to Society*.

Political donations

No political donations were made during 2006. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of, any UK political party or any other EU political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Annual general meeting

The AGM will be held on 17 April 2007. A separate booklet enclosed with this report contains the notice convening the meeting together with a description of the business to be conducted.

By order of the Board
Nicholas Jordan
Company Secretary
20 February 2007

Corporate governance

Combined Code compliance

Anglo American is committed to the highest standards of corporate governance and complied fully with the Combined Code on Corporate Governance (the 'Code') throughout the year under review.

Role of the Board

The Board of directors is accountable to shareholders for the performance of the Company. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and oversight of the Group's systems of internal control, governance and risk management. A schedule of matters reserved for the Board's decision details key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans and budgets, material expenditure and alterations to share capital).

Board composition and directors' independence

The Board is chaired by Sir Mark Moody-Stuart. The Chairman is responsible for leading the Board and for its effectiveness. And the Chief Executive is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Executive Board which the Chief Executive chairs.
Sir Rob Margetts is the senior independent non-executive director.

The Board has a strong independent element and currently comprises, in addition to the chairman, five executive and ten non-executive directors, eight of whom are independent according to the definition contained in the Code. The independent directors are indicated within the table on the following page, and full biographical details for each director are given in the Annual Review. The letters of appointment of the non-executive directors are available for inspection at the registered office of the Company.

The Company is conscious of the need to maintain an appropriate mix of skills and experience on the Board, and to refresh progressively its composition over time. In this respect, 2006 saw the appointment of Peter Woicke and Mamphela Ramphele as new independent non-executive directors. Maria Silvia Bastos Marques retired from the Board at the 2006 AGM. Cynthia Carroll was appointed to the Board as an executive director on 15 January 2007 and will succeed Tony Trahar as Chief Executive on 1 March 2007. Tony Trahar will retire from the Board at the conclusion of the 2007 AGM.

Chris Fay and Sir Rob Margetts will be proposed for re-election at the AGM in 2007. Each has served two three-year terms as an independent non-executive director, having been first appointed during 1999, and hence their nomination for re-election has been subject to particularly rigorous review. Chris Fay chairs the Safety and Sustainable Development Committee and serves as a member of the Audit and Remuneration Committees. Sir Rob Margetts is the senior independent non-executive director, chairs the Remuneration Committee and is a member of the Nomination Committee. The Board values their wide experience and contributions, which remain robustly independent. The last two years have seen the appointment of four new executive directors and three new non-executive directors, and the retirement of two executive directors and three non-executive directors. The Company therefore considers its programme of progressively refreshing the composition of the Board remains effective.

Frequency of meetings

The Board met nine times in 2006, the Audit Committee three times, the Nomination Committee seven times, the Safety and Sustainable Development Committees five times and the Remuneration Committee six times. The Company estimates that the non-executive directors devoted around 25 days each to the Group during the year. Directors' attendance was as follows:

	Independent in terms of Code?	Board (nine meetings)	Audit (three meetings)	S&SD (five meetings)	Remuneration (six meetings)	Nomination (seven meetings)
Sir Mark Moody-Stuart	n/a	All	n/a	All	All[4]	All
A J Trahar	No	All	n/a	All	n/a	n/a
C B Carroll[1]	No	n/a	n/a	n/a	n/a	n/a
D A Hathorn	No	All	n/a	n/a	n/a	n/a
R Médori	No	All	n/a	n/a	n/a	n/a
S R Thompson[2]	No	8	n/a	n/a	n/a	n/a
R C Alexander[2]	Yes	8	n/a	4	n/a	n/a
D J Challen	Yes	All	All	n/a	All	n/a
C E Fay	Yes	All	All	4	All	n/a
R M Godsell[3]	No	7	n/a	3	n/a	n/a
Sir Rob Margetts[2]	Yes	8	All	n/a	All	6
M S Bastos Marques	Yes	All[4]	n/a	1[4]	n/a	n/a
K A L M Van Miert	Yes	8	All	n/a	n/a	5
N F Oppenheimer[3]	No	6	n/a	n/a	n/a	6
F T M Phaswana[3]	Yes	7	2	n/a	All[4]	All
M Ramphele	Yes	All	n/a	All	n/a	All[4]
P Woicke[3]	Yes	8	1	n/a	n/a	All

[1] Cynthia Carroll was appointed with effect from 15 January 2007.
[2] Sir Rob Margetts, Simon Thompson and Ralph Alexander were unable to attend one meeting due to communications problems.
[3] Bobby Godsell, Nicky Oppenheimer, Fred Phaswana and Peter Woicke each missed one meeting, called at short notice, due to travel commitments.
[4] Meetings attended prior to retirement or since appointment.

Directors' training

Anglo American's directors have a wide range of expertise as well as significant experience in strategic, financial, commercial and mining activities. Training and briefings are also available to all directors on appointment and subsequently, as necessary, taking into account existing qualifications and experience. Directors also have access to management, and to the advice of the company secretary. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense, although no such advice was sought during 2006. Presentations are made to the Board by business management on the activities of operations. Directors undertake regular visits to operations and projects and, in 2006, operations in Australia, China, the Middle East and South Africa were visited. In addition, during the year directors attended a variety of courses/seminars on subjects including international reporting standards, risk management, remuneration and pensions.

Following her appointment in January 2007, Cynthia Carroll undertook a wide-ranging programme to introduce her to the Group's operations across the world. This programme included visits to operations in South America, Africa and Australia and intensive and detailed briefings from senior operational management. Mrs Carroll was also briefed on, inter alia, legal and regulatory matters affecting the Group and the Group's corporate responsibility agenda.

Board effectiveness

A formal evaluation of the performance of the Board, its committees and individual directors is carried out annually by means of detailed questionnaires and interviews. Once again in 2006, the results of the evaluation were collated and analysed by an independent reviewer (from the London Business School) and were presented to the Board. The aim is to ensure continuous improvement in the functioning of the Board. The analysis confirmed that the Board and its committees were functioning correctly. As in past years, the evaluation process also included a review, chaired by the senior independent non-executive director (without the chairman present), of the performance of the chairman. As a result of this year's evaluation the Board has agreed to enhance the existing programme of activities aimed at updating the directors' knowledge and familiarity with the management and operations of the Group.

Committees of the Board

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Audit, Remuneration, Nomination and Safety & Sustainable Development Committees. The terms of reference for each of these committees are published on the Company's website.

Remuneration Committee

The Remuneration Committee is responsible for establishing and developing the Group's general policy on executive and senior management remuneration and determining specific remuneration packages for executive directors.

The directors' remuneration report, setting out Anglo American's policy on executive remuneration, is set out on pages 66 to 83 of this Annual Report. A resolution to approve the remuneration report will be proposed at the forthcoming AGM.

The Remuneration Committee presently comprises: Sir Rob Margetts (chairman), David Challen and Chris Fay, all of whom are independent non-executive directors, and Sir Mark Moody-Stuart.

Safety & Sustainable Development Committee (S&SD)

The S&SD Committee is responsible for developing framework policies and guidelines for the management of sustainable development issues, including safety, health and environment matters, and ensuring their progressive implementation throughout the Group.

The S&SD Committee normally meets three or four times each year, including a visit to an operation, and all directors and business unit heads are invited to attend Committee meetings. Each business unit head makes a safety and sustainable development presentation to the Committee. A separate *2006 Report to Society* will be published in April. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, their performance with regard to the Company's *Good Citizenship* principles and the operational dimensions of their social programmes.

The S&SD Committee presently comprises: Chris Fay (chairman), Ralph Alexander, Bobby Godsell, Sir Mark Moody-Stuart, Bill Nairn, Tony Redman, Tony Trahar and Mamphela Ramphele.

Nomination Committee

The Nomination Committee makes recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the Board and its committees and the balance between executive and non-executive directors. The Nomination Committee meets as and when required and engages external consultants to identify appropriate candidates, following a transparent procedure designed to ensure that new appointments comply with the principles laid out in the Combined Code. During the year, the Committee managed the selection and appointment of Cynthia Carroll as the Group's new chief executive, and of Mamphela Ramphele as a new independent non-executive director. The selection of candidates for appointment to the Board is based on merit, experience and a series of objective criteria set by the Committee at the inception of the process.

The Board, via the Nomination Committee, has taken steps to ensure that the human resources function of the Group regularly reviews and updates the succession plans of directors and senior managers.

The Nomination Committee presently comprises: Fred Phaswana (chairman), Sir Rob Margetts, Sir Mark Moody-Stuart, Nicky Oppenheimer, Karel Van Miert, Mamphela Ramphele and Peter Woicke. In accordance with the provisions of the Combined Code, the majority of members and the chairman of the Committee are independent non-executive directors.

Audit Committee

The primary role of the Audit Committee is to ensure the integrity of financial reporting and the audit process, and that a sound risk management and system of internal control is maintained. In pursuing these objectives, the Audit Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function including their annual plan. The Committee also monitors developments in corporate governance to ensure the Group continues to apply high and appropriate standards.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the Audit Committee has reviewed accounting principles, policies and practices adopted in the preparation of public financial information and has examined documentation relating to the Annual Report, Annual Review, Interim Report, preliminary announcements and related public reports. The clarity of disclosures included in the financial statements was reviewed by the Audit Committee, as was the basis for significant estimates and judgements. In assessing the accounting treatment of major transactions open to different approaches, the Committee considered written reports by management and the external auditors. The Committee's recommendations are submitted to the Board for approval.

The chief financial officers of all operations have provided confirmation, on a six monthly basis, that financial and accounting internal control systems operate satisfactorily. The Committee considered summaries of the significant risk and control issues arising from these reports. The Committee also received regular internal and external audit reports on the results of audits at various operations. Further information on risk management processes is provided in the internal control disclosure statement on page 63.

External audit

Anglo American's policy on auditors' independence, which came into effect on 1 January 2003, is consistent with the ethical standards published by the Auditing Practices Board in December 2004.

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- results in auditing of own work by the auditors;
- results in the auditors acting as a manager or employee of the Group;
- puts the auditors in the role of advocate for the Group; or
- creates a mutuality of interest between the auditors and the Group.

Anglo American addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non-audit services;
- the prohibition of selected services; and
- prior approval by the Audit Committee chairman of non-audit services where the cost of the proposed assignment is likely to exceed $50,000.

Disclosure entails reporting non-audit services to the Group's audit committees and inclusion of prescribed detail, i.e. the breakdown of fees paid to external auditors for audit and non-audit work in the Annual Reports of listed entities. The policy's definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence.

Other safeguards encapsulated in the policy include:

- the external auditors are required to adhere to a rotation policy based on best practice and professional standards in the UK. The standard period for rotation of the audit engagement partner is five years and, for any key audit principal, seven years;
- any partner designated as a key audit principal of Anglo American will not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit;
- the external auditors are required to periodically assess, in their professional judgement, whether they are independent from the Group;
- the Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated;
- the Audit Committee has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditors; and
- the Audit Committee has the authority to engage independent counsel and other advisors as they determine necessary in order to resolve issues on auditor independence.

The Audit Committee has satisfied itself that the United Kingdom professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

The Audit Committee considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2006 and concluded that the nature and extent of non-audit fees do not present a threat to the external auditors' independence. Furthermore, after reviewing a report from the external auditors on all their relationships with Anglo American that might reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the Committee has concluded that the external auditors' independence was not impaired.

The Audit Committee approved the external auditors' terms of engagement, scope of work, the process for the 2006 interim review, the annual audit and the applicable levels of materiality. Based on written reports submitted, the Committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved.

The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte & Touche LLP as auditors until the conclusion of the AGM in 2008. Resolutions to authorise the Board to re-appoint and determine their remuneration will be proposed at the AGM on 17 April 2007.

Internal audit
Internal audit functions operated in all of the Group's principal divisions in the period under review.

Following the completion of an independent peer review of the internal audit function early in 2006 the Board approved an overall strategy for internal audit which was implemented during the year under review. The key outcomes were:

- With the exclusion of non-managed businesses, notably AngloGold Ashanti, De Beers and select joint ventures, internal audit has been restructured to form an integrated Group internal audit function to strengthen internal audit independence.

- Internal audit work is prioritised through an integrated, risk based and Group-wide assurance plan aimed at providing assurance inclusive of the Group and divisional audit committees' assurance requirements. Internal audit coverage within the divisions continues to be approved by the relevant divisional audit committees and each audit committee considers reports on the results of internal audit work performed.

- Internal audit has been mandated to own the overall Group assurance plan and to coordinate assurance provided by other parties which may necessitate additional review and validation of assurances to the Board.

The revised internal audit arrangements will ensure comprehensive assurance coverage of key business risks by all service providers, including internal audit. The new audit arrangements give internal auditors significantly enhanced prospects through improved career development opportunities, pooling of knowledge and dissemination of best practice.

The internal audit activities are performed either by teams of appropriate, qualified and experienced employees, or through the engagement of external practitioners upon specified and agreed terms. Assurance regarding the accuracy and reliability of mineral resources and ore reserves disclosures is provided through a combination of internal technically proficient staff and independent third parties. A summary of audit results and risk-management information was presented to the Committee at regular intervals throughout the year.

The Group's internal audit arrangements are independently reviewed every three years.

Composition
The Audit Committee presently comprises: David Challen (chairman), Chris Fay, Karel Van Miert, Fred Phaswana and Peter Woicke, all of whom are independent non-executive directors. The Board, in consultation with the Audit Committee chairman, makes appointments to the Committee. The Board has determined that the Committee members have the skills and experience necessary to contribute meaningfully to the Committee's deliberations. In addition, the chairman has requisite experience in accounting and financial management.

The Committee met three times during 2006, and on two of those occasions the members held discussions with the external audit partners and the head of internal audit in the absence of management.

Effectiveness of internal control and risk management
The Executive Board, as mandated by the Board, has established a Group-wide system of internal control to manage significant Group risks. This system, which has been operating throughout the year and to the date of this report, supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's diverse international operations is effectively managed in support of the creation and preservation of shareholder wealth. Where appropriate, necessary action has been or is being taken to remedy any failings or weaknesses identified from review of the effectiveness of the internal control system.

Internal control
The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of Board assurance. In addition, certain Board committees focus on specific risks such as safety and capital investment and provide assurance to the Board on those matters. The chief financial officers provide confirmation, on a six monthly basis, that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit Committee, which derives its information, in part, from regular internal and external audit reports on risk and internal control throughout the Group. A process is in place within the Group to ensure that all internal audit findings are cleared. The Group's internal audit function has a formal collaboration process in place with the external auditors to ensure efficient coverage of internal controls. The Anglo American internal audit function is responsible for providing independent assurance to the Executive Board and the Board on the effectiveness of the risk management process throughout the Group.

Anglo American seeks to have a sound system of internal control, based on the Group's policies and guidelines, in all material associates and joint ventures. In those companies that are independently managed, as well as joint ventures, the directors who are represented on these organisations' boards seek assurance that significant risks are being managed.

Risk management

The Board's policy on risk management encompasses all significant business risks to the Group, including, financial, operational and compliance risk, which could undermine the achievement of business objectives. This system of risk management is designed so that the different businesses are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers throughout the Group. The requisite risk and control capability is assured through Board challenge and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through policies and guidelines on risk and control management. Continuous monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to business management and boards, the Executive Board and the Board.

Key headline risk areas have been elaborated upon in the operating and financial review, set out on page 9 to 55.

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

During the course of the year the Board considered the Group's responsiveness to changes within its business environment. The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group in accordance with the Turnbull guidelines. This includes social, environmental and ethical risks as highlighted in the Disclosure Guidelines on Socially Responsible Investment issued by the Association of British Insurers. A detailed report on social, environmental and ethical issues will be included in the Company's Report to Society 2006.

Accountability and audit

The Board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the chairman's and chief executive's statements and the operating and financial review set out on pages 4 to 55 of this Annual Report. The respective responsibilities of the directors and external auditors are set out on page 86. As referred to in the directors' report on page 56, the directors have expressed their view that Anglo American's business is a going concern.

Whistleblowing programme

Following adoption in December 2003 of a whistleblowing policy that is aligned with the Public Interest Disclosure Act 1998, the Group has implemented a whistleblowing programme in virtually all of the managed operations. The programme, which is monitored by the Audit Committee, is aimed at enabling employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values. It may include:

- actions that may result in danger to the health and/or safety of people or damage to the environment;
- unethical practice in accounting, internal accounting controls, financial reporting and auditing matters;
- criminal offences, including money laundering, fraud, bribery and corruption;
- failure to comply with any legal obligation;
- miscarriage of justice;
- any conduct contrary to the ethical principles embraced in our Good Citizenship: Our Business Principles or any similar policy;
- any other legal or ethical concern; and
- concealment of any of the above.

The programme makes available a selection of telephonic, e-mail, web-based and surface mail communication channels to any person in the world who has information about unethical practice in Anglo American and its managed operations. The multilingual communication facilities are operated by independent service providers who remove all indications from information received as to the identity of the callers before submission to designated persons in the Group.

During 2006, 181 reports were received via the global Speakup facility, covering a broad spectrum of concerns, including ethical, criminal, supplier relationships, health and safety, and human resource-type issues. Reports received were kept strictly confidential and were referred to appropriate line managers within the Group for resolution. Where appropriate, action was taken to address the issues raised.

Executive management

Executive Board

The Executive Board is responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of the Company, prioritising the allocation of capital, technical and human resources and establishing best management practices. The Executive Board is also responsible for senior management appointments and monitoring their performance and acts as the Anglo American risk committee for the purpose of reviewing and monitoring Anglo American's systems of internal control.

The Executive Board presently comprises: Tony Trahar (chairman), Cynthia Carroll, Philip Baum, David Hathorn, Ralph Havenstein, Russell King, René Médori, Tony Redman and Simon Thompson. Cynthia Carroll will become chairman of the Executive Board on 1 March 2007.

Investment Committee

The role of the Investment Committee, which is a sub-committee of the Executive Board, is to manage the process of capital allocation by ensuring that investments and divestments increase shareholder value and meet Anglo American's financial criteria. The Committee makes recommendations to the Executive Board and/or the Board on these matters. The Committee meets as required.

The Investment Committee presently comprises: René Médori (chairman), Simon Thompson, Tony Redman and Peter Whitcutt.

Relations with shareholders

The Company maintains an active dialogue with its key financial audiences, including institutional shareholders and sell-side analysts. The Investor and Corporate Affairs department manages the ongoing dialogue with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme with potential shareholders is also maintained.

Any concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board as a whole. The Board is briefed on a regular basis by the Investor and Corporate Affairs department and analysts' reports are circulated to the directors.

During the year there have been regular presentations and meetings with institutional investors in the UK, South Africa, continental Europe, Australia, the US and Canada to communicate the strategy and performance of Anglo American. Executive directors as well as key corporate officers host such presentations and meetings. The chairman, senior independent non-executive director and other non-executive directors are also available to shareholders to discuss any matter they wish to raise. The Company's website provides the latest and historical financial and other information on Anglo American.

Shareholders will have the opportunity at the forthcoming AGM, notice of which is contained in the booklet enclosed herewith, to put questions to the Board, including the chairmen of the various committees. Facilities have been put in place to enable shareholders on the UK register to receive communications electronically rather than by mail and, for those unable to attend the meeting, to cast their AGM votes by electronic means including those shareholders whose shares are held in the CREST system.

Voting on each resolution to be proposed at the AGM will be conducted on a poll rather than by a show of hands. The results of the poll will be announced to the press and on the Company's website.

Remuneration report

1. Remuneration Committee
This report sets out the Company's remuneration policy and practice for executive directors. It provides details of the remuneration and share interests of all executive directors and non-executive directors for the year ended 31 December 2006.

1.1 Role of the Remuneration Committee and Terms of Reference
The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- the Company's general policy on executive and senior management remuneration;
- the specific remuneration packages for executive directors of the Company, including basic salary, performance-based short and long term incentives, pensions and other benefits; and
- the design and operation of the Company's share incentive schemes.

The full Terms of Reference of the Committee can be found on the Anglo American website (www.angloamerican.co.uk) and copies are available on request. The Committee met six times during 2006.

1.2 Membership of the Committee
The Committee comprised the following non-executive directors during the year ended 31 December 2006:

- Sir Rob Margetts (chairman);
- David Challen;
- Chris Fay;
- Sir Mark Moody-Stuart (from 1 December 2006); and
- Fred Phaswana (until 1 November 2006).

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its considerations, except when issues relating to his own compensation are discussed. No directors are involved in deciding their own remuneration. In 2006, the Committee was advised by Russell King and Chris Corrin (Group Human Resources) and the Company's Finance function. It also took external advice from:

Advisers	Services provided to the Committee	Other services provided to the Company
Monks Partnership (a subsidiary of PricewaterhouseCoopers LLP)	Appointed by the Company, with the agreement of the Committee, to provide market remuneration data	
PricewaterhouseCoopers LLP	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services	Investment advisers, actuaries and auditors for various pension schemes; advisors on internal audit projects and the adoption of International Financial Reporting Standards; taxation, payroll and executive compensation advice
Linklaters	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long term incentives and directors' service contracts	Legal advice on certain corporate matters
Hewitt Bacon and Woodrow LLP	Appointed by the Company, with the agreement of the Committee, to advise on the pension arrangements of current and prospective executive directors	Investment advisers and actuaries for various pension schemes
Mercer Human Resource Consulting Limited	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with the stated policy as set out below and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte & Touche LLP		In their capacity as Group auditors, Deloitte undertakes an audit of sections 10 and 11 of the remuneration report annually. However, no advice is provided to the Committee

Certain overseas operations within the Group are also provided with audit and non-audit related services from PricewaterhouseCoopers' LLP and Mercer's worldwide member firms.

A summary of the letter from Mercer containing the conclusions of their review of the Committee's executive remuneration processes for 2006 can be found on page 84, while the full letter can be found on the Company's website.

2. Remuneration policy on executive directors' remuneration

The Company's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the Company's business strategy in order to optimise long term shareholder value creation. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2007 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

Representatives of the Company's principal investors are consulted on changes to remuneration policy.

3. Elements of executive director remuneration

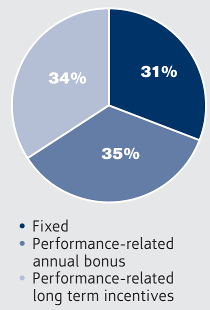
3.1 Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short term financial performance and those linked to longer term shareholder value creation.

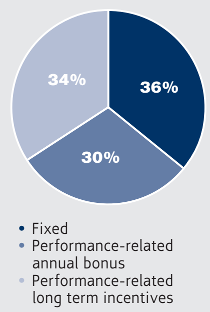
Assuming on-target performance, the Committee's policy is that at least 50% (60% for the chief executive) or more of total executive director remuneration is performance-related. In 2006, 69% of the chief executive's remuneration on an expected-value basis was performance-related; for the other executive directors, on average, the figure was 64% (see illustrative charts).

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and of the LTIP are set out below and on page 68.

CEO – expected values



Average other executive directors – expected values



3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted either way based on experience and other relevant factors. The market for executives of main board calibre, in large international resource companies in particular, is currently very competitive and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interest with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are made annually and consist of three elements:

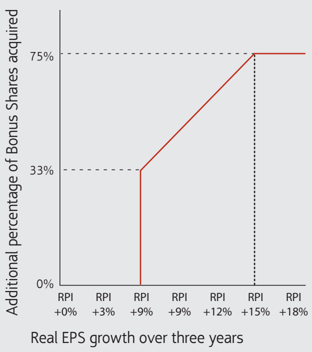
- a performance-related cash element;
- Bonus Shares as a conditional award to a value equal to the cash element; and
- an additional performance-related element in the form of Enhancement Shares.

REMUNERATION REPORT

These bonus awards are not pensionable. The BSP operates as follows:

- the value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, where applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching Earnings Per Share (EPS) targets which are calculated using underlying earnings (reconciled in note 11 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2006 included safety improvement, strategy implementation, production growth, people management, succession planning, cost reduction and operational efficiencies;
- the Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the economic and performance expectations for the Company and its operating businesses;
- in 2006, 60% of each annual bonus was based on the corporate or business measure and the remaining 40% on key personal performance measures. The level of bonuses payable is reduced if certain overall safety improvement targets are not met. Bonus parameters are set on an individual basis;
- in the case of the directors and top tier of management, half of the bonus is payable in cash. The maximum cash element has been 90% of basic salary in the case of the chief executive and 75% of basic salary for the other executive directors (from 2007, the maximum cash element for the new chief executive will be 75% as outlined on page 74). The maximum bonus would only be paid for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group. The other half of the bonus is in the form of a conditional award of Bonus Shares equal in value to the cash element. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Committee as a 'good leaver'); and
- in order to encourage continuing focus on medium term performance, executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares (i.e. in the case of the chief executive a maximum of 68% of basic salary). Awards of Enhancement Shares made in 2006 will vest after three years only to the extent that a challenging performance condition (real EPS growth, based on earnings per share growth against growth in the UK Retail Price Index (RPI)) is met (see illustrative chart).

VESTING OF ENHANCEMENT SHARES



Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long term objective of improving earnings. The targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management. At the end of each performance period, the level of performance achieved and the proportion of awards vesting will be published in the subsequent remuneration report.

3.4 Share options and all-employee share schemes

No share options were granted to executive directors under the Company's Executive Share Option Scheme (ESOS) in 2006 and there is no intention to make future grants under the ESOS to executive directors. However, the ESOS is retained for use in special circumstances relating to the recruitment or retention of key executives.

Executive directors remain eligible to participate in the Company's Save As You Earn (SAYE) and Share Incentive Plan (SIP) schemes. As these schemes are offered to all UK employees, performance conditions do not apply to them.

3.5 Long Term Incentive Plan (LTIP)

Grant levels

Conditional LTIP awards are made annually to executive directors. The maximum grant level under the LTIP is 200% of basic salary. It is anticipated that in 2007, grants under the LTIP will be made at 175% of basic salary for all the executive directors, including the new chief executive. The Committee is content that the performance conditions that need to be satisfied for these awards to vest in full are sufficiently stretching in the context of the award levels. In determining annual award levels, the Committee also gives consideration to market competitiveness and has set the levels taking account of median expected value of long term incentives relative to other companies of a similar size. These awards are discretionary and considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2006 is subject to the achievement of stretching performance targets relating to Total Shareholder Return (TSR) and to an operating measure, currently return on capital employed (ROCE), over a fixed three-year period.

Half of each award is subject to a Group TSR measure while the other half is subject to a Group ROCE measure. These performance measures were selected on the basis that they clearly foster the creation of shareholder value and their appropriateness is kept under review by the Committee. At the end of each performance period, the level of ROCE performance achieved and the level of award earned will be published in the subsequent remuneration report. There is no retesting of performance.

The LTIP closely aligns the interests of shareholders and executive directors by rewarding superior shareholder return and financial performance and by encouraging executives to build up a shareholding in the Company.

Total shareholder return (TSR)

The Committee considers comparative TSR to be a suitable long term performance measure for the Company's LTIP awards. Executives would benefit only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

For awards made from 2005 onwards, the portion of each award that is based on TSR is measured 50% against the Sector Index and 50% against the constituents of the FTSE 100. Maximum vesting on the TSR element of an award will only be possible if Anglo American outperforms by a substantial margin both the sector benchmark (as described below) and the largest UK companies across all sectors. Maximum vesting of the whole LTIP award, would, in addition, depend on the Company's performance exceeding demanding ROCE targets (also as described below). Taken as a whole, vesting depends on a very challenging set of performance hurdles.

Sector Index comparison

One half of the TSR element of an LTIP award vests according to the Company's TSR over the performance period, relative to a weighted basket of international natural resource companies (the Sector Index). Up until the end of 2006, the Sector Index comprised three categories: the first consisted of six international diversified mining companies, the second of four international paper and packaging companies, and the third of four international industrial minerals companies. From the start of 2007 the paper and packaging element will no longer be part of the Index because of the imminent demerger of the Group's paper and packaging division. The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2006, the companies constituting the Sector Index were as follows (up until 31 December 2006. After this date the percentage attributable to Paper and Packaging will fall to zero):

	Mining	Paper and Packaging	Industrial Minerals
Category weighting	78%	13%	9%
Comparator companies	BHP Billiton plc CVRD Rio Tinto plc Teck Cominco Vedanta Resources plc Xstrata plc	Sappi Limited SCA Stora Enso Oyj UPM-Kymmene Group	CRH plc Hanson plc Holcim Limited Lafarge

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown above.

Shares contingent upon the Sector Index element of the TSR performance will vest as follows:

The Company's relative TSR compared to the Sector Index	% Proportion of TSR element vesting
Below Target	0
Target (matching the weighted median of the Sector Index)	20
Target plus 5% per annum	50
Target plus 7.5% per annum (or above)	75

Shares will vest on a straight-line basis for performance between the levels shown in the table above.

FTSE 100 Comparison

The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as follows:

The Company's relative TSR compared to the FTSE 100	% Proportion of TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	20
Equal to the 90th percentile TSR of the FTSE 100	50
Above the 90th percentile TSR of the FTSE 100	75

Shares will vest on a straight-line basis for performance between the levels shown in the table above.

The targets above were calibrated such that for the TSR element of the award there is approximately a 10% chance of achieving full vesting and a 25% chance of two-thirds vesting. These probabilities were assessed by PricewaterhouseCoopers LLP using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 *Share-based payments*. The estimated average fair value of an award under the TSR element is 48% of the value of shares awarded.

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2002 to 31 December 2006 can be found on page 73.

Return on capital employed

Group ROCE is the second performance measure for LTIP grants. The Committee considers this to be among the most important factors which drive sustainable improvements in shareholder value in a natural resources business, as well as one of the most important measures of differentiation in performance in this sector.

The proportion of shares vesting based on Group ROCE will vary according to the degree of improvement in the Group's average annualised ROCE over the performance period. Unless certain minimum targets for improvement in returns (on both capital employed for the financial year preceding the start of the performance period (existing capital employed) and on the additional capital employed during the performance period (incremental capital employed)), no shares will vest under this performance measure. The maximum ROCE targets are based on stretching levels of return on the existing capital employed.

The ROCE targets for each element conditionally awarded in 2006 are shown below. These are adjusted for movements in commodity prices, certain foreign exchange rate effects, capital in progress and for relevant changes in the composition of the Group.

	Existing capital employed	Incremental capital employed
Minimum ROCE Target	21.3%	10%
Maximum ROCE Target	23.3%	10%

The ROCE elements of the award vest as shown in the table below:

	Proportion of ROCE element vesting
Below or equal to the Minimum Target	0%
Equal to or greater than the Maximum Target	100%

Shares will vest on a straight-line basis for performance between the Minimum Target and the Maximum Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment
In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- share options granted under the former ESOS may be exercised irrespective of whether the applicable performance conditions have been met;
- the number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control;
- Bonus Shares awarded under the BSP will be released, but Enhancement Shares awarded under the BSP will vest on change of control, to the extent that the performance condition has been met at the time of the change of control;
- SAYE options may be exercised (to the extent of savings at the date of exercise); and
- participants may direct the SIP trustee as to how to deal with their SIP shares (although Matching Shares may be forfeited in some circumstances).

In the event that a director's employment is terminated, vesting of outstanding share options under the former ESOS is dependent upon the reasons the contract is terminated. Performance conditions fall away in the event of redundancy. However, if the executive resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP interests, if a director resigns voluntarily, then his interests lapse. If he is made redundant, vesting at the end of the performance period is based on the normal performance criteria and then pro rated for the proportion of the performance period for which the director served.

In the case of the BSP, if a director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Share awards lapse and the Enhancement Shares are forfeited. If a director is made redundant, Bonus Share awards will be transferred as soon as practicable after the date of leaving and the Enhancement Shares will vest at the end of the performance period, to the extent that the performance conditions have been met.

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes
The Group established an Employee Share Ownership Trust (the Trust) in 1999 to acquire and hold shares to facilitate the operation of the Company's share schemes. As at 31 December 2006, the trust held 19,856,385 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the trust are not voted at the Company's general meetings. It is the Company's current policy and practice not to use newly issued shares to meet the requirements of share incentives. Such shares are provided from the Trust or from Treasury or by market purchase.

3.8 Pensions
Pension and life insurance benefits for executive directors reflect practice in the countries in which they perform their principal duties. Details of individual pension arrangements are set out on pages 79 and 80.

During the year, in the light of the new UK pensions regime which applied from 6 April 2006, the Committee decided that it would consider requests from executive directors that their contracts be altered for future service, so that further pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same value as the defined contribution benefits forgone.

Similarly, the Committee decided that it would consider requests from executive directors (as is the case for employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made into their defined contribution pension arrangements, in return for equivalent value reductions in their future basic salary and/or the cash element of the BSP.

3.9 Other benefits
Executive directors are entitled to the provision of either a car allowance or a fully expensed car, medical insurance, death and disability insurance, social club membership (in accordance with local market practice), limited personal taxation/financial advice and reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive in the appropriate locality for executive director positions.

4. Executive shareholding targets

Within five years of their appointment, executive directors are expected to acquire a holding of shares with a value of two times' basic salary in the case of the chief executive and one times' basic salary in the case of other executive directors.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long term incentive plans.

At 31 December 2006, all executive directors with more than one year's service on the Board had met or exceeded their shareholding targets.

5. External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2006, René Médori retained fees from one such appointment, amounting to £47,000.

6. Policy on non-executive directors' remuneration

Non-executive directors' remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive directors' remuneration is based on the following key principles:

- Remuneration should be:
  - sufficient to attract and retain world-class non-executive talent;
  - consistent with recognised best practice standards for non-executive directors' remuneration;
  - in the form of cash fees, but with the flexibility to forgo all or part of such fees to acquire shares in the Company if the non-executive director so wishes (after deduction of applicable income tax and social security contributions); and
  - set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees.
- Non-executive directors may not participate in the Company's BSP, share option schemes, LTIP or pension arrangements.

The Board reviews non-executive directors' fees periodically to ensure they remain market-competitive. Additional fees are paid to the chairmen of Board committees and to the senior independent director (SID). Where non-executive directors have Executive Board roles within subsidiaries of the Company, then they may also receive additional remuneration on account of these increased responsibilities. With the exception of Bobby Godsell, who is remunerated by AngloGold Ashanti Limited in his capacity as its chief executive, none of the non-executive directors has any such role.

7. Chairman's fees

The chairman's fees are reviewed periodically (on a different cycle from the review of non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Committee and chief executive, who take external advice on market comparators.

8. Directors' service contracts

Cynthia Carroll and Simon Thompson are employed by Anglo American Services (UK) Limited; Tony Trahar and David Hathorn have contracts with Anglo American International (IOM) Limited and with Anglo Operations Limited and René Médori is employed by Anglo American International (IOM) Limited. It is the Company's policy that the period of notice for executive directors will not exceed 12 months and the employment contracts of all executive directors except that of Cynthia Carroll are terminable at 12 months' notice by either party. As part of Cynthia Carroll's terms upon joining the Company, her initial notice period will be 24 months, which will reduce to 12 months after the initial 12 month period.

Executive directors[1]	Date of appointment	Next AGM re-election or election
Cynthia Carroll (chief executive from 1 March 2007)	15 January 2007	April 2007
Tony Trahar (chief executive to 1 March 2007)[2]	18 March 1999	n/a
David Hathorn[3]	20 April 2005	April 2008
René Médori (finance director)	01 June 2005	April 2008
Simon Thompson	20 April 2005	April 2008

(1) At each annual general meeting (AGM) all those directors who have been in office for three years or more since their election or last re-election shall retire from office. Details of those retiring by rotation this year are contained in the notice of AGM.

(2) Tony Trahar has indicated his intention to resign from the Board with effect from the AGM to be held on 17 April 2007.

(3) David Hathorn will cease to be a director when Mondi, of which he is Chief Executive Officer, is demerged from the Company anticipated for later this year.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, or for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at the AGM. In addition to his letter of appointment with the Company, Bobby Godsell has a service contract with AngloGold Ashanti Limited, an independently managed associate of the Company, in his capacity as its chief executive. Under this contract, his employment may be terminated by either party giving to the other 12 months' notice.

Non-executive directors[(1)(2)]	Date of appointment	Next AGM re-election or election
Sir Mark Moody-Stuart (chairman)	16 July 2002	April 2009
Ralph Alexander	20 April 2005	April 2008
David Challen (chairman, Audit Committee)	09 September 2002	April 2009
Chris Fay (chairman, S&SD Committee)	19 April 1999	April 2007
Bobby Godsell	18 March 1999	April 2008
Sir Rob Margetts (SID and chairman, Remuneration Committee)	18 March 1999	April 2007
Maria Silvia Bastos Marques (resigned 20 April 2006)	09 December 2003	n/a
Nicky Oppenheimer	18 March 1999	April 2007
Fred Phaswana (chairman, Nomination Committee)	12 June 2002	April 2009
Mamphela Ramphele	20 April 2006	April 2009
Karel Van Miert	19 March 2002	April 2008
Peter Woicke	01 January 2006	April 2009

(1) At each annual general meeting (AGM) all those directors who have been in office for three years or more since their election or last re-election shall retire from office. Details of those retiring by rotation this year are contained in the Notice of AGM.

(2) There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 1985, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's articles of association also permit the directors, under certain circumstances, to remove a director from office.

9. Historical comparative TSR performance graphs

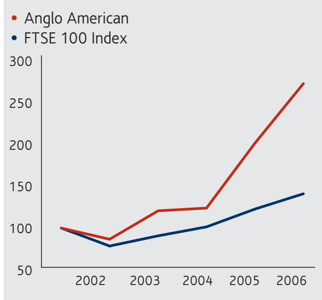
The graphs on this page represent the comparative TSR performance of the Company from 1 January 2002 to 31 December 2006. In drawing these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index comprising companies of a comparable size and complexity to Anglo American. This graph has been produced in accordance with the requirements of Schedule 7A to the Companies Act 1985.

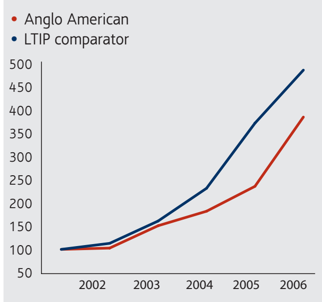
The second graph shows the Company's performance against the weighted comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2004. This graph gives an indication of how Anglo American is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions amongst the Company's competitors or changes to the Company's business mix.

In accordance with the LTIP rules, TSR is calculated in US dollars, and the TSR level shown at 31 December each year is the average of the closing daily TSR levels for the six-month period up to and including that date.

PERFORMANCE GRAPHS



PERFORMANCE GRAPHS



10. Remuneration outcomes during 2006

The information set out in this section and section 11 has been subject to audit.

10.1 Directors' emoluments

The following tables set out an analysis of the pre-tax remuneration during the years ended 31 December 2006 and 2005, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2006.

Executive directors

	Basic salary as paid		Plus: Basic salary sacrificed into Pension Scheme[5]		Total basic salary		Annual performance bonus – cash element[5]		Benefits in kind[6]		Total	
Executive directors[1][2][3][4]	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000
Tony Trahar	786	855	239	95	1,025	950	830	627	112	54	1,967	1,631
David Hathorn	520	335	–	–	520	335	277	216	50	17	847	568
René Médori	485	303	75	–	560	303	370	164	25	13	955	480
Simon Thompson	495	335	25	–	520	335	316	213	34	17	870	565

(1) Subsequent to their retirement from the Board in 2001, Leslie Boyd and Mike King continue to hold non-executive directorships with certain listed subsidiaries of the Group. They received fees of £36,000 (2005: £26,000) and £22,000 (2005: £17,000) respectively, for the provision of these services during the year.

(2) Subsequent to his retirement from the Board in 2004, Bill Nairn has provided consultancy services to Anglo American. He received £120,000 (2005: £130,000) for the provision of these services during the year.

(3) Subsequent to his retirement from the Board in 2005, Barry Davison provided consultancy services to Anglo American, receiving £192,000 for the provision of these services during the year. He also continued to hold non-executive directorships with certain listed subsidiaries of the Group. He received fees of £53,000 for the provision of these services during the year.

(4) Subsequent to his retirement from the Board in 2005, Tony Lea remained an employee until 24 March 2006 receiving total remuneration (including benefits and pension contributions) of £597,000 (2005: £969,000). Thereafter (until 31 December 2006) he provided consultancy services to the Group, receiving £441,000 for the provision of these services.

(5) Their employing companies have contractually agreed with the executive directors that supplementary pension contributions be made into their pension arrangements in return for equivalent-value reductions in their base salaries and/or in the cash elements payable under the BSP.

(6) Each director receives a car allowance and a limited amount of personal taxation / financial advice. All directors receive death and disability benefits and also receive medical insurance. Tony Trahar and Simon Thompson also receive club membership.

Cynthia Carroll remuneration

As of 1 March 2007, Cynthia Carroll will be appointed as chief executive officer of the Company. She joined the Board as an executive director with effect from 15 January 2007. Below is a summary of her remuneration package.

Salary

Basic salary of £900,000 per annum.

Bonus Share Plan participation

The 2007 bonus will be a maximum of 150% of basic salary per annum, half paid in cash and half invested in restricted shares (as discussed on page 67).

Long Term Incentive Plan participation

The grant level for the 2007 award will be made at 175% of basic salary.

Benefits

Normal executive director benefits including defined contribution pension (contribution rate 30%), car allowance, medical and life insurance.

Buy out arrangements

Anglo American will compensate Cynthia Carroll for incentives forfeited at Alcan. This will be paid in a combination of an initial cash payment of £400,000 and forfeitable share awards realisable over three years to a value of £3,306,000.

Non-executive directors

The fees and other emoluments paid to non-executive directors during the year ended 31 December 2006 amounted to £1,807,000 (2005: £1,683,000).

	Fees		Other emoluments		Total	
Non-executive directors[1]	2006 £000	2005 £000	2006 £000	2005 £000	2006 £000	2005 £000
Sir Mark Moody-Stuart	360	360	–	–	360	360
Ralph Alexander (appointed 20 April 2005)	65	39	–	–	65	39
David Challen	80	67	–	–	80	67
Chris Fay	80	67	–	–	80	67
Bobby Godsell[2][3]	70	58	698	747	768	805
Sir Rob Margetts	93	77	–	–	93	77
Maria Silvia Bastos Marques (resigned 20 April 2006)	21	55	–	–	21	55
Nicky Oppenheimer[2]	70	58	–	–	70	58
Fred Phaswana[2]	95	66	–	–	95	66
Mamphela Ramphele (appointed 20 April 2006)	45	–	–	–	45	–
Karel Van Miert	65	55	–	–	65	55
Peter Woicke (appointed 1 January 2006)	65	–	–	–	65	–

[1] Each non-executive director, with the exception of Sir Mark Moody-Stuart, is paid a fee of £65,000 (2005: £55,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee are paid an additional sum of £15,000 (2005: £12,000) per annum. The chairman of the Nomination Committee is paid an additional sum of £7,500 (2005: £6,000) per annum. Sir Rob Margetts received additional fees of £13,000 (2005: £10,000) in his capacity as senior independent director.

[2] Bobby Godsell, Nicky Oppenheimer and Fred Phaswana received fees for their services as non-executive directors of Anglo American South Africa Limited amounting to £5,000 (2005: £3,000), £5,000 (2005: £3,000) and £10,000 (2005: £5,000) respectively, which are included in the above table. Fred Phaswana is the non-executive chairman of Anglo American South Africa Limited and of Anglo Platinum and received fees amounting to £12,000.

[3] Under Bobby Godsell's service contract with AngloGold Ashanti, his basic salary was equivalent to £491,000 per annum (2005: £500,000) and he was awarded a performance bonus equivalent to £192,000 (2005: £173,000). Bobby Godsell is also entitled to the provision of car allowance, medical insurance and death and disability insurance. The total value of these benefits was equivalent to £15,000 (2005: £16,000).

10.2 Bonus Share Plan

10.2.1 Anglo American plc

Bonus Share Plan interests	Total interest at 1 January 2006	Number of Bonus Shares conditionally awarded during 2006	Number of Enhancement Shares conditionally awarded during 2006	Total interest at 31 December 2006	Market price at date of 2006 award £	Date of vesting of Bonus Shares awarded during 2006	End date of performance period for Enhancement Shares awarded during 2006
Tony Trahar	167,867	29,041	21,780	218,688	21.59	1/1/2009	31/12/2008
David Hathorn	39,957	10,004	7,503	57,464	21.59	1/1/2009	31/12/2008
René Médori	–	8,724	6,542	15,266	21.59	1/1/2009	31/12/2008
Simon Thompson	52,525	11,352	8,513	72,390	21.59	1/1/2009	31/12/2008

10.2.2 AngloGold Ashanti

Bonus Share Plan interests[1]	Total interest at 1 January 2006	Number of Shares conditionally awarded during 2006[2]	Total interest at 31 December 2006	Market price at date of 2006 award rand	Date of vesting of 2006 award of Shares
Bobby Godsell	10,135	6,140	16,275	308.00	8/3/2009

[1] The AngloGold Ashanti BSP was approved by shareholders in 2005, and replaces the previously granted performance related options. No BSP interests vested during 2006.

[2] The value of the bonus under the AngloGold Ashanti BSP is calculated as a percentage of annual salary up to a maximum of 120%, of which 50% was paid in cash and 50% by the granting of restricted shares. The market price of the shares at the date of award of Bonus Share options in 2006 was R308.00, being the closing price of an AngloGold Ashanti share on the JSE on the day prior to the date of grant.

10.3 Long Term Incentive Plan

10.3.1 Anglo American plc

Conditional awards of shares made to executive directors under the LTIP are shown below:

LTIP interests[1][2]	Total beneficial interest in LTIP at 1 January 2006	Number of shares conditionally awarded during 2006	Number of shares vested during 2006	Number of shares lapsed during 2006	Total beneficial interest in LTIP at 31 December 2006	Latest performance period end date
Tony Trahar	336,141	98,938	(51,702)	(51,702)	331,675	31/12/2008
David Hathorn	114,141	43,919	(15,750)	(15,750)	126,560	31/12/2008
René Médori[3]	61,993	53,421	–	–	115,414	31/12/2008
Simon Thompson	131,952	50,507	(15,750)	(15,750)	150,959	31/12/2008

(1) The LTIP awards made in 2006 are conditional on two performance conditions as outlined on pages 68 to 70: the first based on the Company's TSR relative to a weighted group of international natural resource companies and to the constituents of the FTSE 100, and the second based on an underlying operating measure which focuses on raising the Company's ROCE in the medium term. Further details on the structure of the LTIP, the required level of performance for the 2006 award and how performance against targets is measured can be found on pages 68 to 70. The market price of the shares at the date of award was £20.72.

(2) The performance period applicable to each award is three years. The performance period relating to the 2003 LTIP awards (which were granted on 11 April 2003) ended on 31 December 2005. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international natural resource companies and the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure.

Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
Tony Trahar	51,702	11/4/2003	9.40	25.49	1,317,884
David Hathorn	15,750	11/4/2003	9.40	25.49	401,468
Simon Thompson	15,750	11/4/2003	9.40	25.49	401,468

In the case of the LTIP awards granted in 2003, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), for relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2003 LTIP was 18.8% and the upper blended target 20.3%. The ROCE achieved was 21.1% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three year performance period of 129% which generated a nil vesting in terms of the 2003 Comparator Group. The overall vesting level for those directors with a 50% Group ROCE, 50% TSR split was therefore 50%.

(3) In addition to the LTIP award disclosed above, René Médori was in June 2005 granted 50,600 forfeitable shares, of which 30,360 were released to him on 1 May 2006 and 20,240 will be released to him on 1 May 2007. These awards are conditional on his continued employment in the Group and are in partial compensation for long term incentives forgone at his previous employer. The market price of the shares at the date of this award was £13.34.

Interests	Beneficial interest in forfeitable shares at 1 January 2006	Number of forfeitable shares awarded during 2006	Number of forfeitable shares vested during 2006	Number of forfeitable shares lapsed during 2006	Total beneficial interest in forfeitable shares at 31 December 2006	Latest performance period end date
René Médori	50,600	–	(30,360)	–	20,240	30/4/2007

Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	30,360	2/6/2005	13.34	23.74	720,746

(4) During the year, 16,104, 25,266, and 13,476 shares vested to Barry Davison, Tony Lea and Bill Nairn respectively under the 2003 LTIP with a money value at date of vesting of £410,491, £644,030 and £343,503 respectively. The market price at dates of award and vesting are as disclosed in footnote 2 above.

10.3.2 AngloGold Ashanti Limited

Conditional awards of shares made to directors under the AngloGold Ashanti LTIP are shown below:

LTIP interests[1][2]	Total beneficial interest in LTIP at 1 January 2006	Number of shares conditionally awarded during 2006[3]	Number of shares vested during 2006	Number of shares lapsed during 2006	Total beneficial interest in LTIP at 31 December 2006	Latest performance period end date
Bobby Godsell	30,400	23,250	–	–	53,650	31/7/2009

(1) The AngloGold Ashanti LTIP was approved by shareholders in 2005, and replaces the previously granted performance related options. No LTIP interests vested during 2006.

(2) The AngloGold Ashanti LTIP awards made in 2006 are conditional on the extent to which the following performance conditions are met:

- 40% of the awards will vest if AngloGold Ashanti's TSR is superior to the TSR achieved by a group of gold-producing companies including; Barrick, Newmont, Gold Fields and Harmony;
- 30% of share options will vest dependent on real growth in EPS over the performance period; and
- 30% of share options will vest dependent on the achievement of a number of strategic targets determined by the AngloGold Ashanti Remuneration Committee.

(3) The market price of an AngloGold Ashanti share at date of award was R327.00, being the closing price on the JSE on the day prior to the date of grant.

10.4 Directors' share options

10.4.1 Anglo American plc

No executive share options have been granted to directors since 2003.

Roll-over options[1][2]	Beneficial holding at 1 January 2006	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2006	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
Tony Trahar	5,000	–	(5,000)	–	–	n/a	n/a	n/a

Anglo American options[2][3]	Beneficial holding at 1 January 2006[4]	Granted[5]	Exercised	Lapsed	Beneficial holding at 31 December 2006	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
Tony Trahar	235,553	–	(230,000)	–	5,553	6.53	1/7/2007	28/2/2013
David Hathorn	60,000	–	(60,000)	–	–			
René Médori	–	951	–	–	951	17.97	1/9/2013	28/2/2014
Simon Thompson	60,000	–	(60,000)	–	–	–		

(1) Tony Trahar was granted share options prior to 1 January 1999 under a previous share option scheme operated by Anglo American Corporation of South Africa Limited which were 'rolled over' into Anglo American options.

(2) Share options in respect of shares, the market price for which as at 31 December 2006 is equal to, or exceeds, the option exercise price. As at 31 December 2006, there were no share options with an exercise price above the market price.

(3) Options were granted having UK Inland Revenue approval (Approved Options) and without such approval (Unapproved Options). The exercise of these historical options is subject to the Company's EPS (calculated in accordance with IAS 33 *Earnings per share*, based on the Company's headline earnings measure) increasing by at least 6% above the UK Retail Price Index over a three-year period. If the performance condition is not met at the end of the first three-year period, then performance is retested each year over the ten year life of the option on a rolling three-year basis. Options are normally exercisable, subject to satisfaction of the performance condition, between three and ten years from the date of grant.

(4) Beneficial holdings include SAYE options held by Tony Trahar, of 3,792 and 1,761 options, with option prices of £4.85 and £10.15 respectively. There are no performance conditions attached to these options.

(5) Beneficial holdings include SAYE options held by René Médori of 951 options with an option price of £17.97. There are no performance conditions attached to these options.

Details of the share options exercised by the executive directors in 2006 are as follows:

Roll-over options	Number exercised	Option price rand	Market price at date of exercise rand	Gain rand
Tony Trahar	5,000	51.25	234.54	916,450

Anglo American options	Number exercised	Option price £	Market price at date of exercise £	Gain £
Tony Trahar	115,000	9.28	21.51	1,406,450
	115,000	9.28	22.75	1,549,050
David Hathorn	60,000	9.28	23.67	863,400
Simon Thompson	60,000	9.28	23.65	862,200

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2006 to 31 December 2006 were £25.49 and £18.45 respectively. The mid-market price of the Company's shares at 29 December 2006 was £24.91.

10.4.2 AngloGold Ashanti Limited

Bobby Godsell has share options in AngloGold Ashanti; details of these share options are as follows:

AngloGold Ashanti options[(1)]	Options held at 1 January 2006[(2)]	Granted	Exercised	Lapsed	Holding at 31 December 2006	Weighted average option price rand	Earliest date from which exercisable	Latest expiry date
Bobby Godsell	199,200	–	(9,200)	–	190,000	143.32	16/2/2000	13/10/2015

[(1)] The 2002, 2003 and 2004 options are subject to performance conditions, requiring at least a 7.5% real increase in EPS for 2002 options and 6% for 2003 and 2004 options, year-on-year for three consecutive years. The previous existing options vest over a five-year period from the date of grant with no attached performance criteria.

[(2)] Share options in respect of shares whose market price as at 29 December 2006 is equal to, or exceeds, the option exercise price.

Details of the share options exercised by Bobby Godsell in 2006 are as follows:

AngloGold Ashanti options	Number exercised	Option price rand	Market price at date of exercise rand	Gain rand
Bobby Godsell	9,200	104.00	343.62	2,204,504

The highest and lowest mid-market prices of AngloGold Ashanti's shares during the period 1 January 2006 to 31 December 2006 were R387.00 and R247.00 per share respectively. The mid-market price of an AngloGold Ashanti share at 29 December 2006 was R329.99.

The information provided above is a summary. However, full details of directors' shareholdings and options are contained in the Registers of Directors' Interests of the Company and of AngloGold Ashanti, which are open to inspection.

10.5 Deferred Bonus Plan and Share Incentive Plan

In 2003 and earlier years, under the Deferred Bonus Plan (DBP) executive directors were required to defer 50% of their annual bonus and could, at the discretion of the Committee on a year-by-year basis, defer all of their bonus (net of tax) to acquire shares in the Company. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the executive director's continued employment. No further awards have been made to directors under the DBP since 2003. The final awards made under the DBP vested during 2006.

The directors held interests in deferred bonus matching shares during the year as follows:

Deferred bonus share matching interests	Total interest at 1 January 2006	Number of Shares vested during 2006[(1)]	Number of shares lapsed during 2006	Total interest at 31 December 2006	Latest vesting period end date
Tony Trahar	32,219	(32,219)	–	–	n/a
David Hathorn	7,802	(7,802)	–	–	n/a
Simon Thompson	8,498	(8,498)	–	–	n/a

[(1)] During the year 5,267, 12,803 and shares vested to Barry Davison and Tony Lea under the 2003 DBP awards as follows:

Number of shares vested	Number of shares vested	Date of conditional award	Market price at date of award	Market price at date of vesting	Money value at date of vesting
Barry Davison	2,637	28/3/2003	£9.28	£20.40	£53,795
	2,630	28/3/2003	R117.95	R221.34	R582,124
Tony Lea	12,803	28/3/2003	£9.28	£20.40	£261,181

Details of the deferred bonus matching shares vested in 2006 are as follows:

Number of shares vested	Number of shares vested	Date of conditional award	Market price at date of award	Market price at date of vesting	Money value at date of vesting
Tony Trahar	22,572	28/3/2003	£9.28	£20.40	£460,469
	9,647	28/3/2003	R117.95	R221.34	R2,135,267
David Hathorn	2,540	28/3/2003	£9.28	£20.40	£51,816
	5,262	28/3/2003	R117.95	R221.34	R1,164,691
Simon Thompson	8,498	28/3/2003	£9.28	£20.40	£173,359

Tony Trahar purchased 67 shares under the Share Incentive Plan (SIP) scheme during the year in addition to the 377 shares held by him at the beginning of the year. René Médori purchased 38 shares under the SIP scheme during the year. Simon Thompson purchased 67 shares under the SIP scheme during the year, in addition to the 240 shares held by him at 1 January 2006. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. Participants in the SIP scheme are entitled to receive dividends on these matching shares.

10.6 Pensions

10.6.1 Directors' pension arrangements

Tony Trahar participated in defined contribution pension arrangements in terms of his contract with Anglo American International (IOM) Limited, for services to be rendered outside South Africa. In 2006, normal contributions were payable at the rate of 35% of the basic salary payable under this contract. He also participated in the Anglo American Corporation Pension Fund (the Fund) in respect of his South African contract, whereby he accrues an annual pension at the rate of 2.2% of pensionable salary (as defined in the rules of that scheme) for each year of pensionable service. This scheme provides spouse's benefits of two-thirds of the member's pension on the death of a member. It does not have provision for guaranteed pension increases.

David Hathorn participated in defined contribution pension arrangements in terms of his contract with Anglo American International (IOM) Limited, for services to be rendered outside South Africa. In 2006, normal contributions were payable at the rate of 30% of the basic salary payable under this contract. He also participated in the Fund in respect of his South African contract, on the same terms as above.

René Médori participated in defined contribution pension arrangements in terms of his contract with Anglo American International (IOM) Limited. In 2006, normal contributions were payable on his behalf at the rate of 30% of the basic salary payable under this contract.

Simon Thompson participated in defined contribution pension arrangements in terms of his contract with Anglo American Services (UK) Limited. In 2006, contributions were payable on his behalf at the rate of 30% of the basic salary payable under this contract.

No pension costs were incurred in respect of the non-executive directors, with the exception of Bobby Godsell, who continued to be a member of the AngloGold Ashanti Pension Fund (a defined benefit pension scheme) in his capacity as chief executive of that company.

10.6.2 Defined contribution pension schemes

The amounts paid into defined contribution pension schemes by the Group in respect of the individual directors were as follows:

	Normal contributions[4]
Directors	2006 £000
Tony Trahar[1][2]	354
David Hathorn[2]	143
René Médori[1]	168
Simon Thompson[1][3]	156

[1] Tony Trahar, René Médori and Simon Thompson have contractually agreed with their employing companies that supplementary pension contributions should be made into their defined contribution pension arrangements in return for, reductions in their future basic salaries and/or reductions in the cash element awarded under the BSP for performance in 2005. These supplementary contributions, of £866,000 (2005: £95,000), £145,000 (2005: £nil) and £242,000 (2005: £nil) respectively, are included in the directors' emoluments table on page 74.

[2] In addition to the contributions set out above, special pension contributions were made in 2006 in respect of the pension benefits of Tony Trahar and of David Hathorn of £1,870,000 and £873,000 respectively. These special contributions were calculated by independent actuaries as being the amount necessary to replace pension benefits forgone by Tony Trahar and David Hathorn in respect of their final salary pension arrangements.

[3] Simon Thompson had accrued notional benefits in a UK unapproved unfunded retirement benefit arrangement in respect of UK service prior to 6 April 2006. Following the changes in legislation relating to pensions in the UK applicable from that date, his benefits accrued under this arrangement were paid by his employer into his personal pension arrangements. Accordingly, in addition to the contributions set out above, a special pension contribution of £603,000 was made in 2006.

[4] Total contributions in 2005 amounted to £6,162,000 and further details are included in the 2005 Remuneration Report.

10.6.3 Defined benefit pension schemes

Tony Trahar and David Hathorn are eligible for membership of the Anglo American Corporation Pension Fund (the Fund) in respect of their South African remuneration. The Fund is a funded final salary occupational pension scheme approved by the Financial Services Board and the Commissioner of Inland Revenue in South Africa. Bobby Godsell participates in the AngloGold Ashanti Pension Fund.

Executive directors	Additional benefit earned/(expended) (excluding inflation) during the year ended 31 December 2006 £000	Accrued entitlement as at 31 December 2006 £000	Transfer value of accrued benefits as at 31 December 2006	Transfer value of accrued benefits as at 31 December 2005	Increase/ (decrease) transfer value in the year less any personal contributions[1]
Tony Trahar	(36)	22	329	958	(631)
David Hathorn	(40)	11	131	660	(531)
Non-executive directors					
Bobby Godsell[2]	4	269	3,338	3,757	(409)

[1] The transfer value, less any personal contributions, of the increase/(decrease) in additional benefits earned/(expended) during 2006 amounted for Tony Trahar, David Hathorn and Bobby Godsell to £20,000, £9,000 and £30,000 respectively.

[2] In his capacity as Chief Executive of AngloGold Ashanti, Bobby Godsell is entitled to membership of the AngloGold Ashanti Pension Fund.

The transfer values disclosed above do not represent a sum paid or payable to the individual director; instead, they represent potential liabilities of the pension schemes.

10.6.4 Excess retirement benefits

No person who served as a director of the Company during or before 2006 has been paid or received retirement benefits in excess of the retirement benefits to which he was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

11. Sums paid to third parties in respect of a director's services

No consideration was paid to or became receivable by third parties for making available the services of any person: as a director of the Company, or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2006.

12. Directors' share interests

The interests of directors who held office during the period 1 January 2006 to 31 December 2006 in Ordinary Shares (Shares) of the Company and its subsidiaries were as follows:

Shares in Anglo American plc

	As at 31 December 2006 (or, if earlier, date of resignation)							
	Beneficial	Conditional						Non-beneficial(7)
Directors		SIP(1)	Deferred bonus share match	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other	
Tony Trahar	40,291	297	–	331,675	124,965	93,723	–	–
David Hathorn	17,851	–	–	126,560	32,837	24,627	–	–
René Médori(2)	38	38	–	115,414	8,724	6,542	20,240	–
Simon Thompson	78,655	297	–	150,959	41,366	31,024	–	–
Sir Mark Moody-Stuart(3)	24,167	–	–	–	–	–	–	–
Ralph Alexander	784	–	–	–	–	–	–	–
David Challen	2,000	–	–	–	–	–	–	–
Chris Fay	7,503	–	–	–	–	–	–	–
Bobby Godsell	92	–	–	–	–	–	–	–
Sir Rob Margetts(4)	12,346	–	–	–	–	–	–	–
Maria Silvia Bastos Marques(5)	1,258	–	–	–	–	–	–	–
Nicky Oppenheimer(6)	42,126,048	–	–	–	–	–	–	–
Fred Phaswana	13,920	–	–	–	–	–	–	–
Mamphela Ramphele(5)	102	–	–	–	–	–	–	–
Karel Van Miert	500	–	–	–	–	–	–	–
Peter Woicke(5)	1,484	–	–	–	–	–	–	–

	As at 1 January 2006 (or, if later, date of appointment)							
	Beneficial	Conditional						Non-beneficial(7)
Directors		SIP(1)	Deferred bonus share match	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other	
Tony Trahar	51,227	377	32,219	336,141	95,924	71,943	–	367,778
David Hathorn	23,431	–	7,802	114,141	22,833	17,124	–	–
René Médori(2)	–	–	–	61,993	–	–	50,600	–
Simon Thompson	62,828	240	8,498	131,952	30,014	22,511	–	–
Sir Mark Moody-Stuart(3)	22,081	–	–	–	–	–	–	–
Ralph Alexander	284	–	–	–	–	–	–	–
David Challen	2,000	–	–	–	–	–	–	–
Chris Fay	7,348	–	–	–	–	–	–	–
Bobby Godsell	92	–	–	–	–	–	–	367,778
Sir Rob Margetts(4)	10,815	–	–	–	–	–	–	–
Maria Silvia Bastos Marques(5)	752	–	–	–	–	–	–	–
Nicky Oppenheimer(6)	59,126,045	–	–	–	–	–	–	367,778
Fred Phaswana	11,514	–	–	–	–	–	–	–
Mamphela Ramphele(5)	–	–	–	–	–	–	–	–
Karel Van Miert	500	–	–	–	–	–	–	–
Peter Woicke(5)	–	–	–	–	–	–	–	–

The following changes in the above interests occurred between 1 January 2007 and the date of this report:

Shares in Anglo American plc

								As at 1 January 2007
	Beneficial	Conditional						Non-beneficial[7]
Directors		SIP[1]	Deferred bonus share match	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other	
Tony Trahar	40,291	297	–	331,675	124,965	93,723	–	–
David Hathorn	17,851	–	–	126,560	32,837	24,627	–	–
René Médori[2]	38	38	–	115,414	8,724	6,542	20,240	–
Simon Thompson	78,655	297	–	150,959	41,366	31,024	–	–
Sir Mark Moody-Stuart[3]	24,167	–	–	–	–	–	–	–
Ralph Alexander	784	–	–	–	–	–	–	–
David Challen	2,000	–	–	–	–	–	–	–
Chris Fay	7,503	–	–	–	–	–	–	–
Bobby Godsell	92	–	–	–	–	–	–	–
Sir Rob Margetts[4]	12,346	–	–	–	–	–	–	–
Nicky Oppenheimer[6]	42,126,048	–	–	–	–	–	–	–
Fred Phaswana	13,920	–	–	–	–	–	–	–
Mamphela Ramphele[5]	102	–	–	–	–	–	–	–
Karel Van Miert	500	–	–	–	–	–	–	–
Peter Woicke[5]	1,484	–	–	–	–	–	–	–

								As at 20 February 2007
	Beneficial	Conditional						Non-beneficial[7]
Directors		SIP[1]	Deferred bonus share match	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other	
Cynthia Carroll[5]	–	–	–	–	–	–	–	–
Tony Trahar	40,321	287	–	331,675	124,965	93,723	–	–
David Hathorn	17,851	–	–	126,560	32,837	24,627	–	–
René Médori[2]	48	48	–	115,414	8,724	6,542	20,240	–
Simon Thompson	78,685	287	–	150,959	41,366	31,024	–	–
Sir Mark Moody-Stuart[3]	24,603	–	–	–	–	–	–	–
Ralph Alexander	900	–	–	–	–	–	–	–
David Challen	2,000	–	–	–	–	–	–	–
Chris Fay	7,503	–	–	–	–	–	–	–
Bobby Godsell	92	–	–	–	–	–	–	–
Sir Rob Margetts[4]	12,678	–	–	–	–	–	–	–
Nicky Oppenheimer[6]	42,126,048	–	–	–	–	–	–	–
Fred Phaswana	14,443	–	–	–	–	–	–	–
Mamphela Ramphele[5]	303	–	–	–	–	–	–	–
Karel Van Miert	500	–	–	–	–	–	–	–
Peter Woicke[5]	1,950	–	–	–	–	–	–	–

(1) Beneficially held SIP matching shares "released" after 3 years are disclosed in the beneficial interest total.
(2) René Médori received 50,600 forfeitable shares not included in any share plans upon joining Anglo American plc, 30,360 were released to him on 1 May 2006; the remaining 20,240 will be released in May 2007, conditional upon his continued employment in the Group.
(3) Sir Mark Moody-Stuart's beneficial interest includes 12,500 Shares arising as a result of his interest in a family trust.
(4) Sir Rob Margetts' beneficial interest arises as a result of his wife's interest in these Shares.
(5) Peter Woicke was appointed on 1 January 2006. Mamphela Ramphele was appointed and Maria Silvia Bastos Marques resigned on 25 April 2006. Cynthia Carroll was appointed on 15 January 2007. Their interests are included up to or after that date as appropriate.
(6) Nicky Oppenheimer's beneficial interest in 42,126,048 of these Shares arises as a result of his interest in a discretionary trust which is treated as interested in 32,250,206 Shares in which E Oppenheimer & Son Holdings Limited is treated as interested and 6,870,745 Shares in which Central Holdings Limited is treated as interested. On 10 November 2006, E Oppenheimer & Son Holdings Limited disposed of 17,000,000 Shares by means of an off-market sale in London and accordingly Nicky Oppenheimer's interest was reduced by that amount. The 6,870,745 Shares referred to above are Shares held by Debswana Diamond Company (Pty) Limited, in which Nicky Oppenheimer and Central Holdings Limited have no economic interest. His interest in 5,000 of these Shares arises as a result of his wife's interest in a trust which has an indirect economic interest in those Shares.
(7) Bobby Godsell and Nicky Oppenheimer were deemed to be interested in The Ernest Oppenheimer Memorial Trust's holding of 367,778 shares of virtue of being Trustees and Tony Trahar was also deemed to be interested by virtue of his wife being a Trustee. Their interest ended upon the resignation of the Trustees on 15 March 2006. None of them is a beneficiary of the Trust.

Shares in subsidiaries of Anglo American plc

	As at 1 January 2006		As at 31 December 2006	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
AngloGold Ashanti Limited				
Bobby Godsell	9,177	–	13,010	–

Approval
This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors

Rob Margetts

Sir Rob Margetts
20 February 2007

REMUNERATION COMMITTEE

Independent Remuneration Report Review

This letter reports on the results of the review carried out by Mercer Human Resource Consulting Limited of the processes followed by the Anglo American Remuneration Committee (the Committee) that support the Remuneration Report for the financial year 2006. Mercer undertook the review at the request of the chairman of the Committee in order to provide shareholders with assurance that the remuneration processes followed are appropriate and that the Committee has complied with the policies set out in the Remuneration Report.

In order to reach our opinion, we reviewed the Committee's Terms of Reference and the minutes of its meetings held during the year as well as material presented to the Committee for its review. We also interviewed the Chairman and Secretary of the Committee. Our review was not intended to audit the compensation data set forth in the Remuneration Report or to evaluate the merits of Anglo American's remuneration programme.

Based on our review, Mercer is of the opinion that the processes followed by the Committee during 2006 were fully consistent with its Terms of Reference and that the decisions taken by the Committee were in line with the principles set out in the Remuneration Report. It continues to be our view that the Committee takes a suitably robust and pro-active approach to its work.

We note the Committee has refined its modus operandi each year taking into account any comments we have made in our reviews.

In addition, the Committee has taken steps to improve its processes reflecting areas for improvement highlighted in the Evaluation of the Committee undertaken with input from external advisors.

As a result we believe that the Anglo American Remuneration Committee is exemplary in its conduct, decision making and reporting.

The members of the Remuneration Committee are regularly updated on executive compensation and corporate governance matters.

Further detail regarding the Mercer review is included in a letter of this date addressed to the Committee Chairman which we understand will be made available on the Company's website.

Belinda Hudson
Principal
Mercer Human Resource Consulting Limited
Tower Place
London EC3R 5BU

13 February 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Anglo American plc

We have audited the Group and Company financial statements (the Financial statements) of Anglo American plc for the year ended 31 December 2006 which comprise the Consolidated income statement, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of recognised income and expense, the Reconciliation from EBITDA to cash inflows from operations, the Accounting policies, the related notes 2 to 39, the Company Balance Sheet and the related notes. These Financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the Company financial statements and the Remuneration report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the Financial statements and the part of the Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial statements give a true and fair view and whether the Financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the Financial statements. The information given in the directors' report includes that specific information presented in the operating and financial review that is cross referred from the business review section of the directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial statements and the part of the Remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial statements and the part of the Remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial statements and the part of the Remuneration report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2006 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006;
- the Company financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the Financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
20 February 2007

Financial statements

Contents	Page

Consolidated income statement

for the year ended 31 December 2006

US$ million	Note	Before special items and remeasurements 2006	Special items and remeasurements (note 7) 2006	2006	Before special items and remeasurements 2005	Special items and remeasurements (note 7) 2005	2005
Group revenue	2	33,072	–	33,072	29,434	–	29,434
Total operating costs		(24,330)	(868)	(25,198)	(24,090)	(487)	(24,577)
Operating profit from subsidiaries and joint ventures	2,4	8,742	(868)	7,874	5,344	(487)	4,857
Net profit on disposals	7	–	1,168	1,168	–	87	87
Share of net income from associates	2,16	582	103	685	696	(39)	657
Total profit from operations and associates	2	9,324	403	9,727	6,040	(439)	5,601
Investment income		609	57	666	498	72	570
Interest expense		(774)	(57)	(831)	(926)	(37)	(963)
Net finance costs	8	(165)	–	(165)	(428)	35	(393)
Profit before tax		9,159	403	9,562	5,612	(404)	5,208
Income tax (expense)/income	9	(2,763)	123	(2,640)	(1,283)	8	(1,275)
Profit for the financial year		6,396	526	6,922	4,329	(396)	3,933
Attributable to:							
Minority interests		925	(189)	736	593	(181)	412
Equity shareholders of the Company	3	5,471	715	6,186	3,736	(215)	3,521
Earnings per share (US$)							
Basic	11			4.21			2.43
Diluted	11			4.12			2.36
Dividends							
Proposed ordinary dividend per share (US cents)	10			75			62
Proposed ordinary dividend (US$ million)	10			1,107			903
Proposed special dividend per share (US cents)	10			–			33
Proposed special dividend (US$ million)	10			–			480
Ordinary dividends paid during the year per share (US cents)	10			95			79
Ordinary dividends paid during the year (US$ million)	10			1,391			1,137
Special dividends paid during the year per share (US cents)	10			100			–
Special dividends paid during the year (US$ million)	10			1,448			–

Underlying earnings and underlying earnings per share are set out in note 11.

Consolidated balance sheet

as at 31 December 2006

US$ million	Note	2006	2005
Intangible assets	12	**2,134**	2,572
Tangible assets	13	**23,498**	30,796
Biological assets	14	**324**	350
Environmental rehabilitation trusts	15	**197**	288
Investments in associates	16	**4,780**	3,165
Financial asset investments	18	**1,973**	899
Deferred tax assets	26	**372**	337
Other financial assets (derivatives)	24	**–**	183
Other non-current assets		**173**	153
Total non-current assets		**33,451**	38,743
Inventories	19	**2,974**	3,569
Trade and other receivables	20	**5,312**	5,174
Current tax assets		**225**	211
Current financial asset investments	18	**–**	16
Other current financial assets (derivatives)	24	**329**	747
Cash and cash equivalents	30	**3,004**	3,430
Total current assets		**11,844**	13,147
Assets classified as held for sale	33	**1,188**	–
Total assets		**46,483**	51,890
Short term borrowings	23	**(2,028)**	(2,076)
Trade and other payables	21	**(5,040)**	(5,024)
Short term provisions	25	**(62)**	(19)
Current tax liabilities		**(1,453)**	(1,145)
Other current financial liabilities (derivatives)	24	**(216)**	(1,286)
Total current liabilities		**(8,799)**	(9,550)
Medium and long term borrowings	23	**(4,220)**	(6,363)
Retirement benefit obligations	27	**(775)**	(1,258)
Other financial liabilities (derivatives)	24	**(304)**	(508)
Deferred tax liabilities	26	**(3,687)**	(5,201)
Provisions	25	**(1,024)**	(1,432)
Total non-current liabilities		**(10,010)**	(14,762)
Liabilities directly associated with assets classified as held for sale	33	**(547)**	–
Total liabilities		**(19,356)**	(24,312)
Net assets		**27,127**	27,578
Equity			
Called-up share capital	28,29	**771**	747
Share premium account	29	**2,713**	1,637
Other reserves	29	**1,049**	1,330
Retained earnings	29	**19,738**	19,907
Equity attributable to equity shareholders of the Company		**24,271**	23,621
Minority interests	29	**2,856**	3,957
Total equity		**27,127**	27,578

The financial statements were approved by the Board of directors on 20 February 2007.

Tony Trahar
Chief executive

René Médori
Finance director

Consolidated cash flow statement

for the year ended 31 December 2006

US$ million	Note	2006	2005
Cash inflows from operations	30a	10,057	7,265
Dividends from associates		276	461
Dividends from financial asset investments		12	9
Income tax paid		(2,035)	(954)
Net cash inflows from operating activities		8,310	6,781
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	31	(286)	(298)
Investment in associates		(11)	(29)
Investment in joint ventures		(7)	–
Purchase of tangible assets		(3,686)	(3,306)
Investment in biological assets	14	(64)	(55)
Purchase of financial asset investments		(40)	(203)
Loans granted to related parties		(72)	–
Interest received and other investment income		240	210
Disposal of subsidiaries, net of cash and cash equivalents disposed	32	1,520	419
Sale of interests in joint ventures		2	2
Sale of interests in associates		40	11
Repayment of loans and capital from associates	16	394	370
Proceeds from disposal of tangible assets		124	327
Proceeds from sale of financial asset investments		80	245
Loan repayments from related parties		–	1
Utilised in hedge restructure		–	(69)
Other investing activities		(39)	(18)
Net cash used in investing activities		(1,805)	(2,393)
Cash flows from financing activities			
Cash inflow from current financial asset investments		5	13
Issue of shares by subsidiaries to minority interests		71	73
Sale of treasury shares to employees		259	240
Purchase of treasury shares		(3,922)	–
Interest paid		(426)	(547)
Dividends paid to minority interests		(383)	(421)
Dividends paid to Company shareholders		(2,888)	(1,137)
Receipt/(repayment) of short term borrowings		197	(1,356)
Receipt/(repayment) of medium and long term borrowings		386	(632)
Capital element of finance leases		(16)	–
Other financing activities		42	(19)
Net cash used in financing activities		(6,675)	(3,786)
Net (decrease)/increase in cash and cash equivalents		(170)	602
Cash and cash equivalents at start of year	30b	3,319	2,781
Cash movements in the year		(170)	602
Effects of changes in foreign exchange rates		(169)	(64)
Cash and cash equivalents at end of year	30b	2,980	3,319

Consolidated statement of recognised income and expense

for the year ended 31 December 2006

US$ million	2006	2005
Net gains on revaluation of available for sale investments	492	31
Impairment of available for sale investments	(13)	–
Loss on cash flow hedges	(502)	(316)
Loss on cash flow hedges – associates	(117)	–
Exchange losses on translation of foreign operations	(439)	(2,182)
Actuarial net gains/(losses) on post retirement benefit schemes	102	(171)
Actuarial net gains/(losses) on post retirement benefit schemes – associates	3	(24)
Deferred tax	60	140
Other movements	–	5
Net expense recognised directly in equity	(414)	(2,517)
Transferred to income statement: sale of available for sale investments	(27)	(32)
Transferred to income statement: impairment of available for sale investments	13	–
Transferred to income statement: cash flow hedges	148	(8)
Transferred to income statement: exchange differences on disposal of foreign operations	9	–
Tax on items transferred from equity	(33)	–
Total transferred to/(from) equity	110	(40)
Profit for the year	6,922	3,933
Total recognised income and expense for the year	6,618	1,376
Attributable to:		
Minority interests	603	82
Equity shareholders of the Company	6,015	1,294

Reconciliation from EBITDA to cash inflows from operations

for the year ended 31 December 2006

US$ million	2006	2005
EBITDA[(1)]	12,197	8,959
Share of operating profit of associates before special items and remeasurements	(1,090)	(1,032)
Underlying depreciation and amortisation in associates	(329)	(142)
Share-based payment charges	189	92
Fair value gains before special items and remeasurements	(152)	(278)
Additional pension contributions	(232)	–
Provisions	11	113
Increase in inventories	(377)	(453)
Increase in operating receivables	(625)	(600)
Increase in operating payables	470	539
Other adjustments	(5)	67
Cash inflows from operations	10,057	7,265

[(1)] EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates:

US$ million	2006	2005
Operating profit including associates' operating profit before special items and remeasurements	9,832	6,376
Depreciation and amortisation		
Subsidiaries and joint ventures	2,036	2,441
Associates	329	142
EBITDA	12,197	8,959

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations adopted for use by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the recording of pension assets and liabilities and the revaluation of biological assets and certain financial instruments. A summary of the principal Group accounting policies is set out with an explanation of changes to previous policies following adoption of new accounting standards and interpretations in the year.

The details of the elections made on conversion to IFRS were set out in the 31 December 2005 Annual Report.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Details of the Group's significant accounting policies and critical accounting estimates are set out in the 'operating and financial review' and form part of these financial statements; these are set out on pages 9 to 55.

Significant areas of management uncertainty include:

- useful economic lives of assets and ore resources estimates;
- impairment of assets;
- restoration, rehabilitation and environmental costs; and
- retirement benefits.

Early adoption of standards and changes in accounting policies

The Group has adopted early with effect from 1 January 2006 the following standards and interpretations as at 31 December 2006:

- IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies;*
- IFRIC 8 *Scope of IFRS 2;*
- IFRIC 9 *Reassessment of embedded derivatives;* and
- IFRIC 10 *Interim Financial Reporting and Impairment*.

These have not had a material impact on the Group and there have not been any other significant changes in accounting policies in the period.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

For non-wholly owned subsidiaries, share of the net assets and profit for the financial year is attributed to the minority interests as shown on the consolidated income statement and balance sheet. Any losses applicable to the minority interests in excess of the total recognised minority interests are allocated against the interests of the parent until such time as future profits have exceeded the losses previously absorbed.

Associates

Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically the Group owns between 20% and 50% of the voting equity of its associates. Investments in associates are accounted for using the equity method of accounting except when classified as held for sale.

The Group's share of associates' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates are reviewed on a regular basis and if an impairment in value has occurred, it is written off in the period in which those circumstances are identified. The Group's share of an associate's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.

Joint venture entities

A joint venture entity is an entity in which the Group holds a long term interest and shares joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual arrangement.

The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using proportionate consolidation. Proportionate consolidation combines the Group's share of the results of the joint venture entity on a line by line basis with similar items in the Group's financial statements.

Joint venture operations

The Group has contractual arrangements with other participants to engage in joint activities other than through a separate entity. The Group includes its assets, liabilities, expenditure and its share of revenue in such joint venture operations with similar items in the Group's financial statements.

Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk has passed to the customer and the goods have been delivered to a contractually agreed location.

Revenue from metal mining activities is based on the payable metal sold.

Sales of certain commodities are 'provisionally priced' such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. 'Provisionally priced' sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in revenue.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Business combinations and goodwill arising thereon

At the date of acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture entity or an associate which can be measured reliably are recorded at their provisional fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is attributed to goodwill. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint ventures is included within intangible assets. Goodwill relating to associates is included within the carrying value of the associate.

Where the fair values of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is credited to the income statement in the period of acquisition.

For non-wholly owned subsidiaries, minority interests are initially recorded at the minorities' proportion of the fair values for the assets and liabilities recognised at acquisition.

1. Accounting policies continued

Tangible assets

Mining properties and leases include the cost of acquiring and developing mining properties and mineral rights.

Mining properties are depreciated down to their residual values using the unit of production method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write down to the recoverable amount is charged to the income statement.

For open pit operations the removal of overburden or waste ore is required to obtain access to the orebody. The costs associated with this process (known as stripping) which are incurred during the production phase are deferred and charged to operating costs using the expected average stripping ratio over the average life of the area being mined. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine, per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to mine the orebody divided by the number of tonnes expected to be mined. The average life of mine stripping ratio and the average life of mine cost per tonne is recalculated annually in light of additional knowledge and changes in estimates. The cost of stripping in any period will therefore be reflective of the average stripping rates for the orebody as a whole. Changes in the life of mine stripping ratio are accounted for prospectively as a change in estimate.

Land and properties in the course of construction are carried at cost, less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings and plant and equipment are depreciated down to their residual values at varying rates, on a straight line basis over their estimated useful lives or the life of mine, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings.

Residual values and estimated useful lives are reviewed at least annually.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Estimated useful lives vary between three and five years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU in prior years. A reversal of an impairment is recognised as income immediately.

Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of CGU that are expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored by the Group's Board of directors for internal management purposes. Details of the CGU to which goodwill is allocated are provided in note 12. The recoverable amount of the group of CGU to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial year, or when such events or changes in circumstances indicate that it may be impaired.

Any impairment is recognised immediately in the income statement. Impairments of goodwill are not subsequently reversed.

Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property is economically feasible and should be developed for commercial production, all further directly attributable, pre-production expenditure is capitalised within tangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure prior to commercial production is assessed for impairment in accordance with the Group accounting policy stated above.

Biological assets: afforestation and other agricultural activity

Afforestation and other agricultural assets are measured at their fair values less estimated selling costs during the period of biological transformation, from initial recognition up to the point of harvest. The fair values are determined based on current market prices for the assets in their present location and condition.

Changes in fair value are recognised in the income statement within other gains and losses for the period between planting and harvest. At point of harvest, the carrying value of afforestation and other agricultural assets is transferred to inventory.

Directly attributable costs incurred during the period of biological transformation are capitalised and the associated cash flows are presented within 'cash flows from investing activities' in the cash flow statement.

Inventory

Inventory and work in progress are valued at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- raw materials and consumables are valued at cost on a first in, first out (FIFO) basis;
- finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses; and
- metal and coal stocks are included within finished products and are valued at average cost.

At precious metals operations that produce 'joint products', cost is allocated between products according to the ratio of contribution of these metals to gross sales revenues.

Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees as well as post retirement medical plans. For defined contribution schemes the amount charged to the income statement is the contributions paid or payable during the year.

For defined benefit pension and post retirement medical plans, full actuarial valuations are carried out every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no 'deep market' for such bonds, based on government bonds. Pension plans' assets are measured using period end market values.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the 'Consolidated statement of recognised income and expense'. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. The expected return on plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Notes to the financial statements continued

1. Accounting policies continued

Taxation

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither the tax profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and right to use that asset is conveyed through the contract.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the lease term.

Assets held under finance leases are recognised as assets of the Group on inception of the lease at the lower of fair value or the present value of the minimum lease payments derived by discounting at the interest rate implicit in the lease. The interest element of the rental is charged against profit so as to produce a constant periodic rate of interest on the remaining balance of the liability, unless it is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's general policy on borrowing costs (see below).

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when it is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment is reported through the income statement as a special item. On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

Where an asset or business has been sold or is classified as held for sale and is either a, or part of a, single co-ordinated plan to dispose of either a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to sale, it is considered to be a 'discontinued operation'. Once an operation has been identified as discontinued, its net profit is separately presented and comparative information is restated.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged against profits over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy above.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are recognised separately on the balance sheet as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trusts are accrued on a time proportion basis and recognised as interest income.

Foreign currency transactions and translation

Foreign currency transactions by Group companies are booked in their functional currencies at the exchange rate ruling on the date of transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the presentation currency of the Group at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of transactions. Exchange differences arising, if any, are classified within equity and transferred to the Group's currency translation reserve. Exchange differences on foreign currency loans that form part of the Group's net investment in these foreign operations are offset in the currency translation reserve.

Cumulative translation differences are recognised as income or expense in the period in which the operation they relate to is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the closing rate.

Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1. Accounting policies continued

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant. For those share schemes, excluding share options, which do not include non-market vesting conditions, the fair value is determined using the Monte Carlo method at the grant date and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

Black economic empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE Company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*). The discount provided or value given is calculated in accordance with IFRS 2 and included in the determination of the profit or loss on disposal.

Employee benefit trust

The carrying value of shares held by the employee benefit trust are recorded as treasury shares, shown as a reduction in retained earnings within shareholders' equity.

Presentation currency

As permitted by UK company law, the Group results are presented in US dollars, the currency in which most of its business is conducted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are, however, shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts.

Trade receivables

Trade receivables do not carry any interest and are stated generally at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investments

Investments, other than investments in subsidiaries, joint ventures and associates, are financial asset investments and are initially recorded at fair value. At subsequent reporting dates, financial assets that the Group has the expressed intention and ability to hold to maturity ('held to maturity') as well as loans and receivables are measured at amortised cost, less any impairment. The amortisation of any discount or premium on the acquisition of a held to maturity investment is recognised in the income statement in each period using the effective interest method.

Investments other than those classified as held to maturity or loans and receivables are classified as either fair value through profit or loss (which includes investments held for trading) or available for sale investments. Both sub-categories are measured at each reporting date at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement for the period within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

Current financial asset investments consist mainly of bank term deposits and fixed and floating rate debt securities. Debt securities that are intended to be held to maturity are recorded on the amortised cost basis. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Convertible debt

Convertible bonds denominated in the functional currency of the entity issuing the shares are regarded as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recorded within borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Where the embedded option is in a convertible bond denominated in a currency other than the functional currency of the entity issuing the shares, the option is classified as a liability. The option is marked to market with subsequent gains and losses being recorded through the income statement within net finance costs.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible bond.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (normal purchase or normal sale) contracts that meet the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within other financial assets (derivatives) or other financial liabilities (derivatives), and, when designated as hedges, are classified as current or non-current depending on the maturity of the derivative. Derivatives that are not designated as hedges are classified as current, in accordance with IAS 1 *Presentation of Financial Statements*, even when their actual maturity is expected to be greater than one year.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from remeasuring the associated derivative are recognised in profit or loss.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in equity are included in the income statement when the foreign operations are disposed of.

Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement and are classified within other gains and losses or net finance costs depending on the type of risk the derivative relates to.

Notes to the financial statements continued

1. Accounting policies continued

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the income statement for the period.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

New IFRS accounting standards and interpretations not yet adopted

IFRS 7 *Financial Instruments: Disclosures* replaces the disclosure requirements of IAS 32 *Financial Instruments: Presentation & Disclosure*. This standard incorporates many of the existing disclosures under IAS 32 as well as additional qualitative and quantitative disclosures on the risks arising from financial instruments. In addition amendments to capital disclosures, within IAS 1, forming part of the IFRS 7 IASB project will result in the disclosure of the Group's objectives, policies and processes for managing capital, quantitative data about the Group's capital and statement of compliance with capital requirements.

IFRS 8 *Operating Segments* replaces the segmental reporting requirements of IAS 14 *Segment Reporting*. The key change is to align the determination of segments in the financial statements with that used by management in their resource allocation decisions. This standard is yet to be adopted for use by the European Union and is not expected to have significant impact on existing disclosure.

IFRIC 11 *Group and Treasury Share Transactions* clarifies that the manner in which an entity obtains the shares to satisfy its obligations in terms of a share-based payment transaction does not influence the classification of that transaction as equity settled or cash settled. In addition, where an entity satisfies a share-based payment by issue of its parent's shares (rather than the parent making the share-based payment directly) the interpretation requires that these be treated as cash settled rather than equity settled. From the Group perspective this is not expected to have a material impact.

IFRIC 12 *Service Concession Arrangements* is designed to provide clarification on the application of existing IFRS. This is not expected to have a material impact for the Group.

2. Segmental information

Based on risks and returns the directors consider the primary reporting format is by business segment and the secondary reporting format is by geographical segment.

The analysis of associates' revenue by business segment is provided here for completeness and consistency. The segmental analysis of associates' net income is shown below and the Group's aggregate investment in those associates required by IAS 14 *Segment Reporting*, is set out in note 16.

On 20 April 2006 the Group completed the sale of 19.7 million ordinary shares held in AngloGold Ashanti Limited for cash of $978 million. This, together with the Group's non-participation in the issue of ordinary shares throughout the year by AngloGold Ashanti, diluted the Group's percentage investment from 50.9% to 41.7%.

As a result of this, the Group is no longer considered to 'control' AngloGold Ashanti and therefore the investment is now reflected in the Group accounts on an equity accounted basis. This change in accounting treatment is effective from the date of the sale and therefore the current year includes AngloGold Ashanti's 100% consolidated contribution to profit for the period 1 January to 20 April 2006 and the appropriate share of AngloGold Ashanti's profit for the period after 20 April 2006 until the year end.

Primary reporting format – by business segment

	Segment revenue[1]		Segment result before special items and remeasurements[2]		Segment result after special items and remeasurements	
US$ million	2006	2005	2006	2005	2006	2005
Subsidiaries and joint ventures						
Platinum	5,766	3,646	2,337	835	2,337	835
Gold	857	2,629	228	332	(142)	(50)
Coal	2,726	2,766	607	752	482	753
Base Metals	6,252	3,647	3,876	1,678	3,884	1,667
Industrial Minerals	4,274	4,043	334	366	37	350
Ferrous Metals and Industries	5,973	6,030	1,303	1,308	1,324	1,312
Paper and Packaging	7,224	6,673	466	484	374	401
Exploration	–	–	(132)	(150)	(132)	(150)
Corporate Activities	–	–	(277)	(261)	(290)	(261)
Total subsidiaries and joint ventures	33,072[3]	29,434[3]	8,742	5,344	7,874	4,857
Revenue and net income from associates						
Platinum	95	68	40	12	40	12
Gold	883	15	113	–	72	(2)
Diamonds	3,148	3,316	199	386	337	257
Coal	607	583	185	192	185	192
Industrial Minerals	17	30	1	3	1	3
Ferrous Metals and Industries	546	743	38	96	44	189
Paper and Packaging	269	283	6	7	6	6
Total associates	5,565	5,038	582	696	685	657
Total Group operations including net income from associates	38,637	34,472	9,324	6,040	8,559	5,514
Net profit on disposals					1,168	87
Total profit from operations and associates					9,727	5,601

For information, a segmental analysis of associates' operating profit is set out below to show operating profit for total Group operations including associates.

	Operating profit before special items and remeasurements		Operating profit after special items and remeasurements	
US$ million	2006	2005	2006	2005
Total subsidiaries and joint ventures	8,742	5,344	7,874	4,857
Associates				
Platinum	61	19	61	19
Gold	239	–	133	(2)
Diamonds	463	583	446	431
Coal	257	267	257	267
Industrial Minerals	2	4	2	4
Ferrous Metals and Industries	57	148	57	149
Paper and Packaging	11	11	11	11
Total associates	1,090	1,032	967	879
Total Group operations including operating profit from associates	9,832	6,376	8,841	5,736

(1) By-product revenue credited to Group cost of sales for the year ended 31 December 2006 was $34 million (2005: $76 million) and related principally to AngloGold Ashanti's contribution as a subsidiary; AngloGold Ashanti credits sales of uranium, silver and acid to cost of sales in accordance with the Gold Industry Standard on production cost.

(2) Segment result is defined as being segment revenue less segment expense; that is operating profit and gains and losses from foreign currency derivatives that have been recycled in the income statement being cash flow hedges of sales and purchases. In addition 'Share of net income from associates' is shown by segment. There are no material inter-segment transfers or transactions that would affect the segment result. Special items and remeasurements are set out in note 7. Associates' operating profit is reconciled to 'Share of net income from associates' as follows:

US$ million	2006	2005
Operating profit from associates before special items and remeasurements	1,090	1,032
Operating special items and remeasurements	(123)	(153)
Operating profit from associates after special items and remeasurements	967	879
Net profit on disposals	199	98
Financing remeasurements	26	7
Net finance costs (before remeasurements)	(101)	(51)
Income tax expense (after special items and remeasurements)	(368)	(274)
Minority interests (after special items and remeasurements)	(38)	(2)
Share of net income from associates	685	657

(3) This represents segment revenue; the Group's share of associates' revenue figures are provided for additional information.

2. Segmental information continued

The segment result and associates' operating profit before special items and remeasurements, as shown above, is reconciled to 'Profit for the financial year' as follows:

US$ million	2006	2005
Operating profit, including associates, before special items and remeasurements	9,832	6,376
Operating special items and remeasurements		
Subsidiaries and joint ventures	(868)	(487)
Gold	(370)	(382)
Coal	(125)	1
Base Metals	8	(11)
Industrial Minerals	(297)	(16)
Ferrous Metals and Industries	21	4
Paper and Packaging	(92)	(83)
Corporate Activities	(13)	–
Associates	(123)	(153)
Gold	(106)	(2)
Diamonds	(17)	(152)
Ferrous Metals and Industries	–	1
Operating profit, including associates, after special items and remeasurements	8,841	5,736
Net profit on disposals		
Subsidiaries and joint ventures	1,168	87
Associates	199	98
Associates' net finance costs	(101)	(51)
Associates' financing remeasurements	26	7
Associates' income tax expense	(369)	(281)
Associates' tax on special items and remeasurements	1	7
Associates' minority interests	(38)	(4)
Associates' minority interests on special items and remeasurements	–	2
Total profit from operations and associates	9,727	5,601
Net finance costs before special items and remeasurements	(165)	(428)
Financing special items	(4)	–
Financing remeasurements	4	35
Profit before tax	9,562	5,208
Income tax expense	(2,640)	(1,275)
Profit for the financial year	6,922	3,933

Primary segment disclosures for segment assets, liabilities and capital expenditure are as follows:

	Segment assets[(1)]		Segment liabilities[(2)]		Net segment assets		Capital expenditure[(3)]	
US$ million	2006	2005	2006	2005	2006	2005	2006	2005
Platinum	7,721	7,550	(643)	(532)	7,078	7,018	935	685
Gold	–	7,890	–	(908)	–	6,982	196	721
Coal	3,646	3,024	(784)	(780)	2,862	2,244	789	331
Base Metals	4,899	5,358	(631)	(573)	4,268	4,785	298	273
Industrial Minerals	5,487	5,041	(963)	(1,059)	4,524	3,982	402	312
Ferrous Metals and Industries	3,529	5,341	(733)	(902)	2,796	4,439	660	376
Paper and Packaging	8,113	7,400	(1,094)	(1,035)	7,019	6,365	704	703
Exploration	1	–	(2)	(3)	(1)	(3)	–	–
Corporate Activities	200	251	(404)	(310)	(204)	(59)	29	27
	33,596	41,855	(5,254)	(6,102)	28,342	35,753	4,013	3,428
Unallocated								
Investments in associates	4,780	3,165	–	–	4,780	3,165		
Financial asset investments	1,973	915	–	–	1,973	915		
Deferred tax assets/(liabilities)	372	337	(3,687)	(5,201)	(3,315)	(4,864)		
Cash and cash equivalents	3,004	3,430	–	–	3,004	3,430		
Other financial assets/(liabilities) – derivatives	329	930	(520)	(1,794)	(191)	(864)		
Other non-operating assets/(liabilities)	2,429	1,258	(3,308)	(2,420)	(879)	(1,162)		
Other provisions	–	–	(339)	(356)	(339)	(356)		
Borrowings	–	–	(6,248)	(8,439)	(6,248)	(8,439)		
Net assets	46,483	51,890	(19,356)	(24,312)	27,127	27,578		

(1) Segment assets at 31 December 2006 are operating assets and consist primarily of tangible assets ($23,498 million), intangible assets ($2,134 million), biological assets ($324 million), environmental rehabilitation trusts ($197 million), inventories ($2,974 million), pension and post retirement healthcare assets ($110 million) and operating receivables ($4,359 million). Segment assets at 31 December 2005 are operating assets and consist primarily of tangible assets ($30,796 million), intangible assets ($2,572 million), biological assets ($350 million), environmental rehabilitation trusts ($288 million), inventories ($3,569 million), pension and post retirement healthcare assets ($77 million) and operating receivables ($4,203 million).

(2) Segment liabilities at 31 December 2006 are operating liabilities and consist primarily of non-interest bearing current liabilities ($3,732 million), restoration and decommissioning provisions ($747 million) and provisions for post retirement benefits ($775 million). Segment liabilities at 31 December 2005 are operating liabilities and consist primarily of non-interest bearing current liabilities ($3,749 million), restoration and decommissioning provisions ($1,095 million) and provisions for post retirement benefits ($1,258 million).

(3) Capital expenditure reflects cash payments and accruals in respect of additions to tangible assets and intangible assets of $3,711 million (2005: $3,377 million) (see notes 13 and 12 respectively) and includes additions resulting from acquisitions through business combinations of $302 million (2005: $51 million).

Other primary segment items included in the income statement are as follows:

	Depreciation and amortisation		(Impairments)/reversals[(1)]		Other non-cash expenses[(2)]	
US$ million	2006	2005	2006	2005	2006	2005
Platinum	444	428	–	–	72	55
Gold	183	538	–	(96)	12	50
Coal	172	188	(115)	–	27	14
Base Metals	338	312	–	1	127	68
Industrial Minerals	244	248	(283)	(16)	17	36
Ferrous Metals and Industries	199	300	11	8	37	56
Paper and Packaging	439	411	(100)	(83)	21	17
Exploration	–	–	–	–	2	1
Corporate Activities	17	16	(13)	–	40	41
	2,036	2,441	(500)	(186)	355	338

(1) See operating special items in note 7.

(2) Other non-cash expenses include share-based payment charges and charges in respect of environmental rehabilitation provisions and other provisions.

Secondary reporting format – by geographical segment

The Group's geographical analysis of revenue, allocated based on the country in which the customer is located, is as follows. The geographical analysis of the Group's attributable revenue from associates is provided for completeness and consistency.

	Revenue	
US$ million	2006	2005
Subsidiaries and joint ventures		
South Africa	5,788	5,280
Rest of Africa	607	505
Europe	14,640	13,629
North America	2,349	2,740
South America	2,831	1,723
Australia and Asia	6,857	5,557
Total subsidiaries and joint ventures	33,072	29,434
Associates		
South Africa	463	169
Rest of Africa	22	40
Europe	1,609	1,500
North America	1,898	1,768
South America	40	29
Australia and Asia	1,533	1,532
Total associates	5,565	5,038
Total Group operations including associates	38,637	34,472

The Group's geographical analysis of segment assets, liabilities and capital expenditure, allocated based on where assets and liabilities are located, is:

	Segment assets		Segment liabilities		Net segment assets		Capital expenditure	
US$ million	2006	2005	2006	2005	2006	2005	2006	2005
South Africa	14,144	18,965	(2,056)	(2,689)	12,088	16,276	1,935	1,890
Rest of Africa	732	4,142	(82)	(298)	650	3,844	75	261
Europe	11,208	10,048	(1,858)	(1,926)	9,350	8,122	927	658
North America	388	500	(108)	(59)	280	441	202	28
South America	4,594	5,124	(646)	(543)	3,948	4,581	301	317
Australia and Asia	2,530	3,076	(504)	(587)	2,026	2,489	573	274
	33,596	41,855	(5,254)	(6,102)	28,342	35,753	4,013	3,428

Notes to the financial statements continued

2. Segmental information continued

Additional geographical analysis by origin is as follows:

US$ million	Revenue 2006	Revenue 2005	Operating profit before special items and remeasurements[1] 2006	Operating profit before special items and remeasurements[1] 2005	Operating profit after special items and remeasurements[1] 2006	Operating profit after special items and remeasurements[1] 2005
Subsidiaries and joint ventures						
South Africa	13,123	11,981	3,969	2,651	3,827	2,482
Rest of Africa	717	1,193	213	63	16	(156)
Europe	11,178	9,748	844	694	475	600
North America	386	531	26	27	3	(11)
South America	5,786	3,873	3,423	1,732	3,390	1,704
Australia and Asia	1,882	2,108	267	177	163	238
Total subsidiaries and joint ventures	33,072	29,434	8,742	5,344	7,874	4,857
Associates						
South Africa	1,358	1,479	275	217	238	193
Rest of Africa	2,365	2,138	383	468	330	356
Europe	722	753	108	47	107	30
North America	66	–	33	–	2	–
South America	647	525	212	189	206	189
Australia and Asia	407	143	79	111	84	111
Total associates	5,565	5,038	1,090	1,032	967	879
Total Group operations including associates	38,637	34,472	9,832	6,376	8,841	5,736

(1) Special items and remeasurements are set out in note 7.

3. Profit for the financial year

The table below analyses the contribution of each business segment to the Group's operating profit including operating profit from associates for the financial year and its underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. A reconciliation from 'Profit for the financial year' to 'Underlying earnings for the financial year' is given in note 11. Group operating profit including operating profit from associates is reconciled to 'Profit for the financial year' in the table below:

2006

US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements[2]	Net profit on disposals[2]	Financing special items and remeasurements[2]	Net interest, tax and minority interests	Total
By business segment							
Platinum	2,398	2,398	–	–	–	(1,133)	1,265
Gold	467	(9)	476	–	–	(289)	178
Diamonds	463	446	17	–	–	(236)	227
Coal	864	739	125	–	–	(224)	640
Base Metals	3,876	3,884	(8)	–	–	(1,229)	2,647
Industrial Minerals	336	39	297	–	–	(70)	266
Ferrous Metals and Industries	1,360	1,381	(21)	–	–	(777)	583
Paper and Packaging	477	385	92	–	–	(203)	274
Exploration	(132)	(132)	–	–	–	19	(113)
Corporate Activities	(277)	(290)	13	–	–	(219)	(496)
Total/Underlying earnings	9,832	8,841	991	–	–	(4,361)	5,471
Underlying earnings adjustments			(991)	1,367	26	313	715
Profit for the financial year attributable to equity shareholders of the Company							6,186

2005

US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements[2]	Net profit on disposals[2]	Financing special items and remeasurements[2]	Net interest, tax and minority interests	Total
By business segment							
Platinum	854	854	–	–	–	(371)	483
Gold	332	(52)	384	–	–	(227)	105
Diamonds	583	431	152	–	–	(153)	430
Coal	1,019	1,020	(1)	–	–	(295)	724
Base Metals	1,678	1,667	11	–	–	(438)	1,240
Industrial Minerals	370	354	16	–	–	(103)	267
Ferrous Metals and Industries	1,456	1,461	(5)	–	–	(699)	757
Paper and Packaging	495	412	83	–	–	(199)	296
Exploration	(150)	(150)	–	–	–	35	(115)
Corporate Activities	(261)	(261)	–	–	–	(190)	(451)
Total/Underlying earnings	6,376	5,736	640	–	–	(2,640)	3,736
Underlying earnings adjustments			(640)	185	42	198	(215)
Profit for the financial year attributable to equity shareholders of the Company							3,521

(1) Operating profit includes associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.

(2) Special items and remeasurements are set out in note 7.

4. Group operating profit from subsidiaries and joint ventures

US$ million	2006	2005
Group revenue	33,072	29,434
Cost of sales[(1)]	(20,310)	(20,015)
Gross profit	12,762	9,419
Selling and distribution costs	(2,184)	(2,101)
Administrative expenses	(2,380)	(2,288)
Other gains and losses (see below)	(192)	(23)
Exploration expenditure (see note 5)	(132)	(150)
Group operating profit from subsidiaries and joint ventures	7,874	4,857

(1) Includes special items of $524 million loss (2005: $186 million loss), see note 7.

US$ million	2006	2005
Operating profit is stated after charging:		
Depreciation of tangible assets (see note 13)	2,029	2,432
Amortisation of intangible assets (see note 12)	7	9
Rentals under operating leases	178	190
Research and development expenditure	46	40
Operating special items[(1)]	524	186
Employee costs (see note 6)	4,860	5,366
Foreign currency gains	(32)	(116)
Other gains and losses comprise:		
Fair value losses on derivatives – unrealised[(1)]	(344)	(301)
Fair value gains on derivatives – realised	66	151
Fair value gains on other monetary assets	32	82
Gains on valuation of biological assets (see note 14)	54	45
On initial recognition	47	43
Change in fair value less estimated point of sale costs	7	2
Total other gains and losses	(192)	(23)
Auditors' remuneration[(2)]		
Audit		
United Kingdom	3	3
Overseas	13	16
Other services provided by Deloitte[(3)]		
United Kingdom	7	3
Overseas	6	5

(1) For further information on special items and remeasurements see note 7.
(2) The 2005 comparative numbers have been reclassified to align with current year presentation.
(3) Other services provided by Deloitte includes charges incurred in respect of the interim review.

A more detailed analysis of auditors' remuneration for the year ended 31 December 2006 is provided below.

	2006			
	Paid/payable to Deloitte		Paid/payable to auditor (if not Deloitte)	
US$ million	United Kingdom	Overseas	United Kingdom	Overseas
Statutory audit services				
Anglo American plc Annual Report	1.7	5.8	0.1	1.6
Subsidiary entities	1.4	4.6	–	1.0
	3.1	10.4	0.1	2.6
Comprises:				
Services to Group (excluding pension schemes)	3.1	10.3	0.1	2.6
Services to Group pension schemes	–[(1)]	0.1	–[(1)]	–[(1)]
	3.1	10.4	0.1	2.6
Non-audit services				
Other services pursuant to legislation	5.5	1.9	–	1.2
Corporate finance	0.1	–	0.5	0.2
Tax services	–	0.5	–	–
Tax advisory services	0.1	1.2	–	0.2
Other advisory services	0.7	0.3	–	–
Consultancy services	–	1.3	–	0.8
Internal audit services	–	0.1	–	0.9
Other	0.1	0.4	–	0.3
	6.5	5.7	0.5	3.6
Comprises:				
Services to Group (excluding pension schemes)	6.5	5.7	0.5	3.6
Services to Group pension schemes	–[(1)]	–[(1)]	–[(1)]	–[(1)]
	6.5	5.7	0.5	3.6

(1) Amounts paid/payable for services to Group pension schemes are less than $0.1 million.

	2005			
	Paid/payable to Deloitte		Paid/payable to auditor (if not Deloitte)	
US$ million	United Kingdom	Overseas	United Kingdom	Overseas
Statutory audit services				
Anglo American plc Annual Report	1.8	5.8	0.1	3.4
Subsidiary entities	1.4	4.6	–	2.3
	3.2	10.4	0.1	5.7
Comprises:				
Services to Group (excluding pension schemes)	3.2	10.3	0.1	5.7
Services to Group pension schemes	–[(1)]	0.1	–[(1)]	–[(1)]
	3.2	10.4	0.1	5.7
Non-audit services				
Other services pursuant to legislation	2.0	1.2	–	0.3
Corporate finance	–	0.2	–	0.4
Tax services	0.2	0.3	–	–
Tax advisory services	0.1	0.9	–	0.1
Other advisory services	0.1	0.4	–	0.5
Consultancy services	–	1.0	–	0.6
Information technology services	–	0.3	–	–
Internal audit services	–	–	–	0.8
Litigation services	–	0.1	–	–
Valuations and actuarial services	–	–	–	0.2
Other	0.4	0.7	–	0.4
	2.8	5.1	–	3.3
Comprises:				
Services to Group (excluding pension schemes)	2.8	5.1	–	3.3
Services to Group pension schemes	–[(1)]	–[(1)]	–[(1)]	–[(1)]
	2.8	5.1	–	3.3

(1) Amounts paid/payable for services to Group pension schemes are less than $0.1 million.

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

5. Exploration expenditure

US$ million	2006	2005
By business segment		
Platinum	30	21
Gold[(1)]	16	45
Coal	24	13
Base Metals	53	50
Ferrous Metals and Industries	9	21
	132	150

(1) Relating to the period that AngloGold Ashanti was held as a subsidiary.

6. Employee numbers and costs

The average number of employees, excluding associates' employees and including a proportionate share of employees within joint venture entities, was:

Thousands	2006	2005
By business segment		
Platinum	44	42
Gold[(1)]	15	48
Coal	10	11
Base Metals	8	7
Industrial Minerals	13	13
Ferrous Metals and Industries	37	36
Paper and Packaging	34	37
Corporate Activities	1	1
	162	195

(1) Includes employee numbers for AngloGold Ashanti for the period it was held as a subsidiary pro rated over the full year.

Notes to the financial statements continued

6. Employee numbers and costs continued

The average number of employees by principal location of employment was:

Thousands	2006	2005
South Africa	94	118
Rest of Africa	16	22
Europe	39	40
North America	1	1
South America	7	9
Australia and Asia	5	5
	162	195

Payroll costs in respect of the employees included in the tables above were:

US$ million	2006	2005
Wages and salaries	4,069	4,627
Social security costs	317	399
Post retirement healthcare costs	7	8
Defined contribution pension plan costs	210	203
Defined benefit pension plan costs	68	37
Share-based payments	189	92
	4,860	5,366

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (executive and non-executive) of the Group.

Compensation for key management was as follows:

US$ million	2006	2005
Salaries and short term employee benefits	19	15
Post employment benefits	7	15
Other long term benefits	–	1
National insurance and social security	3	1
Share-based payments	10	8
	39	40

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 1985 and those specified for audit by the Directors' Remuneration Report Regulations 2002 are included in the Remuneration report.

7. Special items and remeasurements

'Special items' are those items of financial performance that the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group and its businesses. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1 *Presentation of financial statements* paragraph 86. Special items that relate to the operating performance of the Group are classified as operating special items and include impairment charges and reversals and other exceptional items, including significant legal provisions. Non-operating special items include profits and losses on disposals of investments and businesses.

Remeasurements comprise other items which the Group believes should be reported separately to aid an understanding of the underlying performance of the Group. This category includes (i) unrealised gains and losses on 'non-hedge' derivative instruments open at year end and the reversal of the historical marked to market value of instruments settled in the year, such that the full realised gain or loss is recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge and (ii) foreign exchange gains and losses arising on the retranslation of dollar denominated De Beers' preference shares held by a rand functional currency subsidiary of the Group. Remeasurements are defined as operating, non-operating or financing according to the nature of the underlying expense.

Subsidiaries and joint ventures

US$ million	2006	2005
Operating special items		
Impairment of Tarmac assets and restructuring costs	(278)	(12)
Impairment and closure costs of Dartbrook	(125)	–
Impairment of Packaging assets	(80)	–
Impairment of Business Paper assets	(24)	–
Impairment of Corrugated assets, goodwill and restructuring costs	–	(77)
Impairment of Bibiani	–	(38)
Closure of Ergo	–	(31)
Other	(17)	(28)
Total operating special items	(524)	(186)
Taxation	114	14
Minority interests	2	38
Net total attributable to equity shareholders of the Company	(408)	(134)
Operating remeasurements		
Unrealised net losses on non-hedge derivatives	(344)	(301)
Taxation	42	22
Minority interests	159	130
Net total attributable to equity shareholders of the Company	(143)	(149)
Financing special items		
Financing special items	(4)	–
Taxation	–	–
Minority interests	–	–
Net total attributable to equity shareholders of the Company	(4)	–
Financing remeasurements		
Fair value loss on AngloGold Ashanti convertible bond	(43)	(32)
Foreign exchange gain on De Beers' preference shares	40	72
Unrealised net gains/(losses) on non-hedge derivatives	7	(5)
Total financing remeasurements	4	35
Taxation	(1)	(2)
Minority interests	21	16
Net total attributable to equity shareholders of the Company	24	49
Profits and (losses) on disposals		
Part disposal of AngloGold Ashanti(1)	737	–
Deemed disposal of AngloGold Ashanti(1)	172	–
Part disposal of Highveld(1)	301	–
Part disposal of Kumba non-iron ore(1)	(52)	–
Bakgatla-Ba-Kgafela BEE transaction(1)	(84)	–
Part disposal of Western Areas	31	14
Disposal of mineral rights – Anglo American Brazil	14	–
Disposal of interests in Eyesizwe	17	–
Disposal of Ferroveld joint venture	13	–
Formation of Marikana joint venture	–	27
Disposal of Acerinox	–	25
Disposal of Wendt	–	21
Disposal of Boart Longyear	–	21
Disposal of Elandsfontein	–	18
Disposal of Columbus	–	14
Disposal of Hope Downs	–	(57)
Part disposal of Mondi Packaging South Africa	–	(12)
Other items	19	16
Net profit on disposals(2)	1,168	87
Taxation	(32)	(26)
Minority interests	7	(3)
Net total attributable to equity shareholders of the Company	1,143	58
Total special items and remeasurements before tax and minority interests	300	(365)
Taxation	123	8
Minority interests	189	181
Net total special items and remeasurements attributable to equity shareholders of the Company	612	(176)

(1) See disposal of subsidiaries and businesses note 32.

(2) Includes associated IFRS 2 charges on BEE transactions of $34 million (2005: nil).

7. Special items and remeasurements continued

Associates

US$ million	2006	2005
Associates' special items and remeasurements		
Share of De Beers' class action payment and related costs	(25)	(113)
Unrealised net losses on non-hedge derivatives	(85)	(16)
Other impairments and restructuring costs	(13)	(24)
Operating special items and remeasurements	(123)	(153)
Associates' financing remeasurements		
Fair value gain on AngloGold Ashanti convertible bond	25	–
Unrealised net gains on non-hedge derivatives	1	7
Total financing remeasurements	26	7
Associates' profits and (losses) on disposals		
Part disposal of De Beers Consolidated Mines	103	–
Disposal of Fort à la Corne	69	–
Disposal of Samancor Chrome	–	52
Disposal of Wonderkop joint venture interest	–	20
Other items (net)	27	26
Net profit on disposals	199	98
Total associates' special items and remeasurements	102	(48)
Taxation	1	7
Minority interests	–	2
Net total associates' special items and remeasurements	103	(39)

Group

US$ million	2006	2005
Operating special items	(524)	(186)
Operating remeasurements	(344)	(301)
Total operating special items and remeasurements (excluding associates)	(868)	(487)
Associates' operating special items	(38)	(137)
Associates' operating remeasurements	(85)	(16)
Total associates' operating special items and remeasurements	(123)	(153)
Total operating special items and remeasurements (including associates)	(991)	(640)
Operating special items including associates	(562)	(323)
Operating remeasurements including associates	(429)	(317)
Total operating special items and remeasurements (including associates)	(991)	(640)

Special items and remeasurements

Operating special items of $524 million (2005: $186 million) relate principally to impairment, restructuring and closure costs.

Following the conclusion of its strategic review, Industrial Minerals has identified certain non-core assets which are to be sold and other assets which are to be restructured and, as such, Tarmac has recorded a combined impairment and restructuring charge of $278 million.

On 18 May 2006 the Group announced that due to ongoing geological difficulties, Anglo Coal intends to implement a phased reduction of operations at Dartbrook. As such, an impairment charge and closure costs of $125 million have been recognised.

Paper and Packaging has recorded an additional impairment of $80 million mainly of certain downstream Packaging assets as a result of continued challenging market conditions and $24 million at Mondi Business Paper of fixed assets at the Austrian businesses.

The impairment of Tarmac assets brings the carrying value in line with fair value (less costs to sell). Fair value was determined using detailed cash flow models.

The impairment of Dartbrook and Paper and Packaging assets were based on value in use assessments of recoverable amount using a pre-tax, risk free discount rate which equated to a post tax rate of 6%.

Unrealised net losses of $344 million (2005: $301 million) on non-hedge derivatives have been included in operating remeasurements. These unrealised losses were recorded principally at AngloGold Ashanti, during the period it was held as a subsidiary prior to 20 April 2006, and relate to fair value movements on commodity derivatives.

Associates' special items and remeasurements

Associates' operating special items and remeasurements include $25 million for the Group's share of De Beers' payment in respect of class action suits ($20 million) and related legal costs ($5 million). Agreement has been reached, and a preliminary order issued, to settle the majority of civil class action suits filed against De Beers in the United States. This settlement does not involve any admission of liability on the part of De Beers and will, when concluded, bring to an end a number of outstanding class actions. In 2005, De Beers paid $250 million ($113 million attributable share) into escrow and an additional $45 million ($20 million attributable share) has been paid by De Beers, in 2006, into escrow pending conclusion of the settlement process.

The Group's share of unrealised net losses on non-hedge derivatives of AngloGold Ashanti incurred during the period of ownership as an associate, partially offset by gains at De Beers, totalled $85 million.

Financing remeasurements

The option element of AngloGold Ashanti's convertible bond is recorded at fair value with changes going through the income statement in accordance with IAS 32 *Financial Instruments: Disclosure and Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement*. As a result, a charge of $43 million (2005: $32 million) has been included in financing remeasurements, relating to the period it was held as a subsidiary.

The Group holds US dollar preference shares issued by De Beers which are held in a rand functional currency subsidiary of the Group. These shares are classified as 'non-current investments' and are retranslated at each period end. As a result, a gain of $40 million (2005: $72 million) has been included in financing remeasurements.

Associates' financing remeasurements

The Group's share of the associates' financing remeasurements includes a share of the fair value movement of the option element of the AngloGold Ashanti convertible bond which generated a gain of $25 million during the period that this investment was recorded as an associate, and a share of the net unrealised gains on non-hedge financing derivatives of $1 million in De Beers.

Profits and losses on disposals

On 20 April 2006 the Group completed the sale of 19.7 million ordinary shares held in AngloGold Ashanti for cash of $978 million. This, together with the Group's non-participation in the issue of additional ordinary shares throughout the year by AngloGold Ashanti, diluted the Group's percentage investment from 50.9% to 41.7%. As such the Group has recorded a profit on disposal of $737 million in respect of shares sold and a profit on the deemed disposal of $172 million, arising from the non-participation in the issue of ordinary shares by AngloGold Ashanti.

On 14 July 2006, the Group announced the sale of Anglo American's 79% stake in Highveld Steel and Vanadium Corporation Limited (Highveld) to Evraz Group SA and Credit Suisse for a total consideration of $678 million. An initial 49.8% was sold for $412 million, with Evraz Group SA and Credit Suisse each acquiring a 24.9% holding. Evraz Group SA has an option to acquire Anglo American's remaining 29.2% in Highveld for $266 million. Anglo American and Credit Suisse have agreed that Anglo American will retain the voting rights in respect of the shares acquired by Credit Suisse until such time as Anglo American disposes of all of its shares in Highveld. As a result, the Group continues to consolidate Highveld (while recording an increase in minority interests) and has recorded a profit on the disposal of $301 million.

On 28 November 2006 the Kumba Resources BEE transaction was effected. Kumba Iron Ore was accordingly unbundled from Kumba Resources, with the remainder of the entity being renamed Exxaro. The Group disposed of part of its investment in Exxaro through a share buyback and sale of shares and recorded a loss on disposal of $52 million.

Platinum has recorded a loss of $84 million on the conclusion of the BEE transaction with the Bakgatla-Ba-Kgafela traditional community, announced on 8 November 2006, in which the Bakgatla has acquired a 15% interest in Anglo Platinum's Rustenburg Platinum Mines' Union section mining and concentrating business and interests in the prospecting rights of the Rooderand 46 JQ, portion 2 and Magazynskraal 3 JQ properties.

Associates' profits and losses on disposals

In April 2006, De Beers announced that agreements had been signed in respect of the implementation of the De Beers BEE transaction resulting in the sale of an indirect 26% equity interest in De Beers Consolidated Mines Limited to Ponahalo Holdings (Proprietary) Limited. The total agreed proceeds for the transaction were $585 million. The Group's share of the profit realised on the transaction was $103 million.

De Beers Canada disposed of its interest in the Fort à la Corne joint venture for C$180 million in September 2006. A profit of $155 million (attributable share $69 million) was generated on the disposal.

Notes to the financial statements continued

8. Net finance costs

Finance costs and exchange gains/(losses) are presented net of effective cash flow hedges for respective interest bearing and foreign currency borrowings. Fair value gains/(losses) on derivatives, presented below, include the mark to market value changes of interest rate and currency derivatives designated as fair value hedges, net of fair value changes in the associated hedged risk; and fair value changes of non-hedge derivatives of non-operating items.

US$ million	Before special items and remeasurements 2006	After special items and remeasurements 2006	Before special items and remeasurements 2005	After special items and remeasurements 2005
Investment income				
Interest and other financial income	269	269	227	227
Expected return on defined benefit arrangements	265	265	241	241
Foreign exchange gains	54	94	20	92
Dividend income from financial asset investments	14	14	10	10
Fair value gains on derivatives	–	17	–	–
Other fair value gains	7	7	–	–
Total investment income	609	666	498	570
Interest expense				
Amortisation discount relating to provisions	(39)	(39)	(42)	(42)
Bank loans and overdrafts	(294)	(294)	(320)	(320)
Other loans	(122)	(122)	(167)	(167)
Interest paid on convertible bonds	(5)	(5)	(71)	(71)
Unwinding of discount on convertible bonds	(13)	(13)	(53)	(53)
Interest on defined benefit arrangements	(274)	(274)	(270)	(270)
Foreign exchange losses	(19)	(20)	(33)	(33)
Dividend on redeemable preference shares	(22)	(22)	–	–
Fair value losses on derivatives	(2)	(11)	(19)	(24)
Other fair value losses	–	(47)	–	(32)
	(790)	(847)	(975)	(1,012)
Less: interest capitalised	16	16	49	49
Total interest expense	(774)	(831)	(926)	(963)
Net finance costs	(165)	(165)	(428)	(393)

The weighted average interest rate applicable to interest on general borrowings capitalised was 8.2% (2005: 8.7%).

Financing remeasurements are set out in note 7.

9. Tax on profit on ordinary activities

a) Analysis of charge for the year from continuing operations

US$ million	2006	2005
United Kingdom corporation tax at 30%	28	15
South Africa tax	894	580
Other overseas tax	1,558	721
Current tax (excluding tax on special items and remeasurements)	2,480	1,316
Total deferred tax (excluding tax on special items and remeasurements)	283	(33)
Total tax on special items and remeasurements	(123)	(8)
Total tax charge	2,640	1,275

b) Factors affecting tax charge for the year

The effective tax rate for the year of 27.6% (2005: 24.5%) is lower than the standard rate of corporation tax in the United Kingdom (30%). The differences are explained below:

US$ million	2006	2005[(1)]
Profit on ordinary activities before tax	9,562	5,208
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 30%	2,869	1,562
Tax effect of share of net income from associates	(206)	(197)
Tax effects of:		
Expenses not deductible for tax purposes		
Operating special items and remeasurements	104	110
Exploration expenditure	13	21
Other non-deductible expenses	79	92
Non-taxable income		
Profits and losses on disposals and remeasurements	(317)	(9)
Other non-taxable income	(66)	(113)
Temporary difference adjustments		
Changes in tax rates	–	(187)
Movements in tax losses	(80)	(30)
Other temporary differences	(13)	(23)
Other adjustments		
South African secondary tax on companies	228	160
Effect of differences between local and UK rates	53	(108)
Other adjustments	(24)	(3)
Tax charge for the year	2,640	1,275

(1) The 2005 comparative numbers have been reclassified to align with current year presentation.

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. The associates' tax is therefore not included within the Group's total tax charge. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2006 is $368 million ($369 million excluding special items and remeasurements) (2005: $274 million; $281 million excluding special items and remeasurements).

The effective rate of taxation before special items and remeasurements including share of associates' tax before special items and remeasurements was 32.7%. This was an increase from the equivalent effective rate of 26.5% in the year ended 31 December 2005. The December 2005 tax rate benefited from the one-off impact of a reduction in the statutory tax rates in South Africa and Ghana. Without this one-off benefit the effective tax rate for the prior year would have been 29.7%. In future periods it is expected that the effective tax rate, including associates' tax, will remain at or above the UK statutory tax rate of 30%.

10. Dividends

US$ million	2006	2005
Final ordinary paid – 62 US cents per ordinary share (2005: 51 US cents)	918	734
Final special paid – 33 US cents per ordinary share (2005: nil)	488	–
Interim ordinary paid – 33 US cents per ordinary share (2005: 28 US cents)	473	403
Interim special paid – 67 US cents per ordinary share (2005: nil)	960	–
	2,839	1,137

The directors are proposing a final dividend in respect of the financial year ending 31 December 2006 of 75 US cents per share. Based on shares eligible for dividends at 31 December 2006, this will result in an estimated distribution of $1,107 million of shareholders' funds. These financial statements do not reflect this dividend payable, in accordance with UK Companies Act and IFRS, as it is still subject to shareholder approval.

As stated in note 28, the employee benefit trust has waived the right to receive dividends on the shares it holds.

11. Earnings per share

US$	2006	2005
Profit for the financial year attributable to equity shareholders		
Basic earnings per share	4.21	2.43
Diluted earnings per share	4.12	2.36
Headline earnings for the financial year[1]		
Basic earnings per share	3.58	2.43
Diluted earnings per share	3.50	2.36
Underlying earnings for the financial year[1]		
Basic earnings per share	3.73	2.58
Diluted earnings per share	3.64	2.50

[1] Basic and diluted earnings per share are shown based on headline earnings, which is a Johannesburg Stock Exchange Limited (JSE Limited) defined performance measure and underlying earnings, which the directors believe to be a useful additional measure of the Group's performance. Both earnings measures are further explained below.

The calculation of the basic and diluted earnings per share is based on the following data:

US$ million (unless otherwise stated)	2006	2005
Earnings		
Basic earnings, being profit for the financial year attributable to equity shareholders	6,186	3,521
Effect of dilutive potential ordinary shares		
Interest on convertible bonds (net of tax)	4	29
Unwinding of discount on convertible bonds (net of tax)	3	20
Diluted earnings	6,193	3,570
Number of shares (million)		
Basic number of ordinary shares outstanding[1]	1,468	1,447
Effect of dilutive potential ordinary shares[2]		
Share options	23	18
Convertible bonds	13	48
Diluted number of ordinary shares outstanding[1]	1,504	1,513

[1] Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes the shares held by the employee benefit trust, Epoch and Tarl.

[2] Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

'Underlying earnings' is an alternative earnings measure, which the directors believe provides a clearer picture of the underlying financial performance of the Group's operations. Underlying earnings is presented after minority interests and excludes special items and remeasurements (see note 7). Underlying earnings is distinct from 'Headline earnings', which is a JSE Limited defined performance measure.

The calculation of basic and diluted earnings per share, based on headline and underlying earnings, uses the following earnings data:

	Earnings (US$ million)		Basic earnings per share (US$)	
	2006	2005	2006	2005
Profit for the financial year attributable to equity shareholders	6,186	3,521	4.21	2.43
Special items: operating	524	186	0.36	0.13
Special items: financing	4	–	–	–
Net profit on disposals[1]	(1,202)	(87)	(0.81)	(0.06)
Special items: associates[2]	(186)	(74)	(0.13)	(0.05)
Related tax	(57)	6	(0.04)	–
Related minority interests	(9)	(36)	(0.01)	(0.02)
Headline earnings for the financial year	5,260	3,516	3.58	2.43
Unrealised losses on non-hedge derivatives	421	315	0.29	0.22
Fair value loss on AngloGold Ashanti convertible bond	18	32	0.01	0.02
Exchange gain on DBI preference shares	(40)	(72)	(0.03)	(0.05)
Share of De Beers' legal settlement	25	113	0.02	0.08
IFRS 2 charges on BEE transactions	34	–	0.02	–
Related tax	(67)	(21)	(0.04)	(0.02)
Related minority interests	(180)	(147)	(0.12)	(0.10)
Underlying earnings for the financial year	5,471	3,736	3.73	2.58

[1] Excluding associated IFRS 2 charges on BEE transactions.

[2] Excluding legal settlements.

All outstanding share options and awards are potentially dilutive and have been included in the calculation of diluted earnings per share. No instruments are anti-dilutive for the year ended 31 December 2006 (2005: nil).

12. Intangible assets

	2006			2005		
US$ million	Licences and other intangibles	Goodwill[1]	Total	Licences and other intangibles	Goodwill[1]	Total
Cost						
At 1 January	139	2,514	2,653	113	2,576	2,689
Acquired through business combinations	4	41	45	–	24	24
Additions	9	–	9	4	–	4
Impairments	–	(21)	(21)	–	(20)	(20)
Transfer to assets held for sale[2]	(13)	(6)	(19)	–	(37)	(37)
Disposal of assets	(1)	–	(1)	–	(15)	(15)
Disposal of businesses[3]	(49)	(562)	(611)	(2)	(6)	(8)
Reclassifications	3	(8)	(5)	24	72	96
Currency movements	(4)	143	139	–	(80)	(80)
At 31 December	88	2,101	2,189	139	2,514	2,653
Accumulated amortisation						
At 1 January	81	–	81	46	–	46
Charge for the year	7	–	7	9	–	9
Impairments	–	–	–	24	–	24
Transfer to assets held for sale[2]	(3)	–	(3)	–	–	–
Disposal of assets	–	–	–	(1)	–	(1)
Disposal of businesses[3]	(24)	–	(24)	(2)	–	(2)
Reclassifications	–	–	–	(1)	–	(1)
Currency movements	(6)	–	(6)	6	–	6
At 31 December	55	–	55	81	–	81
Net book value	33	2,101	2,134	58	2,514	2,572

[1] The goodwill balances provided are net of cumulative impairment charges of $45 million as at 31 December 2006 (2005: $24 million).

[2] Intangible assets transferred to assets held for sale in 2005 were sold prior to the 2005 year end.

[3] Includes cost of $604 million and accumulated amortisation of $24 million which were transferred to 'Investments in associates'.

The increase in goodwill relating to acquisition of subsidiaries represents the excess of fair value of the purchase price over the fair value of the net assets, including mining reserves, of businesses acquired. Further detail is given in note 31.

a) Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to cash generating units (CGU) which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's primary reporting segments set out below. Any goodwill associated with CGU subsumed within these primary segments is not significant when compared to the goodwill of the Group, other than in Paper and Packaging where the goodwill associated with CGU subsumed within the primary segment is split out below.

US$ million	2006	2005
Gold	–	555
Platinum	230	230
Coal	88	88
Base Metals	157	152
Industrial Minerals	970	894
Ferrous Metals and Industries	16	12
Paper and Packaging		
Mondi Business	49	43
Mondi Packaging	552	502
Mondi – other	39	38
	2,101	2,514

The recoverable amount of a CGU is determined based on a fair value or value in use calculation as appropriate. Value in use calculations use cash flow projections based on financial budgets and life of mine or non-mine production plans covering a five year period that are based on latest forecasts for commodity prices and exchange rates. Cash flow projections beyond five years are based on life of mine plans where applicable and internal management forecasts and assume constant long term real prices for sales revenue.

Cash flow projections are discounted using pre-tax discount rates equivalent to a real post tax discount rate of 6%, that have been adjusted for any risks that are not reflected in the underlying cash flows. Where the recoverability of goodwill allocated to CGU is supported by fair value less costs to sell, market observable data (in the case of listed subsidiaries, market share price at 31 December of the respective listed entity) or detailed cash flow models are used.

Notes to the financial statements continued

12. Intangible assets continued

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as commodity prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amounts.

13. Tangible assets

US$ million	Mining properties and leases	Land and buildings	Plant and equipment	Other[(1)]	Total
Cost					
At 1 January 2006	18,942	3,955	18,607	2,595	44,099
Additions	292	83	648	2,679	3,702
Acquired through business combinations	2	46	157	52	257
Transfer to assets held for sale	(498)	(221)	(1,180)	(237)	(2,136)
Disposal of assets	(28)	(34)	(301)	(124)	(487)
Disposal of businesses[(2)]	(9,672)	(52)	(64)	(1)	(9,789)
Reclassifications	294	(76)	1,243	(1,428)	33
Currency movements	(82)	132	290	(55)	285
At 31 December 2006	**9,250**	**3,833**	**19,400**	**3,481**	**35,964**
Accumulated depreciation					
At 1 January 2006	4,542	935	7,582	244	13,303
Charge for the year	507	140	1,288	94	2,029
Impairments	133	115	214	17	479
Transfer to assets held for sale	(76)	(41)	(177)	5	(289)
Disposal of assets	(12)	(25)	(257)	(60)	(354)
Disposal of businesses[(2)]	(3,038)	(7)	(33)	(1)	(3,079)
Reclassifications	48	(23)	1	(26)	–
Currency movements	32	57	283	5	377
At 31 December 2006[(3)]	**2,136**	**1,151**	**8,901**	**278**	**12,466**
Net book value					
At 31 December 2006	**7,114**	**2,682**	**10,499**	**3,203**	**23,498**
At 31 December 2005	14,400	3,020	11,025	2,351	30,796

(1) Other tangible assets include $3,002 million of properties in the course of construction, which are not depreciated.

(2) Includes cost of $9,085 million and accumulated depreciation of $3,012 million which were transferred to 'Investments in associates'.

(3) $421 million (2005: $1,297 million) tangible assets have been pledged as security for liabilities.

US$ million	Mining properties and leases	Land and buildings	Plant and equipment	Other[(1)]	Total
Cost					
At 1 January 2005	19,008	4,226	20,226	2,615	46,075
Additions	772	51	608	1,942	3,373
Acquired through business combinations	5	1	6	15	27
Transfer to assets held for sale[(2)]	–	(44)	(340)	(2)	(386)
Disposal of assets	(239)	(106)	(594)	(43)	(982)
Disposal of businesses	–	(45)	(79)	(2)	(126)
Reclassifications	703	261	659	(1,607)	16
Currency movements	(1,307)	(389)	(1,879)	(323)	(3,898)
At 31 December 2005	18,942	3,955	18,607	2,595	44,099
Accumulated depreciation					
At 1 January 2005	3,933	1,001	7,945	197	13,076
Charge for the year	836	143	1,350	103	2,432
Impairments	56	3	34	–	93
Impairment losses reversed	(18)	–	–	–	(18)
Transfer to assets held for sale[(2)]	–	(22)	(234)	(1)	(257)
Disposal of assets	(48)	(81)	(553)	(32)	(714)
Disposal of businesses	–	(13)	(63)	(1)	(77)
Reclassifications	45	8	(88)	35	–
Currency movements	(262)	(104)	(809)	(57)	(1,232)
At 31 December 2005	4,542	935	7,582	244	13,303
Net book value					
At 31 December 2005	14,400	3,020	11,025	2,351	30,796
At 31 December 2004	15,075	3,225	12,281	2,418	32,999

(1) Other tangible assets include $2,037 million of properties in the course of construction, which are not depreciated.

(2) Tangible assets transferred to assets held for sale in 2005 were sold prior to the 2005 year end.

Included in the additions above is $16 million of interest (2005: $49 million) incurred on qualifying assets which has been capitalised during the year. Aggregate interest capitalised included in the cost above totals $277 million (2005: $261 million).

The net book value and depreciation charges relating to assets held under finance leases comprise:

US$ million	2006 Net book value	2006 Depreciation	2005 Net book value	2005 Depreciation
Mining properties and leases	19	2	–	–
Land and buildings	61	6	91	8
Plant and equipment	51	6	172	63
Other	1	–	1	–
	132	14	264	71

The net book value of land and buildings comprises:

US$ million	2006	2005
Freehold	2,619	2,961
Leasehold – long	60	43
Leasehold – short (less than 50 years)	3	16
	2,682	3,020

14. Biological assets

US$ million	2006 Forest	2006 Agriculture	2006 Total	2005 Forest	2005 Agriculture	2005 Total
At 1 January	317	33	350	335	39	374
Capitalised expenditure	63	1	64	55	–	55
Harvesting	(72)	–	(72)	(78)	(1)	(79)
Fair value adjustments	47	7	54	43	2	45
Disposal of assets	(1)	(1)	(2)	–	(1)	(1)
Disposal of businesses	(18)	(2)	(20)	(1)	–	(1)
Transfer to assets held for sale	(16)	–	(16)	–	–	–
Currency movements	(29)	(5)	(34)	(37)	(6)	(43)
At 31 December	291	33	324	317	33	350

Biological assets comprise:

US$ million	2006 Forest	2006 Agriculture	2006 Total	2005 Forest	2005 Agriculture	2005 Total
Mature	137	16	153	142	17	159
Immature	154	17	171	175	16	191
	291	33	324	317	33	350

15. Environmental rehabilitation trusts

The Group makes voluntary contributions to controlled funds that were established to meet the cost of some of its decommissioning, restoration and environmental rehabilitation liabilities in South Africa.

US$ million	2006	2005
At 1 January	288	237
Contributions made during the year	26	34
Interest earned during the year	26	23
Disposal of business[(1)]	(101)	–
Transfer to assets held for sale	(28)	–
Reclassifications	–	19
Currency movements	(14)	(25)
At 31 December	197	288

(1) Relates entirely to amounts transferred to 'Investments in associates'.

The funds are administered by independent trustees, and comprise the following investments:

US$ million	2006	2005
Equity	16	57
Bonds	51	76
Cash	130	155
	197	288

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in environmental rehabilitation costs under long term provisions (see note 25).

16. Investments in associates

US$ million	2006	2005
At 1 January	3,165	3,486
Net income from associates	685	657
Dividends received	(276)	(461)
Other equity movements	(23)	(1)
Share of cash injection from associates' share issues	225	–
Transfer to assets held for sale	(64)	–
Loss on cash flow hedges	(24)	–
Reversal of impairment	–	(1)
Actuarial gain/(loss) on post retirement benefits	3	(24)
Acquired	11	29
Disposed	(40)	–
Transfer from subsidiary	1,451	(63)
Repayments of capitalised loans[1]	(219)	(195)
Currency movements	(114)	(262)
At 31 December[2]	4,780	3,165

[1] Excludes the $175 million (2005: $175 million) redemption by De Beers of preference shares included within financial asset investments.

[2] The fair value of the investment in AngloGold Ashanti at year end is $5,420 million based on the closing share price. With effect from 20 April 2006 the Group began accounting for the investment as an associate under the equity method.

The Group's total investments in associates comprise:

US$ million	2006	2005
Equity[1]	4,369	2,720
Loans[2]	411	445
Total investments in associates	4,780	3,165

[1] Investments in associates at 31 December 2006 include $515 million of goodwill (2005: $394 million).

[2] The Group's total investments in associates include long term debt interests which in substance form part of the Group's net investments. These loans are not repayable in the foreseeable future.

The Group's share of the summarised financial information of principal associates is as follows:

US$ million	2006	2005
Total non-current assets	7,919	4,653
Total current assets	2,715	1,669
Total current liabilities	(1,961)	(1,053)
Total non-current liabilities	(3,893)	(2,104)
Group's share of associates' net assets	4,780	3,165
Revenue	5,565	5,038
Operating costs	(4,598)	(4,159)
Net profit on disposals	199	98
Other special items and remeasurements	26	7
Net finance costs	(101)	(51)
Income tax expense	(368)	(274)
Minority interests	(38)	(2)
Group's share of associates' net income	685	657

Segmental information is provided for primary and secondary reporting segments as follows:

	Net income		Aggregate investment	
US$ million	2006	2005	2006	2005
By business segment				
Platinum	40	12	135	107
Gold	72	(2)	1,623	36
Diamonds	337	257	2,062	2,056
Coal	185	192	647	528
Industrial Minerals	1	3	2	5
Ferrous Metals and Industries	44	189	302	390
Paper and Packaging	6	6	9	43
	685	657	4,780	3,165

	Aggregate investment	
US$ million	2006	2005
By geographical segment		
South Africa	1,860	1,231
Rest of Africa	1,442	1,243
Europe	(126)	(493)
North America	549	404
South America	687	514
Australia and Asia	368	266
	4,780	3,165

The Group's share of associates' contingent liabilities incurred jointly by investors is $158 million (2005: $48 million).

Details of principal associates are set out in note 38.

17. Joint ventures

The Group's share of the summarised financial information of joint venture entities that is proportionately consolidated in the Group financial statements is as follows:

US$ million	2006	2005
Total non-current assets	1,296	1,468
Total current assets	455	832
Total current liabilities	(315)	(357)
Total non-current liabilities	(681)	(785)
Group's share of joint venture entities' net assets	755	1,158
Revenue	1,951	1,331
Operating costs	(883)	(797)
Net finance costs	(22)	(28)
Income tax expense	(209)	(85)
Group's share of joint venture entities' profit for the financial year	837	421

The Group's share of joint venture entities' contingent liabilities incurred jointly with other venturers is nil (2005: nil) and its share of capital commitments is nil (2005: $8 million).

Details of principal joint ventures are set out in note 38.

18. Financial asset investments

The following table sets out the movement of the Group's financial asset investments, which are accounted for as 'available for sale', 'at fair value through profit or loss', 'held to maturity' or 'loans and receivables' as defined by IAS 39 and in accordance with the Group accounting policy set out in note 1. No items were classified as 'at fair value through profit or loss' or 'held to maturity' during the year.

US$ million	Loans and receivables	Available for sale investments	Total
At 1 January 2006	538	377	915
Movements in fair value	–	492	492
Additions	–	453	453
Impairments	–	(13)	(13)
Net repayments	(130)	–	(130)
Disposals	–	(88)	(88)
Disposal of businesses[1]	(12)	(9)	(21)
Transfer from subsidiary[2]	–	370	370
Transfer to assets held for sale	(15)	(36)	(51)
Reclassifications	27	(25)	2
Currency movements	(4)	48	44
At 31 December 2006	404	1,569	1,973
Less: non-current portion	404	1,569	1,973
Current portion	–	–	–

[1] Relates entirely to amounts transferred to 'Investments in associates'.

[2] See disposal of subsidiaries and businesses note 32.

Notes to the financial statements continued

18. Financial asset investments continued

US$ million	Loans and receivables	Available for sale investments	Total
At 1 January 2005	581	563	1,144
Movements in fair value	–	39	39
Additions	–	163	163
Disposals	(173)	(187)	(360)
Transfer to assets held for sale[(1)]	(20)	–	(20)
Reclassifications	148	(153)	(5)
Currency movements	2	(48)	(46)
At 31 December 2005	538	377	915
Less: non-current portion	522	377	899
Current portion	16	–	16

(1) Financial asset investments transferred to assets held for sale in 2005 were sold prior to the 2005 year end.

19. Inventories

US$ million	2006	2005
Raw materials and consumables	1,032	1,181
Work in progress	733	1,124
Finished products	1,209	1,264
	2,974	3,569

The cost of inventories recognised as an expense and included in cost of sales amounted to $18,286 million (2005: $19,440 million).

20. Trade and other receivables

	2006			2005		
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	4,341	18	4,359	4,042	11	4,053
Amounts owed by related parties	14	–	14	26	1	27
Other receivables	714	110	824	768	167	935
Prepayments and accrued income	93	22	115	157	2	159
	5,162	150	5,312	4,993	181	5,174

21. Trade and other payables

US$ million	2006	2005
Trade payables	3,263	3,138
Amounts owed to related parties	–	26
Taxation and social security	51	71
Other payables	1,257	1,211
Accruals and deferred income	469	578
	5,040	5,024

22. Financial assets

The carrying amounts and fair values of financial assets are as follows:

	2006		2005	
US$ million	Estimated fair value	Carrying value	Estimated fair value	Carrying value
Trade and other receivables[(1)]	5,197	5,197	4,981	5,015
Cash and cash equivalents	3,004	3,004	3,403	3,430
Financial asset investments	1,977	1,973	899	899
Current financial asset investments	–	–	16	16
Other financial assets (derivatives)	329	329	930	930
Total financial assets	10,507	10,503	10,229	10,290

(1) Excludes prepayments.

The fair value of financial asset investments represents the market value of quoted investments and directors' valuation for other, non-listed investments.

The exposure of the Group's financial assets (excluding intra-group loan balances) to interest rate and currency risk is as follows:

						Fixed rate financial assets	
US$ million (unless otherwise stated)	Total	Floating rate financial assets	Fixed rate financial assets	Equity investments	Non-interest bearing financial assets	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in years
At 31 December 2006							
US$	2,128	1,673	391	60	4	7.1	1.6
SA rand	1,767	1,044	1	683	39	–	–
Sterling	191	154	3	1	33	4.3	0.1
Euro	124	86	22	4	12	0.9	0.1
Australian $	11	6	–	5	–	–	–
Other currencies	756	253	46	416	41	3.1	0.4
Total	4,977	3,216	463	1,169	129	6.4	1.4
Trade and other receivables[(1)]	5,197						
Derivatives	329						
Total financial assets	10,503						
At 31 December 2005							
US$	2,998	2,004	650	204	140	5.6	2.2
SA rand	550	386	14	77	73	2.5	0.5
Sterling	345	318	4	–	23	–	–
Euro	208	169	15	8	16	1.6	–
Australian $	45	20	16	8	1	5.4	0.1
Other currencies	199	115	33	14	37	2.3	5.0
Total	4,345	3,012	732	311	290	3.7	2.0
Trade and other receivables[(1)]	5,015						
Derivatives	930						
Total financial assets	10,290						

(1) Excludes prepayments.

23. Financial liabilities

The carrying amounts and fair values of financial liabilities are as follows:

	2006		2005	
US$ million	Estimated fair value	Carrying value	Estimated fair value	Carrying value
Trade and other payables[(1)]	4,986	4,986	4,946	4,946
Current borrowings	2,028	2,028	2,032	2,076
Convertible bonds	–	–	2,084	1,975
Other non-current borrowings	4,234	4,220	4,416	4,388
Other financial liabilities (derivatives)	520	520	1,794	1,794
Total financial liabilities	11,768	11,754	15,272	15,179

(1) Excludes taxation and social security and deferred income.

The fair values of current and other non-current borrowings are determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying values approximate to the fair values. The fair values of the convertible bond liabilities are determined using their quoted market values.

23. Financial liabilities continued

The Group's borrowings are presented on an unhedged basis. The fair value of associated derivatives is recorded separately within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)', (see note 24).

US$ million	2006 Due within one year	2006 Due after one year	2006 Total	2005 Due within one year	2005 Due after one year	2005 Total
Secured						
Bank loans and overdrafts	121	300	421	176	336	512
Obligations under finance leases[1]	1	72	73	27	147	174
Other loans[2]	–	93	93	232	224	456
	122	465	587	435	707	1,142
Unsecured						
Convertible bonds[3]	–	–	–	–	1,975	1,975
Bonds issued under EMTN programme[4]	25	2,080	2,105	106	1,887	1,993
Bank loans and overdrafts	1,843	1,170	3,013	1,468	1,390	2,858
Obligations under finance leases[1]	4	22	26	3	15	18
Other loans[2]	34	483	517	64	389	453
	1,906	3,755	5,661	1,641	5,656	7,297
Total	2,028	4,220	6,248	2,076	6,363	8,439

[1] The minimum lease payments under finance leases fall due as follows:

US$ million	2006	2005
Not later than one year	13	42
Later than one year but not more than five years	40	97
More than five years	120	162
	173	301
Future finance charges on finance leases	(74)	(109)
Present value of finance lease liabilities	99	192

[2] Other loans comprise loans from joint ventures and associates and project finance.

[3] In April 2002, Anglo American plc issued $1.1 billion 3 3/8 per cent convertible bonds, due 17 April 2007, convertible into ordinary shares of Anglo American plc. The bonds were issued at par and bear a coupon of 3 3/8 per cent per annum, payable semi-annually. During the current year bondholders elected to convert their bonds to equity. No financial liability remains at 31 December 2006 in respect of the Anglo American plc convertible bond (2005: $1,058 million).

A convertible bond was issued in February 2004 by AngloGold Holdings plc, a wholly-owned subsidiary of AngloGold Ashanti (AGA). The fair value of the conversion option within AGA's bond at the date of issue ($79 million) was separated from the carrying value of the debt. Because the conversion option is in a bond denominated in a currency other than the functional currency of the entity issuing the shares, the option value is classified as a derivative, within liabilities. The option is marked to market with subsequent gains and losses being recorded through the income statement.

AGA became an associate on 20 April 2006 and therefore the convertible bond is not held within liabilities on the Group balance sheet at 31 December 2006 (2005: $917 million).

The movement in the carrying value of the convertible bonds from the prior year is:

US$ million	2006
At 1 January 2006	1,975
Unwinding of discount on bonds	13
Movement in fair value	4
Converted	(1,068)
Transfer to associate	(924)
At 31 December 2006	–

[4] The Group issued no bonds under the EMTN programme in 2006 (2005: $174 million). All notes are guaranteed by Anglo American plc.

The maturity of the Group's borrowings is as follows:

US$ million	Within 1 year or on demand	Between 1-2 years	Between 2-5 years	After 5 years	Total
At 31 December 2006					
Secured					
Bank loans and overdrafts	121	40	132	128	421
Obligations under finance leases	1	1	3	68	73
Other loans	–	47	45	1	93
	122	88	180	197	587
Unsecured					
Bonds issued under EMTN programme	25	1,315	765	–	2,105
Bank loans and overdrafts	1,843	201	745	224	3,013
Obligations under finance leases	4	4	7	11	26
Other loans	34	14	13	456	517
	1,906	1,534	1,530	691	5,661
Total borrowings (excluding hedges)	2,028	1,622	1,710	888	6,248
Effect of interest rate swaps (see note 30c)	–	19	18	–	37
Effect of currency derivatives (see note 30c)	(6)	(146)	(78)	–	(230)
Borrowings after the effect of hedges	2,022	1,495	1,650	888	6,055

US$ million	Within 1 year or on demand	Between 1-2 years	Between 2-5 years	After 5 years	Total
At 31 December 2005					
Secured					
Bank loans and overdrafts	176	60	98	178	512
Obligations under finance leases	27	17	36	94	174
Other loans	232	38	86	100	456
	435	115	220	372	1,142
Unsecured					
Convertible bonds[1]	–	1,058	917	–	1,975
Bonds issued under EMTN programme	106	25	1,862	–	1,993
Bank loans and overdrafts	1,468	268	1,046	76	2,858
Obligations under finance leases	3	2	5	8	18
Other loans	64	55	331	3	453
	1,641	1,408	4,161	87	7,297
Total borrowings (excluding hedges)	2,076	1,523	4,381	459	8,439
Effect of interest rate swaps (see note 30c)	–	–	–	(4)	(4)
Effect of currency derivatives (see note 30c)	(13)	–	–	4	(9)
Borrowings after the effect of hedges	2,063	1,523	4,381	459	8,426

[1] Includes $917 million of convertible bonds issued by listed subsidiaries.

Notes to the financial statements continued

23. Financial liabilities continued

US$ million (unless otherwise stated)	Total	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Fixed rate borrowing: Weighted average effective interest rate %	Fixed rate borrowing: Weighted average period for which the rate is fixed in years	Non-interest bearing financial liabilities: Weighted average period until maturity in years
At 31 December 2006(1)							
US$	1,222	1,097	125	–	5.8	2.3	–
SA rand	1,886	1,303	573	10	9.9	7.8	1.1
Sterling	669	67	569	33	5.2	1.1	3.6
Euro	1,967	303	1,649	15	3.5	1.4	4.6
Australian $	1	–	1	–	8.6	1.4	–
Other currencies	503	250	250	3	5.2	1.3	1.0
Gross borrowings (excluding hedges)	6,248	3,020	3,167	61	5.2	2.5	3.3
Trade and other payables(2)	4,986						
Derivatives	520						
Total financial liabilities	11,754						
At 31 December 2005(1)							
US$	3,263	1,099	2,143	21	2.8	2.1	0.4
SA rand	2,169	1,513	550	106	11.1	4.6	5.4
Sterling	587	30	518	39	0.9	0.8	1.6
Euro	1,978	553	1,408	17	1.9	1.4	1.1
Australian $	1	–	1	–	9.3	0.8	–
Other currencies	441	168	269	4	6.4	1.1	0.5
Gross borrowings (excluding hedges)	8,439	3,363	4,889	187	3.4	2.0	3.5
Trade and other payables(2)	4,946						
Derivatives	1,794						
Total financial liabilities	15,179						

(1) Borrowings exclude any derivatives and include the fair value of risks that are hedged in a fair value hedge relationship.

(2) Excludes taxation and social security and deferred income.

Interest on floating rates is based on the relevant national inter-bank rates.

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	2006	2005
Expiry date		
In one year or less	3,345	3,962
In more than one year but not more than two years	80	75
In more than two years	2,527	3,528
	5,952	7,565

In addition the Group had the following Commercial Paper programmes:

- a $1.3 billion Canadian Commercial Paper Programme established a number of years ago. The programme was undrawn at 31 December 2006.
- a $1 billion European Commercial Paper Programme established in October 2004. Drawings of $10 million were made under this programme as at 31 December 2006.

24. Financial instrument risk exposure, risk management and derivatives

Financial instrument risk exposure and management

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure and the way in which such exposure is managed, including the use of derivative instruments is provided as follows (sub-categorised into credit risk, liquidity risk and market risk).

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's credit risk is primarily attributable to its trade receivables, however it also arises on liquid funds and derivative financial instruments.

The Group limits exposure to credit risk on liquid funds and derivative financial instruments through adherence to a policy of:

- minimum acceptable counterparty credit ratings assigned by international credit rating agencies (including long term ratings of A- (Standard & Poor's), A3 (Moody's) or A- (Fitch) or better);
- daily counterparty settlement limits (which are not to exceed three times the credit limit for an individual bank);
- exposure diversification (the aggregate group exposure to key relationship counterparties cannot exceed 5% of the counterparty's shareholders' equity);
- custody restriction on securities held by banks and other institutions (must have an AA (or better) credit rating or have specific approval of the Group's Executive Board).

Further, given the diverse nature of the Group's operations (both in relation to commodity markets and geographically) it also does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. An allowance for impairment for trade receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

The Group ensures that there are sufficient committed loan facilities in order to meet short term business requirements, after taking into account cash flows from operations and the Group's holding of cash and cash equivalents, as well as any distribution restrictions that exist. It is believed that these facilities and cash generation will be sufficient to cover the likely short and long term cash requirements of the Group. At 31 December 2006, the Group had available undrawn committed borrowing facilities of $5,952 million (see note 23).

The Group is assigned short term ratings of P-1 and A-1, and long term ratings of A2 (stable outlook) and A (stable outlook), from Moody's and Standard & Poor's respectively.

Non-wholly owned subsidiaries in general will arrange and maintain their own financing and funding requirements. In most cases the financing will be non-recourse to Anglo American plc. In addition, certain projects are financed by means of limited recourse project finance.

The maturity of the Group's borrowings is included in note 23.

Market risk

The significant market risk exposures to which the Group is exposed are foreign currency risk, interest rate risk and commodity price risk. These are discussed further below:

Foreign exchange risk

As a global group, Anglo American plc is exposed to many currencies principally as a result of non-US dollar operating costs incurred by US dollar functional companies and to a lesser extent, from non-US dollar revenues. The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the exposures.

Nevertheless, the Group does use forward exchange contracts, currency swaps and option contracts to limit the effects of movements in exchange rates on foreign currency denominated assets and liabilities as well as to hedge future transactions and cash flows.

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to currency risk is provided in notes 22 and 23.

Interest rate risk

Fluctuations in interest rates impact on the value of short term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in US dollar, rand, sterling and euro interest rates.

The Group policy is to borrow funds at floating rates of interest as this is considered to give a partial natural hedge against commodity price movements, given the correlation to economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuation. The Group also uses interest rate swap and option contracts to manage its exposure to interest rate movements on a portion of its existing debt. Also, strategic hedging using fixed rate debt may be undertaken from time to time if considered appropriate.

24. Financial instrument risk exposure, risk management and derivatives continued

In respect of financial assets, the Group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to interest rate risk is provided in notes 22 and 23.

Floating rate financial assets consist mainly of cash and bank term deposits. Interest on floating rate assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist mainly of cash. Equity investments are fully liquid and have no maturity period.

Commodity price risk

Group operations are primarily exposed to movements in the prices of the commodities they produce. Commodity price risk can be reduced through the negotiation of long term contracts or through the use of financial derivatives.

Certain year end financial instruments (subject to provisional pricing) are exposed to commodity price movements as they are to be settled in the future, based on a commodity price current at that time. These exposures are all short term.

In respect of the use of derivative instruments, the Group policy is generally not to hedge price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group generally uses forward contracts to hedge the price risk.

In 2005, the Group financial instruments included those of AngloGold Ashanti, who undertook a more active hedging policy with respect to its gold sales. Following the reclassification of AngloGold Ashanti to an associate (previously a subsidiary), these instruments are no longer reflected in the Group financial assets and liabilities.

Derivatives

In accordance with IAS 32 and IAS 39, the fair value of all derivatives are separately recorded on the balance sheet within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)'. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative. Derivatives that are not designated as hedges are classified as current in accordance with IAS 1 even when their actual maturity is expected to be greater than one year.

The Group utilises derivative instruments to manage its market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges. Such derivatives that are not hedge accounted are classified as non-hedges and fair valued through the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Embedded derivatives

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value. Embedded derivatives may be designated as a hedge and are accounted for in accordance with the Group's accounting policy set out in note 1.

Cash flow hedges

The Group classifies the majority of its forward exchange and commodity price contracts, hedging highly probable forecast transactions, as cash flow hedges. Subsequent changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement in accordance with the Group's accounting policy set out in note 1.

Fair value hedges

The majority of interest rate swaps taken out to protect the Group's fixed rate borrowings against future interest rate movements have been designated as fair value hedges. The respective carrying values of the hedged borrowings are adjusted to reflect the fair value of the interest rate risk being hedged. Subsequent changes in the fair value of the hedged risk are offset against fair value changes in the interest rate swap and classified within net finance costs, in the income statement.

Non-hedges

The Group may choose not to designate certain derivatives as hedges, for example certain forward contracts that economically hedge forecast commodity transactions and relatively low value or short term derivative contracts where the potential mark to market impact on the Group's earnings is not considered material. Where derivatives have not been designated as hedges, fair value changes are recognised in the income statement in accordance with the Group's accounting policy set out in note 1 and are classified as financing or operating depending on the nature of the associated hedged risk.

Cross currency swaps are also taken out to protect the Group's non-US dollar debt against future currency movements. The respective carrying values of the related borrowings are translated at the closing exchange rate in accordance with the Group's accounting policy and as such a natural hedge of the currency risk is achieved.

The fair value of the Group's open derivative position (excluding normal purchase and sale contracts held off-balance sheet), recorded within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' is as follows:

	2006		2005	
US$ million	Asset	Liability	Asset	Liability
Current				
Cash flow hedge				
Forward foreign currency contracts	11	(2)	21	(19)
Gold commodity instruments[1]	–	–	32	(140)
Forward commodity contracts[2]	2	(162)	3	(5)
Other[3]	–	–	1	(69)
Fair value hedge				
Forward foreign currency contracts	1	(1)	7	(11)
Other	4	(1)	–	–
Non-hedge (held for trading)[4]				
Forward foreign currency contracts	14	(2)	53	(94)
Gold commodity instruments[1]	–	–	588	(900)
Cross currency swaps	242	(19)	–	–
Other	55	(29)	42	(48)
Total current derivatives	329	(216)	747	(1,286)
Non-current				
Cash flow hedge				
Forward foreign currency contracts	–	–	1	–
Gold commodity instruments[1]	–	–	37	(275)
Forward commodity contracts[2]	–	(140)	–	–
Other[3]	–	(126)	140	(143)
Fair value hedge				
Interest rate swaps	–	(38)	5	(2)
Non-hedge (held for trading)				
Other	–	–	–	(88)
Total non-current derivatives	–	(304)	183	(508)

(1) At the end of 2005, 10.8 million delta ounces of gold related to forward pricing commitments that matured over periods to December 2015. The total mark to market value of these contracts at 31 December 2005 was negative $2,425 million based on a contracted gold price of $310/oz to $403/oz, market gold price of $517/oz, exchange rates of $/ZAR 6.305 and AUD/$ 0.734 and the prevailing market conditions at that date. Amounts included here in respect of gold commodity contracts represent the portion of these commitments which are not treated as normal purchase and normal sale agreements as discussed below.

(2) Forward commodity contracts include forward copper derivatives taken out to hedge the future prices of sales from Mantos Blancos. The contracted forward price of 116 US cents/lb covers 3,338 tonnes per month for three years starting January 2006. At 31 December 2006 there are two years left on this contract which represents some 45% of Mantos Blancos sales over the next two years.

(3) Other cash flow hedges include a derivative instrument embedded in a long term purchase power agreement which is considered to hedge market risk exposure on sales (commodity price risk).

(4) $289 million (2005: $29 million) of derivative assets and $36 million (2005: $92 million) of derivative liabilities not designated as hedges that are classified as current in accordance with IAS 1 are due to mature after more than one year.

These marked to market valuations are in no way predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuation represents the cost of buying or selling all hedge contracts at year end, at market prices and rates available at the time.

Normal purchase and normal sale contracts

Commodity based contracts that meet the requirements of IAS 39 in that they are settled through physical delivery of the Group's production or are used within the production process are classified as normal purchase and normal sale contracts. In accordance with IAS 39 these contracts are not marked to market when they are settled through physical delivery.

At the end of 2006, 10.2 million delta ounces of gold related to forward pricing commitments that matured over periods to December 2015. The mark to market value of these contracts at 31 December 2006 was negative $2,903 million based on contracted gold prices of $284/oz to $723/oz, market gold price of $636/oz, exchange rates of $/ZAR 7.001 and AUD/$ 0.789 and the prevailing market conditions at that date. AngloGold Ashanti became an associate on 20 April 2006.

Notes to the financial statements continued

25. Provisions for liabilities and charges

US$ million	Environmental restoration[1]	Decommissioning[1]	Other	Total
At 1 January 2006	706	389	356	1,451
Acquired through business combinations	20	2	1	23
Disposal of businesses[2]	(201)	(151)	(24)	(376)
Transfer to liabilities directly associated with assets held for sale	(94)	(30)	(4)	(128)
Charged to the income statement	64	5	171	240
Capitalised	(1)	7	–	6
Reclassifications	37	(21)	(10)	6
Unwinding of discount	22	17	–	39
Unused amounts reversed to the income statement	–	–	(31)	(31)
Amounts applied	(23)	(2)	(125)	(150)
Currency movements	1	–	5	6
At 31 December 2006	531	216	339	1,086

Maturity analysis of total provisions:

US$ million	2006	2005
Current	62	19
Non-current	1,024	1,432
At 31 December	1,086	1,451

[1] The Group makes voluntary contributions to controlled funds to meet the cost of some of its decommissioning, restoration and environmental rehabilitation liabilities in South Africa (see note 15).

[2] Includes environmental restoration of $200 million, decommissioning of $151 million and other of $22 million which were transferred to 'Investments in associates'.

Environmental restoration

The Group has an obligation to incur restoration, rehabilitation and environmental costs when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site preparation work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Other

Other provisions are made primarily for the present value of costs relating to cash settled share-based payments, indemnities, warranties and legal claims. It is anticipated that these costs will be incurred over a five year period.

26. Deferred tax

Deferred tax assets

US$ million	2006	2005
At 1 January	337	127
Credited to the income statement	43	139
Credited to the statement of recognised income and expense	35	21
Credited directly to equity	39	18
Acquired through business combinations	3	–
Transfer to assets held for sale	(58)	–
Disposal of businesses[1]	(59)	(23)
Reclassifications	41	66
Currency movements	(9)	(11)
At 31 December	372	337

Deferred tax liabilities

US$ million	2006	2005
At 1 January	5,201	5,718
Charged to the income statement	115	84
Charged/(credited) to the statement of recognised income and expense	8	(119)
Acquired through business combinations	12	(2)
Transfer to liabilities directly associated with assets held for sale	(298)	(46)
Disposal of businesses[1]	(1,268)	–
Reclassifications	35	80
Currency movements	(118)	(514)
At 31 December	3,687	5,201

[1] Includes a $59 million deferred tax asset and $1,267 million deferred tax liability which were transferred to 'Investments in associates'.

The amount of deferred taxation provided in the accounts is as follows:

US$ million	2006	2005
Deferred tax assets		
Tax losses	53	176
Other temporary differences	319	161
	372	337
Deferred tax liabilities		
Capital allowances in excess of depreciation	2,448	3,280
Fair value adjustments	1,160	2,294
Tax losses	(66)	(324)
Convertible bond equity component	–	11
Other temporary differences	145	(60)
	3,687	5,201

The amount of deferred taxation charged/(credited) to the income statement is as follows:

US$ million	2006	2005
Capital allowances in excess of depreciation	297	44
Fair value adjustments	(38)	(31)
Tax losses	(54)	30
Convertible bond equity component	(1)	(8)
Other temporary differences	(132)	(90)
	72	(55)

The current expectation regarding the maturity of deferred tax balances is:

US$ million	2006	2005
Deferred tax assets		
Recoverable within 12 months	103	105
Recoverable after 12 months	269	232
	372	337
Deferred tax liabilities		
Payable within 12 months	67	82
Payable after 12 months	3,620	5,119
	3,687	5,201

The Group has the following balances at 31 December 2006 in respect of which no deferred tax asset has been recognised:

US$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Within one year	11	–	–	11
One to five years	36	–	–	36
After five years	21	5	–	26
No expiry date	2,867	714	–	3,581
	2,935	719	–	3,654

The Group had the following balances at 31 December 2005 in respect of which no deferred tax asset was recognised:

US$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Within one year	157	22	–	179
One to five years	57	–	–	57
After five years	247	–	4	251
No expiry date	2,988	653	80	3,721
	3,449	675	84	4,208

The Group also has unused tax credits of $65 million (2005: $10 million) for which no deferred tax asset is recognised in the balance sheet. These tax credits have no expiry date.

No liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which a deferred tax liability has not been recognised is $16,946 million (2005: $17,897 million), on which tax may be payable up to $5,084 million (2005: $5,369 million).

27. Retirement benefits

The Group operates defined contribution and defined benefit pension plans for the majority of its employees. It also operates post retirement medical arrangements in southern Africa and North America. The policy for accounting for pensions and post retirement benefits is included in note 1.

Defined contribution plans

The defined contribution pension cost represents the actual contributions payable by the Group to the various plans. At 31 December 2006, there were no material outstanding/prepaid contributions and so no prepayment or accrual has been disclosed in the balance sheet in relation to these plans.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of the contribution payable by the Group in the financial year.

Defined benefit pension plans and post retirement medical plans

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group in independently administered funds, in accordance with statutory requirements or local practice throughout the world. The unfunded pension plans are principally in Europe and South America.

The post retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post retirement medical plan liability.

Independent qualified actuaries carry out full valuations every three years using the projected unit method. The actuaries have updated the valuations to 31 December 2006.

The Group's plans in respect of pension and post retirement healthcare are summarised as follows:

				2006				2005
US$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Assets[1]								
Defined benefit pension plans in surplus	107	–	3	110	72	–	2	74
Post retirement medical plans	–	–	–	–	3	–	–	3
Total	107	–	3	110	75	–	2	77

[1] Amounts are included in 'Other non-current assets'.

				2006				2005
US$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Liabilities								
Defined benefit pension plans in deficit	–	116	253	369	9	104	514	627
Post retirement medical plans	381	25	–	406	629	2	–	631
Total	381	141	253	775	638	106	514	1,258

US$ million	2006	2005	2004
Defined benefit pension plan			
Present value of liabilities	(4,256)	(3,985)	(4,041)
Fair value of plan assets	4,160	3,539	3,479
Net deficit	(96)	(446)	(562)
Surplus restriction	(163)	(107)	–
	(259)	(553)	(562)
Actuarial gain on plan assets	308	438	163
Actuarial loss on plan liabilities	(156)	(435)	(198)
Post retirement medical plan			
Present value of liabilities	(422)	(650)	(654)
Fair value of plan assets	16	22	15
Deficit	(406)	(628)	(639)
Actuarial gain/(loss) on plan liabilities	15	(67)	(22)

The market value of assets was used to determine the funding level of the plans. The market value of the assets of the funded plans was sufficient to cover 104% (2005: 95%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. Companies within the Group are paying contributions as required in accordance with local actuarial advice.

As the majority of the defined benefit pension plans are closed to new members, it is expected that contributions will increase as the members age. The benefit obligations in respect of the unfunded plans at 31 December 2006 were $254 million (2005: $253 million).

The actual return on plan assets in respect of defined benefit pension schemes was $577 million (2005: $679 million).

The net experience loss on plan liabilities was $77 million.

Income statement

The amounts recognised in the income statement are as follows:

			2006			2005
US$ million	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
Analysis of the amount charged to operating profit						
Current service costs	68	7	75	67	8	75
Past service costs	1	–	1	(5)	2	(3)
Other amounts charged to the income statement (curtailments and settlements)	(1)	–	(1)	(25)	(2)	(27)
Total within operating costs	68	7	75	37	8	45
Analysis of the amount charged to net finance costs						
Expected return on plan assets[1]	(264)	(1)	(265)	(241)	–	(241)
Interest costs on plan liabilities[2]	241	33	274	229	41	270
Net (credit)/charge to other net finance costs	(23)	32	9	(12)	41	29
Total charge to the income statement	45	39	84	25	49	74

[1] Included in investment income.

[2] Included in interest expense.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension costs under IAS 19 are detailed below (shown as weighted averages):

			2006			2005
	Southern Africa %	The Americas %	Europe %	Southern Africa %	The Americas %	Europe %
Defined benefit pension plan[1]						
Average discount rate for plan liabilities	7.9	7.7	4.8	7.7	8.4	4.7
Average rate of inflation	4.5	3.6	2.6	4.1	4.1	2.7
Average rate of increase in salaries	5.5	4.7	3.3	5.1	4.6	3.0
Average rate of increase of pensions in payment	4.5	2.1	2.9	2.9	2.8	2.9
Average long term rate of return on plan assets	9.2	9.6	6.0	8.7	11.3	6.5
Post retirement medical plan[1]						
Average discount rate for plan liabilities	7.9	5.0	n/a	7.8	5.5	n/a
Average rate of inflation	4.7	–	n/a	4.5	n/a	n/a
Expected average increase in healthcare costs	5.7	4.4	n/a	5.4	n/a	n/a

[1] The mortality assumptions have been based on published mortality tables in the relevant jurisdiction.

Notes to the financial statements continued

27. Retirement benefits continued

The market value of the pension assets in defined benefit pension plans and long term expected rate of return as at 31 December 2006 and 31 December 2005 are detailed below:

	Southern Africa		The Americas		Europe		Total
At 31 December 2006	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Fair value US$ million
Equity	11.0	1,016	10.4	44	7.5	1,042	2,102
Bonds	7.4	649	5.8	132	4.7	555	1,336
Other	6.9	337	8.9	10	4.2	375	722
		2,002		186		1,972	4,160
Present value of unfunded obligations		–		(87)		(167)	(254)
Present value of funded obligations		(1,737)		(215)		(2,050)	(4,002)
Present value of pension plan liabilities		(1,737)		(302)		(2,217)	(4,256)
Surplus/(deficit) in the pension plans		265		(116)		(245)	(96)
Surplus restriction related to pension plans		(158)		–		(5)	(163)
Recognised pension plan assets/(liabilities)		107		(116)		(250)	(259)
Amounts in the balance sheet							
Pension assets		107		–		3	110
Pension liabilities		–		(116)		(253)	(369)
		107		(116)		(250)	(259)

	Southern Africa		The Americas		Europe		Total
At 31 December 2005	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Fair value US$ million
Equity	10.7	1,094	–	–	7.7	825	1,919
Bonds	6.7	333	6.3	81	4.5	490	904
Other	6.5	635	5.0	4	5.7	77	716
		2,062		85		1,392	3,539
Present value of unfunded obligations		(9)		(88)		(156)	(253)
Present value of funded obligations		(1,887)		(101)		(1,744)	(3,732)
Present value of pension plan liabilities		(1,896)		(189)		(1,900)	(3,985)
Surplus/(deficit) in the pension plans		166		(104)		(508)	(446)
Surplus restriction related to pension plans		(103)		–		(4)	(107)
Recognised pension plan assets/(liabilities)		63		(104)		(512)	(553)
Amounts in the balance sheet							
Pension assets		72		–		2	74
Pension liabilities		(9)		(104)		(514)	(627)
		63		(104)		(512)	(553)

Movement analysis

The changes in the present value of defined benefit obligations are as follows:

	2006			2005		
US$ million	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
At 1 January	(3,985)	(650)	(4,635)	(4,035)	(658)	(4,693)
Current service costs	(68)	(7)	(75)	(67)	(8)	(75)
Business combinations and disposals of subsidiaries[1]	153	165	318	51	8	59
Transfer to assets held for sale	15	18	33	–	–	–
Past service costs and effects of settlements and curtailments	6	–	6	54	–	54
Interest costs	(241)	(33)	(274)	(229)	(41)	(270)
Actuarial (losses)/gains	(156)	15	(141)	(435)	(67)	(502)
Benefits paid	155	24	179	178	36	214
Contributions paid by other members	(14)	(1)	(15)	(16)	(2)	(18)
Reclassifications	(7)	5	(2)	(11)	–	(11)
Currency movements	(114)	42	(72)	525	82	607
At 31 December	(4,256)	(422)	(4,678)	(3,985)	(650)	(4,635)

[1] Includes $435 million which was transferred to 'Investments in associates'.

The changes in the fair value of plan assets are as follows:

	2006			2005		
US$ million	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
At 1 January	3,539	22	3,561	3,479	15	3,494
Expected return	264	1	265	241	–	241
Actuarial gains	308	–	308	438	–	438
Business combinations and disposals of subsidiaries[1]	(173)	(6)	(179)	(2)	–	(2)
Transfer to assets held for sale	(15)	–	(15)	–	–	–
Contributions paid by employer	309	25	334	88	37	125
Contributions paid by other members	14	1	15	16	2	18
Benefits paid	(155)	(24)	(179)	(178)	(36)	(214)
Effects of settlements and curtailments	(6)	–	(6)	(16)	–	(16)
Reclassifications	6	–	6	9	–	9
Currency movements	69	(3)	66	(536)	4	(532)
At 31 December	4,160	16	4,176	3,539	22	3,561

[1] Includes $246 million which was transferred to 'Investments in associates'.

Assumed healthcare trend rates have a significant effect on the amounts recognised in the income statement. A 1% change in assumed healthcare cost trend rates would have the following effects:

	1% increase		1% decrease	
US$ million	2006	2005	2006	2005
Effect on the sum of service costs and interest costs	6	8	(5)	(5)
Effect on defined benefit obligations	53	76	(44)	(54)

The Group expects to contribute approximately $65 million to its defined benefit pension plans and $29 million to its post retirement medical plans in 2007.

28. Called-up share capital and share-based payments

Called-up share capital

	2006		2005	
	Number of shares	US$ million	Number of shares	US$ million
Authorised:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 50 US cents each	2,000,000,000	1,000	2,000,000,000	1,000
		1,000		1,000
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 50 US cents each:				
At 1 January	1,493,855,896	747	1,493,839,387	747
Convertible bonds	47,789,096	24	3,892	–
Other	8,615	–	12,617	
At 31 December	1,541,653,607	771	1,493,855,896	747

During 2006 8,615 ordinary shares of 50 US cents each were allotted to certain non-executive directors by subscription of their after tax directors' fees (2005: 12,617). 47,789,096 ordinary shares of 50 US cents each were allotted upon the conversion of Anglo American plc convertible bonds due 2007 (2005: 3,892).

In 2006 45,621,369 ordinary shares of 50 US cents each were purchased by the Company and held in treasury (2005: nil). Excluding these the number of called-up, allotted and fully paid ordinary shares as at 31 December 2006 was 1,496,032,238; $748 million (2005: 1,493,855,896; $747 million).

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

In the event of winding up, the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the cumulative preference shares held by them and any accrued dividend, whether such dividend has been earned or declared or not, calculated up to the date of the winding up.

No ordinary shares of 50 US cents were allotted on exercise of employee share option plans (2005: nil).

Tenon

Tenon Investment Holdings (Pty) Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Limited (Epoch) and Tarl Investments Holdings Limited (Tarl), each owned by an independent charitable trust whose trustees are independent of the Anglo American (AA) Group. Under the terms of these agreements, Epoch and Tarl have purchased AA plc shares on the market and have granted to Tenon the right to nominate a third party (which may include AA plc but not any of its subsidiaries) to take transfer of the AA plc shares each has purchased on the market. Tenon paid Epoch and Tarl 80% of the cost of the AA plc shares including associated costs for this right to nominate which together with subscriptions by Tenon for non-voting participating redeemable preference shares in Epoch and Tarl provided all the funding required to acquire the AA plc shares through the market. These payments by Tenon are sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2050 against payment of an average amount of $7.99 per share to Epoch and $9.14 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by Epoch and Tarl. The amount payable by the third party on receipt of the AA plc shares will accrue to Tenon and, in accordance with paragraph 33 of IAS 32, any resulting gain or loss recorded by Tenon will not be recognised in the income of AA plc.

Under the agreements, Epoch and Tarl will receive dividends on the AA plc shares they hold and have agreed to waive the right to vote on those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Tarl. Any remaining distributable earnings in Epoch and Tarl, after the above dividend, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with a participation in future dividend receipts. Epoch and Tarl will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2006, Epoch and Tarl together held 45,569,127 AA plc shares with a market value of $2,226 million and which represented 3% of the ordinary shares in issue (excluding treasury shares). Epoch and Tarl are not permitted to hold more than an aggregate of 10% of the issued share capital of AA plc at any one time.

Although the Group has no voting rights in Epoch and Tarl and cannot appoint or remove trustees of the charitable trusts, Epoch and Tarl meet the accounting definition of a subsidiary in accordance with IAS 27 *Consolidated and Separate Financial Statements*. As a result, Epoch and Tarl are consolidated in accordance with the definitions of IAS 27 and the principles set out in SIC 12 *Consolidation – Special Purpose Entities*.

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes is facilitated by an employee benefit trust. During 2006, 17,764,975 (2005: 17,516,652) shares were sold to employees on exercise of their options, and provisional allocations were made to options already awarded. The employee benefit trust has waived the right to receive dividends on these shares.

The market value of the 19.8 million shares held by the trust at 31 December 2006 was $966 million. At 31 December 2005 the market value of the 37.7 million shares held by the trust was $1,285 million.

The costs of operating the trust are borne by the Group but are not material.

Share-based payments

During the year ended 31 December 2006, the Group had seven share-based payment arrangements with employees, the details of which are described in the remuneration report. All of the Group's schemes are equity settled, either by award of options to acquire ordinary shares (ESOS, SAYE and former AAC Executive Share Incentive Scheme) or award of ordinary shares (BSP, LTIP, SIP and Deferred Bonus Matching schemes). The Deferred Bonus Matching scheme and the share option schemes are now closed to new participants, the latter schemes having been replaced with the BSP.

The provision of shares to certain of the Group's schemes is facilitated by an employee benefit trust. The employee benefit trust has waived the right to receive dividends on these shares. The costs of operating the trust are borne by the Group but are not material. The cost of shares purchased by the trust is presented against retained earnings in accordance with IAS 32 (see note 29).

The total share-based payment charge relating to Anglo American shares for the year was made up as follows:

US$ million	2006	2005
ESOS	17	30
BSP	25	15
LTIP	31	18
Other schemes	6	6
Total share-based payment charge	79	69

Notes to the financial statements continued

28. Called-up share capital and share-based payments continued

The fair values of options granted under the ESOS and SAYE schemes, being the more material option schemes, were calculated using a Black Scholes model. No ESOS awards were granted in 2006. The assumptions used in these calculations for the current and prior years are set out in the tables below:

	2006		2005	
Arrangement	ESOS[(1)]	SAYE[(1)]	ESOS[(1)]	SAYE[(1)]
Date of grant	–	27/04/06	05/01/05 – 28/02/05	28/04/05
Number of instruments	–	476,417	58,429	773,541
Exercise price (£)	–	17.97	12.12 – 12.96	10.15
Share price at the date of grant (£)	–	22.46	12.12 – 12.96	11.30
Contractual life	–	3.5 – 7.5	10	3.5 – 7.5
Vesting conditions[(2)]	–	3 – 7	3	3 – 7
Expected volatility	–	30%	25%	25%
Expected option life	–	3.5 – 7.5	5	3.5 – 7.5
Risk free interest rate	–	4.6%	4.5 – 4.8%	4.5%
Expected departures	–	5%pa	5%pa	5%pa
Expected outcome of meeting performance criteria (at date of grant)	–	n/a	100%	n/a
Fair value per option granted (weighted average) (£)	–	7.54	2.69	2.78

The fair value of ordinary shares awarded under the BSP and LTIP – ROCE, being the more material share schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP – TSR scheme was calculated using a Monte Carlo model. The assumptions used in these calculations for the current and prior years are set out in the tables below[(4)]:

	2006			2005		
Arrangement	BSP[(1)]	LTIP – ROCE[(1)]	LTIP – TSR[(1)]	BSP[(1)]	LTIP – ROCE[(1)]	LTIP – TSR[(1)]
Date of grant	06/03/06	29/03/06	29/03/06	08/03/05	02/04/05	02/04/05
Number of instruments	1,861,834	749,826	749,826	2,533,220	1,100,000	1,100,000
Exercise price (£)	–	–	–	–	–	–
Share price at the date of grant (£)	21.59	20.72	20.72	13.12	12.68	12.68
Contractual life	3	3	3	3	3	3
Vesting conditions	(3)	(4)	(5)	(3)	(4)	(5)
Expected volatility	30%	30%	30%	25%	25%	25%
Expected option life	3	3	3	3	3	3
Risk free interest rate	4.3%	4.4%	4.4%	4.8%	4.7%	4.7%
Expected departures	5%pa	5%pa	5%pa	5%pa	5%pa	5%pa
Expected outcome of meeting performance criteria (at date of grant)	44 – 100%	65%	n/a	44 – 100%	65%	n/a
Fair value per option granted (weighted average) (£)	20.04	19.46	13.10	12.21	11.59	3.51

(1) The number of instruments used in the fair value models differs to the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations taking place. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.

(2) Number of years continuous employment.

(3) Three years continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.

(4) Variable vesting dependent on three years continuous employment and Group ROCE target being achieved.

(5) Variable vesting dependent on three years continuous employment and market based performance conditions being achieved.

The expected volatility is based on historic volatility over the last five years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds with a term similar to the expected life of the option.

The charges arising in respect of the other employee share schemes that the Group operated during the year are not considered material.

A progressive dividend growth policy is assumed in all fair value calculations.

28. Called-up share capital and share-based payments continued

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2006 and the prior period is shown below. All options outstanding at 31 December 2006 with an exercise date on or prior to 31 December 2006 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2006 was £22.36 (2005: £14.36).

Executive Share Option Scheme

Options to acquire ordinary shares of 50 US cents were outstanding under the terms of this scheme as follows:

At 31 December 2006

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2006	Options granted during the year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2006
1999	24 June 2002 to 23 June 2009	6.98	1,844,354	–	748,548	–	19,000	1,076,806
1999	19 October 2002 to 18 October 2009	8.00	63,504	–	25,504	–	–	38,000
2000	23 March 2003 to 22 March 2010	7.66	2,244,700	–	764,484	–	34,000	1,446,216
2000	26 June 2003 to 25 June 2010	7.66	23,000	–	18,000	–	–	5,000
2000	12 September 2003 to 11 September 2010	10.19	68,000	–	39,000	–	–	29,000
2001	2 April 2004 to 1 April 2011	10.03	3,290,348	–	1,452,290	–	92,400	1,745,658
2001	13 September 2004 to 12 September 2011	8.00	63,350	–	36,600	–	–	26,750
2002	18 March 2005 to 17 March 2012	11.50	3,659,521	–	1,737,862	–	72,959	1,848,700
2002	13 September 2005 to 12 September 2012	8.05	68,102	–	52,102	–	5,000	11,000
2003	5 March 2006 to 4 March 2013	9.28	11,729,915	–	7,442,843	–	264,674	4,022,398
2003	13 August 2006 to 12 August 2013	11.41	237,053	–	150,863	–	26,430	59,760
2003	1 October 2006 to 30 September 2013	10.81	70,000	–	60,000	–	–	10,000
2004	1 March 2007 to 28 February 2014	13.43	7,419,462	–	353,806	268,680	–	6,796,976
2004	10 August 2007 to 9 August 2014	11.52	212,031	–	4,000	13,709	–	194,322
2004	29 November 2009 to 28 November 2014	12.73	11,147	–	–	–	–	11,147
2005	6 January 2008 to 4 January 2015	12.12	37,579	–	–	–	–	37,579
2005	28 February 2008 to 27 February 2015	12.96	20,850	–	20,850	–	–	–
2005	1 August 2008 to 31 July 2015	14.40	18,000	–	–	–	–	18,000
2005	19 August 2008 to 18 August 2015	13.94	5,500	–	–	–	–	5,500
			31,086,416	–	12,906,752	282,389	514,463	17,382,812

At 31 December 2005

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2005	Options granted during the year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2005
1999	24 June 2002 to 23 June 2009	6.98	2,885,866	–	1,041,512	–	–	1,844,354
1999	19 October 2002 to 18 October 2009	8.00	201,972	–	138,468	–	–	63,504
2000	23 March 2003 to 22 March 2010	7.66	3,582,552	–	1,337,852	–	–	2,244,700
2000	26 June 2003 to 25 June 2010	7.66	69,816	–	46,816	–	–	23,000
2000	12 September 2003 to 11 September 2010	10.19	137,112	–	69,112	–	–	68,000
2001	2 April 2004 to 1 April 2011	10.03	6,833,964	–	3,543,616	–	–	3,290,348
2001	13 September 2004 to 12 September 2011	8.00	115,200	–	51,850	–	–	63,350
2002	18 March 2005 to 17 March 2012	11.50	7,152,218	–	3,476,369	7,600	8,728	3,659,521
2002	13 September 2005 to 12 September 2012	8.05	117,890	–	49,788	–	–	68,102
2003	5 March 2006 to 4 March 2013	9.28	12,506,385	–	746,970	29,500	–	11,729,915
2003	13 August 2006 to 12 August 2013	11.41	242,398	–	5,345	–	–	237,053
2003	1 October 2006 to 30 September 2013	10.81	70,000	–	–	–	–	70,000
2004	1 March 2007 to 28 February 2014	13.43	7,720,769	–	296,307	5,000	–	7,419,462
2004	10 August 2007 to 9 August 2014	11.52	212,031	–	–	–	–	212,031
2004	29 November 2009 to 28 November 2014	12.73	11,147	–	–	–	–	11,147
2005	6 January 2008 to 4 January 2015	12.12	–	37,579	–	–	–	37,579
2005	28 February 2008 to 27 February 2015	12.96	–	20,850	–	–	–	20,850
2005	1 August 2008 to 31 July 2015	14.40	–	18,000	–	–	–	18,000
2005	19 August 2008 to 18 August 2015	13.94	–	5,500	–	–	–	5,500
			41,859,320	81,929	10,804,005	42,100	8,728	31,086,416

Notes to the financial statements continued

28. Called-up share capital and share-based payments continued

SAYE Share Option Scheme[1]

Options to acquire ordinary shares of 50 US cents were outstanding under the terms of this scheme as follows:

At 31 December 2006

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2006	Options granted during the year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2006
1999	1 September 2006 to 28 February 2007	6.38	24,292	–	22,451	113	–	1,728
2000	1 July 2005 to 31 December 2005[2]	4.85	19,667	–	9,880	–	9,787	–
2000	1 July 2007 to 31 December 2007	4.85	337,199	–	5,806	1,370	–	330,023
2001	1 July 2006 to 31 December 2006	8.45	181,426	–	176,766	2,331	798	1,531
2001	1 July 2008 to 31 December 2008	8.45	52,084	–	2,977	4,070	–	45,037
2002	1 September 2005 to 28 February 2006	9.23	7,517	–	2,548	–	4,969	–
2002	1 September 2007 to 28 February 2008	9.23	120,423	–	7,118	5,667	1,754	105,884
2002	1 September 2009 to 28 February 2010	9.23	37,086	–	1,294	1,739	349	33,704
2003	1 September 2006 to 28 February 2007	7.52	444,260	–	427,353	5,627	4,340	6,940
2003	1 September 2008 to 28 February 2009	7.52	193,406	–	5,299	10,537	872	176,698
2003	1 September 2010 to 28 February 2011	7.52	54,309	–	177	3,928	377	49,827
2004	1 September 2007 to 28 February 2008	10.81	190,004	–	6,321	14,948	1,027	167,708
2004	1 September 2009 to 28 February 2010	10.81	106,383	–	3,021	10,465	302	92,595
2004	1 September 2011 to 28 February 2012	10.81	25,741	–	418	1,013	260	24,050
2005	1 September 2008 to 28 February 2009	10.15	374,272	–	5,236	43,531	1,938	323,567
2005	1 September 2010 to 28 February 2011	10.15	321,011	–	1,396	27,143	4,392	288,080
2005	1 September 2012 to 28 February 2013	10.15	62,208	–	40	1,261	352	60,555
2006	1 September 2009 to 28 February 2010	17.97	–	276,978	13	11,363	104	265,498
2006	1 September 2011 to 28 February 2012	17.97	–	150,153	–	3,203	–	146,950
2006	1 September 2013 to 28 February 2014	17.97	–	49,286	–	1,483	95	47,708
			2,551,288	476,417	678,114	149,792	31,716	2,168,083

At 31 December 2005

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2005	Options granted during the year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2005
1999	1 September 2004 to 28 February 2005	6.38	5,580	–	3,692	1,888	–	–
1999	1 September 2006 to 28 February 2007	6.38	30,740	–	5,918	228	302	24,292
2000	1 July 2005 to 31 December 2005	4.85	1,279,300	–	1,259,008	–	625	19,667
2000	1 July 2007 to 31 December 2007	4.85	359,896	–	8,875	13,017	805	337,199
2001	1 July 2004 to 31 December 2004[2]	8.45	13,763	–	2,491	11,272	–	–
2001	1 July 2006 to 31 December 2006	8.45	201,350	–	7,415	10,149	2,360	181,426
2001	1 July 2008 to 31 December 2008	8.45	55,868	–	1,088	2,305	391	52,084
2002	1 September 2005 to 28 February 2006	9.23	202,906	–	183,513	10,981	895	7,517
2002	1 September 2007 to 28 February 2008	9.23	137,962	–	1,847	13,923	1,769	120,423
2002	1 September 2009 to 28 February 2010	9.23	45,372	–	326	7,665	295	37,086
2003	1 September 2006 to 28 February 2007	7.52	503,209	–	12,222	37,632	9,095	444,260
2003	1 September 2008 to 28 February 2009	7.52	218,548	–	3,311	16,674	5,157	193,406
2003	1 September 2010 to 28 February 2011	7.52	60,914	–	200	5,945	460	54,309
2004	1 September 2007 to 28 February 2008	10.81	221,544	–	1,464	26,529	3,547	190,004
2004	1 September 2009 to 28 February 2010	10.81	123,361	–	376	14,351	2,251	106,383
2004	1 September 2011 to 28 February 2012	10.81	29,742	–	325	2,373	1,303	25,741
2005	1 September 2008 to 28 February 2009	10.15	–	387,357	110	11,407	1,568	374,272
2005	1 September 2010 to 28 February 2011	10.15	–	323,089	30	1,363	685	321,011
2005	1 September 2012 to 28 February 2013	10.15	–	63,095	–	887	–	62,208
			3,490,055	773,541	1,492,211	188,589	31,508	2,551,288

Former AAC Executive Share Incentive Scheme[1]

At 31 December 2006

Year of grant	Date exercisable	Weighted average option price per share £	Options outstanding 1 Jan 2006	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2006
1990-1997	1 January 1999 to 15 December 2007	3.69	163,300	107,100	4,400	2,000	49,800
1998	1 January 2000 to 4 December 2008	3.96	5,357,700	2,721,620	–	–	2,636,080
1999	4 January 2001 to 4 January 2009	3.31	120,100	24,600	–	–	95,500
			5,641,100	2,853,320	4,400	2,000	2,781,380

At 31 December 2005

Year of grant	Date exercisable	Weighted average option price per share £	Options outstanding 1 Jan 2005	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2005
1990-1997	1 January 1999 to 15 December 2007	4.72	419,200	255,900	–	–	163,300
1998	1 January 2000 to 4 December 2008	4.57	8,397,100	3,039,400	–	–	5,357,700
1999	4 January 2001 to 4 January 2009	3.82	239,500	119,400	–	–	120,100
			9,055,800	3,414,700	–	–	5,641,100

The above share option prices have been calculated using a weighted average option price based on the shares outstanding at 31 December 2006 and converted to sterling using an exchange rate of £1.00 = ZAR 12.51 (2005: £1.00 = ZAR 11.57).

See following page for footnotes.

28. Called-up share capital and share-based payments continued

Long Term Incentive Plan[1][3]

Ordinary shares of 50 US cents may be awarded for no consideration under the terms of this scheme. The number of shares outstanding is as shown below:

At 31 December 2006

Year of grant	Date exercisable	Shares outstanding 1 Jan 2006	Shares conditionally awarded during the year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2006
2002	25 May 2005 to 24 May 2006	64,829	–	64,829	–	–	–
2003	11 April 2006 to 10 April 2007	1,866,963	–	765,702	982,360	–	118,901
2004	25 March 2007 to 24 March 2008	1,608,079	–	–	35,600	–	1,572,479
2004	26 April 2007 to 25 April 2008	170,323	–	–	–	–	170,323
2004	1 September 2007 to 31 August 2008	10,000	–	–	–	–	10,000
2005	2 April 2008 to 1 April 2009	2,098,393	–	–	40,200	–	2,058,193
2005	1 June 2008 to 30 June 2009	61,993	–	–	–	–	61,993
2006	29 March 2009 to 28 March 2010	–	1,499,652	–	7,400	–	1,492,252
		5,880,580	1,499,652	830,531	1,065,560	–	5,484,141

At 31 December 2005

Year of grant	Date exercisable	Shares outstanding 1 Jan 2005	Shares conditionally awarded during the year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2005
2001	15 April 2004 to 14 April 2005	82,692	–	82,692	–	–	–
2002	25 May 2005 to 24 May 2006	1,341,783	–	916,769	360,185	–	64,829
2003	11 April 2006 to 10 April 2007	1,879,163	–	–	12,200	–	1,866,963
2004	25 March 2007 to 24 March 2008	1,617,079	–	–	9,000	–	1,608,079
2004	26 April 2007 to 25 April 2008	171,468	–	–	1,145	–	170,323
2004	1 September 2007 to 31 August 2008	10,000	–	–	–	–	10,000
2005	2 April 2008 to 1 April 2009	–	2,177,993	–	79,600	–	2,098,393
2005	1 June 2008 to 30 June 2009	–	61,993	–	–	–	61,993
		5,102,185	2,239,986	999,461	462,130	–	5,880,580

Bonus Share Plan[4]

Ordinary shares of 50 US cents may be awarded under the terms of this scheme. The number of shares outstanding is as shown below:

At 31 December 2006

Year of grant	Performance period end date	Shares outstanding 1 Jan 2006	Shares conditionally awarded during the year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2006
2004	31 December 2006	497,738	–	38,001	–	–	459,737
2005	31 December 2007	2,418,612	–	73,749	51,157	–	2,293,706
2006	31 December 2008	–	1,861,834	12,209	34,163	–	1,815,462
		2,916,350	1,861,834	123,959	85,320	–	4,568,905

At 31 December 2005

Year of grant	Performance period end date	Shares outstanding 1 Jan 2005	Shares conditionally awarded during the year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2005
2004	31 December 2006	511,860	–	11,129	2,993	–	497,738
2005	31 December 2007	–	2,534,492	89,770	26,110	–	2,418,612
		511,860	2,534,492	100,899	29,103	–	2,916,350

Other share incentive schemes

During the year the Company operated a number of other share schemes under which ordinary shares of 50 US cents may be awarded for no consideration.

	Awards outstanding at 31 December 2006	Awards outstanding at 31 December 2005	Latest release date
Deferred bonus matching	–	124,331	–
Share incentive plan	1,112,139	1,040,505	7 December 2007
	1,112,139	1,164,836	

(1) The early exercise of share options is permitted at the discretion of the Company upon the termination of employment, ill health or death.

(2) The maturity period has been extended due to missed payments in terms of the scheme rules.

(3) The long term incentive awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the remuneration report.

(4) The Bonus Share Plan ('BSP') was approved by shareholders in 2004 as a replacement for the ESOS and the Deferred Bonus Plan. Further information in respect of the BSP, including performance conditions, is shown in the remuneration report.

Notes to the financial statements continued

29. Reconciliation of changes in equity

US$ million	Total share capital[1]	Retained earnings[2]	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves	Minority interests	Total equity
	Attributable to equity shareholders of the Company						
Balance at 1 January 2005	2,380	17,440	55	2,247	998	4,466	27,586
Total recognised income and expense	–	3,364	–	(1,908)	(162)	82	1,376
Dividends paid	–	(1,137)	–	–	–	–	(1,137)
Shares issued	4	–	–	–	–	–	4
Share-based payments	–	–	100	–	–	6	106
Disposal of businesses	–	–	–	–	–	(3)	(3)
Issue of shares to minority interests	–	–	–	–	–	16	16
Dividends paid to minority interests	–	–	–	–	–	(421)	(421)
Exercise of employee share options	–	240	–	–	–	–	240
Purchase of minority interests	–	–	–	–	–	(189)	(189)
Balance at 1 January 2006	2,384	19,907	155	339	836	3,957	27,578
Total recognised income and expense	–	6,256	–	(377)	136	603	6,618
Dividends paid	–	(2,839)	–	–	–	–	(2,839)
Dividends paid to minority interests	–	–	–	–	–	(383)	(383)
Shares issued and reclassification on conversion of bond[3]	1,100	–	–	–	(32)	–	1,068
Convertible debt reserve transfer to retained earnings	–	109	–	–	(109)	–	–
Acquisition and disposal of businesses[4]	–	–	–	–	–	(1,454)	(1,454)
Issue of shares to minority interests	–	–	–	–	–	37	37
Share buybacks	–	(3,951)	–	–	–	–	(3,951)
Purchase of shares for share schemes	–	(19)	–	–	–	–	(19)
Current tax on exercised employee share awards	–	34	–	–	–	–	34
Share-based payments	–	–	94	–	–	14	108
Issue of treasury shares under employee share schemes	–	286	(31)	–	–	–	255
IFRS 2 charge arising on BEE transaction	–	28	–	–	–	6	34
Transfer to legal reserve	–	(3)	–	–	3	–	–
Revaluation reserve arising from acquisition of minority interests	–	–	–	–	(4)	–	(4)
Deficit on conversion of Platinum's preference shares	–	(62)	–	–	–	62	–
Tax charge directly to equity relating to transactions with shareholders	–	(8)	–	–	–	(3)	(11)
Tax credit on transactions with equity holders	–	–	29	–	10	–	39
Other	–	–	–	–	–	17	17
Balance at 31 December 2006	**3,484**	**19,738**	**247**	**(38)**	**840**	**2,856**	**27,127**

[1] Total share capital comprises called-up share capital of $771 million (2005: $747 million) and the share premium account of $2,713 million (2005: $1,637 million).

[2] Retained earnings is stated after deducting $4,218 million (2005: $456 million) of treasury shares. Treasury shares comprise shares of Anglo American plc held in the employee benefit trust, own shares held by Anglo American plc and other Group companies and treasury shares held by Epoch Investment Holdings Limited (Epoch) and Tarl Investments Holdings Limited (Tarl) as referred to in Note 28. As at 31 December 2006, the following treasury shares were held: shares held by the employee benefit trust $247 million (2005: $456 million), own shares held by Anglo American plc $2,010 million (2005: nil), own shares held by other Group companies $20 million (2005: nil) and treasury shares held by Epoch and Tarl $1,941 million (2005: nil).

[3] During the year ended 31 December 2006, the whole of the Anglo American plc convertible bond was converted to equity by bondholders. This has resulted in a reduction in the discounted balance sheet liability of $1,068 million and a corresponding increase in issued share capital and share premium. A further reserve transfer of $32 million has been made from the convertible bond reserve to share premium to reflect the total fair value of shares issued to bondholders. During the year ended 31 December 2006, the number of shares converted was 47,789,096, at a conversion price of $23.12 to May 2006 and $22.76 subsequently.

[4] Includes $1,101 million which was transferred to 'Investments in associates'.

Fair value and other reserves comprise:

US$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves[1]	Total fair value and other reserves
Balance at 1 January 2005	128	48	50	772	998
Total recognised income and expense	3	6	(171)	–	(162)
Balance at 1 January 2006	131	54	(121)	772	836
Total recognised income and expense	–	437	(301)	–	136
Reclassification on conversion of bond	(32)	–	–	–	(32)
Convertible debt reserve transfer to retained earnings	(109)	–	–	–	(109)
Transfer to legal reserve	–	–	–	3	3
Revaluation reserve arising from acquisition of minority interests	–	–	–	(4)	(4)
Tax credit on transactions with equity holders	10	–	–	–	10
Balance at 31 December 2006	–	491	(422)	771	840

[1] Other reserves comprise $693 million (2005: $690 million) legal reserve and $82 million (2005: $82 million) capital redemption reserve, partially offset by negative revaluation reserve of $4 million (2005: nil).

30. Consolidated cash flow analysis

a) Reconciliation of profit before tax to cash inflows from operations

US$ million	2006	2005
Profit before tax	9,562	5,208
Depreciation and amortisation	2,036	2,441
Share-based payment charge	189	92
Special items and remeasurements of subsidiaries and joint ventures	(300)	365
Net finance costs before remeasurements	165	428
Fair value gains before special items and remeasurements	(152)	(278)
Share of net income from associates	(685)	(657)
Additional pension contributions	(232)	–
Provisions	11	113
Increase in inventories	(377)	(453)
Increase in operating receivables	(625)	(600)
Increase in operating payables	470	539
Other adjustments	(5)	67
Cash inflows from operations	10,057	7,265

b) Reconciliation to the balance sheet

US$ million	Cash and cash equivalents 2006	Cash and cash equivalents 2005	Short term borrowings[1] 2006	Short term borrowings[1] 2005	Medium and long term borrowings 2006	Medium and long term borrowings 2005
Balance sheet						
Continuing operations	3,004	3,430	(2,028)	(2,076)	(4,220)	(6,363)
Disposal groups[2]	63	–	(135)	–	(8)	–
Bank overdrafts						
Continuing operations	(87)	(111)	87	111	–	–
Disposal groups[2]	–	–	–	–	–	–
Net debt classifications	2,980	3,319	(2,076)	(1,965)	(4,228)	(6,363)

[1] Short term borrowings on the balance sheet include overdrafts which are included within cash and cash equivalents for net debt.

[2] Disposal group balances are shown as 'assets classified as held for sale' and 'liabilities directly associated with assets classified as held for sale' on the balance sheet.

c) Movement in net debt

US$ million	Cash and cash equivalents[1]	Debt due within one year: Carrying value	Debt due within one year: Hedge[2]	Debt due after one year: Carrying value	Debt due after one year: Hedge[2]	Current financial asset investments	Total net debt[3]
Balance at 1 January 2005	2,781	(3,272)	55	(7,961)	302	2	(8,093)
Cash flow	602	1,356	25	632	–	(13)	2,602
Acquisition and disposal of businesses	–	2	–	5	–	–	7
Unwinding of discount on convertible debt	–	–	–	(53)	–	–	(53)
Reclassifications	–	(300)	–	299	–	1	–
Movement in fair value	–	–	(67)	12	(302)	–	(357)
Other non-cash movements	–	–	–	–	–	29	29
Currency movements	(64)	249	–	703	–	(3)	885
Balance at 1 January 2006	3,319	(1,965)	13	(6,363)	–	16	(4,980)
Cash flow	(170)	(193)	–	(374)	–	(5)	(742)
Acquisition and disposal of businesses[4]	–	224	–	1,480	–	(1)	1,703
Conversion to equity	–	311	–	757	–	–	1,068
Unwinding of discount on convertible debt	–	–	–	(13)	–	–	(13)
Reclassifications	–	(509)	–	438	–	–	(71)
Movement in fair value	–	–	(7)	5	187	–	185
Other non-cash movements	–	6	–	(13)	–	(14)	(21)
Currency movements	(169)	50	–	(145)	–	4	(260)
Balance at 31 December 2006	2,980	(2,076)	6	(4,228)	187	–	(3,131)

[1] The Group operates in certain countries (principally South Africa and Venezuela) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have any material effect on the Group's ability to meet its ongoing obligations.

[2] Derivative instruments that have been designated as hedges of assets and liabilities are included above to reflect the true net debt position of the Group at the year end. These instruments are classified within other financial assets and liabilities on the balance sheet.

[3] Net debt excluding the impact of hedges is $3,324 million (2005: $4,993 million) and consists of cash and cash equivalents of $2,980 million (2005: $3,319 million), short term borrowings of $2,076 million (2005: $1,965 million), medium and long term borrowings of $4,228 million (2005: $6,363 million), and current financial asset investments of nil (2005: $16 million).

[4] Includes net debt of $1,917 million which was transferred to 'Investments in associates'.

Notes to the financial statements continued

30. Consolidated cash flow analysis continued

d) EBITDA by business segment

US$ million	2006	2005
By business segment		
Platinum	2,845	1,282
Gold	843	871
Diamonds	541	655
Coal	1,082	1,243
Base Metals	4,214	1,990
Industrial Minerals	580	618
Ferrous Metals and Industries	1,560	1,779
Paper and Packaging	923	916
Exploration	(132)	(150)
Corporate Activities	(259)	(245)
EBITDA	12,197	8,959

EBITDA is stated before special items and remeasurements and is reconciled to 'Total profit from operations and associates' as follows:

US$ million	2006	2005
Total profit from operations and associates	9,727	5,601
Operating special items and remeasurements (including associates)	991	640
Net profit on disposals (including associates)	(1,367)	(185)
Associates' financing remeasurements	(26)	(7)
Depreciation and amortisation: subsidiaries and joint ventures	2,036	2,441
Share of associates' interest, tax, depreciation, amortisation and minority interests	836	469
EBITDA	12,197	8,959

31. Business combinations

The Group made one material acquisition in the year ended 31 December 2006. The Group acquired a 100% interest in AltaSteel, including the remaining 50% of Moly-Cop Canada, on 1 February 2006, for a total cash consideration of $84 million (including transaction costs).

	AltaSteel[1]		Other		Total fair value
US$ million	Carrying value	Fair value	Carrying value	Fair value	2006
Net assets acquired					
Intangible assets	–	3	5	1	4
Tangible assets	74	75	116	182	257
Deferred tax assets	–	–	1	3	3
Other financial assets (derivatives)	40	40	–	–	40
Other non-current assets	1	1	–	–	1
Inventories	30	30	41	41	71
Trade and other receivables	27	27	55	55	82
Cash and cash equivalents	8	8	11	11	19
Short term borrowings	–	–	(36)	(36)	(36)
Overdrafts	–	–	(20)	(20)	(20)
Trade and other payables	(21)	(21)	(35)	(37)	(58)
Medium and long term borrowings	–	–	(10)	(10)	(10)
Retirement benefit obligations	(46)	(46)	(4)	(6)	(52)
Deferred tax liabilities	(11)	(4)	(1)	(8)	(12)
Provisions for liabilities and charges	–	(21)	(2)	(2)	(23)
Other non-current liabilities	–	–	(1)	(1)	(1)
Equity minority interests	–	–	15	3	3
Revaluation on acquisition of minority interests	–	–	–	4	4
Net assets acquired	102	92	135	180	272
Goodwill arising on acquisition		–		41	41
Negative goodwill arising on acquisition		(8)		(2)	(10)
Total cost of acquisition		84		219	303
Satisfied by					
Net cash acquired		8		(9)	(1)
Deferred consideration		–		18	18
Net cash paid		76		210	286

[1] The revenue and operating profit for the year ended 31 December 2006 of AltaSteel, including the remaining 50% of Moly-Cop Canada, if the acquisition date had been at the beginning of the year, would have been $93 million and $34 million respectively. The operating profit for the period since acquisition was $32 million.

There was one material acquisition made during the year to 31 December 2005. The Group acquired the remaining 48.75% minority interest in Ticor Ltd for a total cash consideration of $177 million. Net assets acquired in the transaction totalled $191 million.

32. Disposal of subsidiaries and businesses

US$ million	2006	2005
Net assets disposed		
Tangible assets	7,925	178
Other non-current assets	1,027	87
Current assets	3,115	408
Current liabilities	(2,878)	(231)
Non-current liabilities	(4,683)	(87)
Net assets	4,506	355
Minority interests	(1,679)	(3)
Group's share of net assets immediately prior to disposal	2,827	352
Less: Retained investment in an associate	(1,451)	–
Less: Retained financial asset investment	(370)	–
Less: Movement in share of assets arising on deemed disposal	(170)	–
Add: Purchase price adjustment	10	–
Add: Liabilities retained	–	95
Net assets disposed	846	447
Cumulative translation differences recycled from reserves	(9)	–
Increase in minority share	220	–
Fair value losses arising on transaction	52	–
Other	13	–
Net gain on disposal	1,072	30
Net sale proceeds	2,194	477
Net cash and cash equivalents disposed	(283)	(58)
Non-cash proceeds	(393)	–
Other	2	–
Net cash inflow on disposals	1,520	419

Disposals recorded during the year principally include the partial disposal of AngloGold Ashanti, disposal of the non-iron ore operations of Kumba Resources, disposal of a 49.8% interest in Highveld Steel and Vanadium and the disposal of a 15% interest in Anglo Platinum's Rustenburg Platinum Mines' Union section mining and concentrating business and interests in prospecting rights. Details of these disposals are included below. The prior year disposals principally relate to Boart Longyear.

a) AngloGold Ashanti

On 20 April 2006 the Group completed the sale of 19.7 million ordinary shares held in AngloGold Ashanti Limited for cash of $978 million. This, together with the Group's non-participation in the issue of additional ordinary shares, throughout the year, by AngloGold Ashanti, diluted the Group's percentage investment from 50.9% to 41.7%. With effect from that date, the Group ceased to account for AngloGold Ashanti as a subsidiary and began accounting for it as an associate under the equity method.

32. Disposal of subsidiaries and businesses continued

a) AngloGold Ashanti continued

The net asset position at the date of disposal, together with the reclassification to an associate and resulting gain on disposal of shares and related net cash inflow are shown below:

US$ million	2006
Tangible assets	6,613
Other non-current assets	856
Current assets	2,162
Current liabilities	(2,596)
Non-current liabilities	(4,233)
Net assets	2,802
Minority interest	(1,101)
Group's share of AngloGold Ashanti net assets immediately prior to disposal	1,701
Less: Retained investment in an associated undertaking immediately after disposal	(1,451)
Net assets disposed	250
Cumulative translation differences recycled from reserves	(9)
Net gain on disposal	737
Net sale proceeds	978
Net cash and cash equivalents disposed	(147)
Other	8
Net cash inflow from partial disposal of AngloGold Ashanti	839

The non-participation in the issue of additional shares by AngloGold Ashanti further diluted the percentage investment and thereby resulted in a deemed disposal. The gain on deemed disposal is:

US$ million	2006
Movement in share of net assets as a result of share issue	187
Deemed disposal of goodwill and mining properties	(17)
Cumulative translation differences recycled from reserves	2
Deemed gain on disposal	172

b) Kumba (non-iron ore)

On 28 November 2006 the Kumba Resources BEE transaction was effected. Kumba Iron Ore was accordingly unbundled from Kumba Resources (leaving the non-iron ore operations) which was renamed Exxaro. The Group retained a 64% interest in Kumba Iron Ore. The Group disposed of part of its investment in Exxaro through a share buyback and sale of shares. The Group retains an interest of 23% in Exxaro over which it does not exercise significant influence and accordingly this has been held as an available for sale financial asset since 28 November 2006.

The net asset position of Exxaro at 28 November 2006, together with the resulting loss on disposal of shares and related net cash inflow are shown below:

US$ million	2006
Tangible assets	1,186
Other non-current assets	145
Current assets	887
Current liabilities	(248)
Non-current liabilities	(438)
Net assets	1,532
Minority interest	(564)
Group's share of Exxaro net assets immediately prior to disposal	968
Less: Retained financial asset investment	(370)
Net assets disposed	598
Cumulative translation differences recycled from reserves	(4)
Increase in minority share	50
Fair value loss arising on transaction	36
Other	9
Net loss on disposal	(52)
Net sale proceeds	637
Net cash and cash equivalents disposed	(123)
Non-cash proceeds	(393)
Net cash inflow from partial disposal of Exxaro	121

c) Highveld Steel and Vanadium Corporation (Highveld)

On 14 July 2006, the Group announced the sale of Anglo American's 79% stake in Highveld to Evraz Group SA and Credit Suisse for a total consideration of $678 million. The disposal of the initial 49.8%, for which Anglo American received $412 million, followed certain regulatory approvals. Evraz has an option to acquire Anglo American's remaining 29.2% stake in Highveld for $266 million. This amount will be reduced by any dividends paid by Highveld prior to Anglo American selling its remaining shares. Anglo American and Credit Suisse have agreed that Anglo American will retain the voting rights in respect of the shares acquired by Credit Suisse until such time as Anglo American disposes of all its shares in Highveld. As a result, the Group continues to consolidate Highveld (while recording an increased minority interest).

The net asset position at the date of the initial disposal, 14 July 2006, together with the resulting gain on disposal of shares and related net cash inflow are shown below:

US$ million	2006
Increase in minority share	100
Cumulative translation differences recycled from reserves	5
Other	6
Net gain on disposal	301
Net cash inflow from partial disposal of Highveld	412

d) Anglo Platinum's Rustenburg Platinum Mines

On 8 November 2006, Anglo Platinum announced the conclusion of the BEE transaction with the Bakgatla-Ba-Kgafela (Bakgatla) traditional community. In terms of this transaction the Bakgatla acquired a 15% interest in Anglo Platinum's Rustenburg Platinum Mines' Union section mining and concentrating business and interests in prospecting rights of the Rooderand 46 JQ, portion 2 and Magazynskraal 3 JQ properties. The agreements became unconditional on 1 December 2006.

The net assets disposed together with the resulting loss and related cash inflow are shown below:

US$ million	2006
Net assets disposed	47
Increase in minority share	70
Fair value charge arising on transaction	16
Net loss on disposal	(84)
Purchase price adjustment	10
Net cash inflow from partial disposal of Union mine	59

Notes to the financial statements continued

33. Disposal groups and non-current assets held for sale

Net assets relating to Kumba (non-iron ore) which were previously classified as held for sale at 30 June 2006, were disposed of on 28 November 2006 as disclosed in note 32.

The following assets and liabilities relating to disposal groups are classified as held for sale at 31 December 2006. The Group expects to complete the sale of these businesses within 12 months of year end.

US$ million	Highveld[(1)]	Namakwa Sands[(2)]	Other	Total
Intangible assets	–	2	4	6
Tangible assets	322	278	42	642
Biological assets	–	–	16	16
Environmental rehabilitation trusts	–	2	–	2
Investments in associates	–	–	47	47
Financial asset investments	15	–	5	20
Other non-current assets	–	1	–	1
Total non-current assets	337	283	114	734
Inventories	116	38	12	166
Trade and other receivables	160	41	24	225
Cash and cash equivalents	60	–	3	63
Total current assets	336	79	39	454
Total assets	673	362	153	1,188
Short term borrowings	(134)	–	(1)	(135)
Trade and other payables	(166)	(21)	(46)	(233)
Other current financial liabilities	(4)	–	–	(4)
Total current liabilities	(304)	(21)	(47)	(372)
Medium and long term borrowings	(3)	–	(5)	(8)
Provisions	(23)	(5)	(2)	(30)
Deferred tax liabilities	(43)	(72)	(4)	(119)
Retirement benefit obligations	(15)	(3)	–	(18)
Total non-current liabilities	(84)	(80)	(11)	(175)
Total liabilities	(388)	(101)	(58)	(547)
Net assets	285	261	95	641

(1) The Highveld disposal group is included in the Ferrous Metals and Industries business. Details of the impending sale are included in note 32c.

(2) The Namakwa Sands disposal group is included in the Base Metals business. Details of the impending sale are included in note 39.

The net carrying amount of assets and associated liabilities reclassified as held for sale during the year was written down by $28 million (after tax) (2005: $36 million) in the current period to their fair value less costs to sell.

34. Capital commitments

US$ million	2006	2005
Contracted but not provided	1,886	1,247

35. Contingent liabilities and contingent assets

The Group is subject to various claims which arise in the ordinary course of business. Having taken appropriate legal advice, the Group believe that the likelihood of a material liability arising is remote. Contingent liabilities comprise aggregate amounts of $214 million (2005: $163 million) in respect of loans and performance guarantees given to banks and other third parties and are primarily in respect of environmental restoration and decommissioning obligations.

At 31 December 2006, contingent liabilities of nil (2005: $2 million) were secured on the assets of the Group.

There were no significant contingent assets in the Group at either 31 December 2006 or 31 December 2005.

36. Operating leases

At 31 December 2006, the Group had the following outstanding commitments under non-cancellable operating leases:

US$ million	2006	2005
Expiry date		
Within one year	93	88
One to two years	71	85
Two to five years	202	112
After five years	500	321
	866	606

37. Related party transactions

The Group has a related party relationship with its subsidiaries, associates and joint ventures (see note 38).

At 31 December 2006, Anglo American holds $175 million (2005: $350 million) of 10% non-cumulative redeemable preference shares in DBI.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties.

Dividends received from associates during the year totalled $276 million (2005: $461 million), as disclosed in the consolidated cash flow statement.

During the year Anglo Coal made payments of $13 million in respect of wharfage charges to the Richards Bay Coal Terminal, an associate of Anglo Coal. Additionally, Anglo Coal made a long term loan to the Richards Bay Coal Terminal of $4 million to fund operational and capital expenditure.

The directors of the Company and their immediate relatives control 3% (2005: 3%) of the voting shares of the Company.

Remuneration and benefits received by directors is disclosed in the directors' remuneration report. Remuneration and benefits of other key management personnel is given in note 6.

Information relating to pension fund arrangements is disclosed in note 27.

38. Group companies

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group at 31 December 2006, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. The Group has restricted the information to its principal subsidiaries as full compliance with section 231(b) of the Companies Act would result in a statement of excessive length.

Subsidiary undertakings	Country of incorporation	Business	Percentage of equity owned[1] 2006	2005
Platinum				
Anglo Platinum Limited	South Africa	Platinum	75.4%	74.5%
Coal				
Anglo Coal[2]	South Africa	Coal	100%	100%
Anglo Coal Holdings Australia Limited	Australia	Coal	100%	100%
Base Metals				
Black Mountain Mineral Development[2]	South Africa	Copper, zinc and lead	100%	100%
Namakwa Sands[2]	South Africa	Mineral sands	100%	100%
Gamsberg Zinc Corporation[2]	South Africa	Zinc project	100%	100%
Anglo American Brasil Limitada (Barro Alto)	Brazil	Nickel project	100%	100%
Ambase Exploration (Namibia) Proprietary Limited (Skorpion)	Namibia	Zinc	100%	100%
Anglo American Brasil Limitada (Catalão)	Brazil	Niobium	100%	100%
Minera Sur Andes Limitada	Chile	Copper	100%	100%
Empresa Minera de Mantos Blancos SA	Chile	Copper	99.9%	99.9%
Anglo American Brasil Limitada (Codemin)	Brazil	Nickel	100%	100%
Minera Loma de Níquel, CA	Venezuela	Nickel	91.4%	91.4%
Minera Quellaveco SA	Peru	Copper project	80.5%	80%
Lisheen	Ireland	Zinc and lead	100%	100%
Industrial Minerals				
Tarmac Group Limited	UK	Construction materials	100%	100%
Tarmac France SA	France	Construction materials	100%	100%
Lausitzer Grauwacke GmbH	Germany	Construction materials	100%	100%
Tarmac Iberia SA	Spain	Construction materials	100%	100%
WKSM SA	Poland	Construction materials	100%	100%
Tarmac CZ a.s.	Czech Republic	Construction materials	100%	100%
Copebrás Limitada	Brazil	Fertilisers and sodium tripolyphosphate	73%	73%
Midland Quarry Products Limited	UK	Construction materials	50%	50%
Tarmac SRL	Romania	Construction materials	60%	–
Koca Beton Agrega Mining and Construction Industry and Trading Company Limited	Turkey	Construction materials	100%	–
Ferrous Metals and Industries				
Scaw Metals[2]/Moly-Cop/AltaSteel	South Africa/Chile/Canada	Steel, engineering works and forged grinding media	100%	100%
Highveld Steel and Vanadium Corporation Limited[3]	South Africa	Steel, vanadium and ferroalloys	29.2%	79.0%
Kumba Iron Ore Limited[4]	South Africa	Iron ore	64.1%	–
The Tongaat-Hulett Group Limited	South Africa	Sugar, starch and aluminium	50.3%	51.6%
Paper and Packaging				
Mondi Business Papers SARL	Luxembourg	Business paper	100%	100%
Mondi South Africa Limited	South Africa	Business paper	100%	100%
Mondi Packaging SARL	Luxembourg	Packaging	100%	100%
Mondi Packaging Paper Swiecie SA	Poland	Packaging	71%	71%
Mondi Packaging South Africa[5]	South Africa	Packaging	55%	55%
Europapier AG Austria[6]	Austria	Paper merchanting	90%	90%

[1] The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned, unless stated below.

[2] A division of Anglo Operations Limited, a wholly owned subsidiary.

[3] Highveld Steel and Vanadium continues to be consolidated in the Group due to an additional 24.9% of the voting rights that Anglo American plc controls through shares held by Credit Suisse.

[4] During 2006 Kumba Iron Ore Limited was unbundled from Kumba Resources Limited (subsequently renamed Exxaro), which is now held as a financial asset investment.

[5] Shareholding is shown on the basis that the commitments for employee share ownership in Mondi Packaging South Africa are finalised.

[6] Consolidated at 100% as the Group has a contractual agreement with the shareholder for the remaining 10%.

Notes to the financial statements continued

38. Group companies continued

	Country of incorporation	Business	Percentage of equity owned[7] 2006	2005
Joint ventures				
Aylesford Newsprint Holdings Limited	UK	Newsprint	50%	50%
Compania Minera Dona Ines de Collahuasi SCM	Chile	Copper	44%	44%
Mondi Shanduka Newsprint (Pty) Ltd[8]	South Africa	Newsprint	50%	50%
United Marine Holdings Ltd	UK	Construction materials	50%	50%
Al Futtain Tarmac Quarry Products Limited	Dubai	Construction materials	49%	49%
Associates				
DB Investments SA	Luxembourg	Diamonds	45%	45%
AngloGold Ashanti Limited	South Africa	Gold	41.7%	50.9%
Queensland Coal Mine Management (Pty) Ltd	Australia	Coal	33.3%	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	33.3%	33.3%
Carbones del Cerrejón LLC	Anguilla	Coal	33.3%	33.3%
Carbones del Guasare SA	Venezuela	Coal	24.9%	24.9%
Samancor Holdings (Pty) Ltd[9]	South Africa	Manganese	40%	40%
Groote Eylandt Mining Company (Pty) Ltd (Gemco)	Australia	Manganese	40%	40%
Tasmanian Electro Metallurgical Company (Pty) Ltd (Temco)	Australia	Manganese	40%	40%
Bischof + Klein GmbH	Germany	Packaging	40%	40%

[7] All equity interests shown are ordinary shares.

[8] Shareholding is shown on the basis that the commitments for employee share ownership in Mondi Shanduka Newsprint are finalised.

[9] This entity has a 30 June year end.

	Location	Business	Percentage owned 2006	2005
Proportionately consolidated jointly controlled operations[10][11]				
Drayton	Australia	Coal	88%	88%
Moranbah North	Australia	Coal	88%	88%
German Creek	Australia	Coal	70%	70%
Dawson	Australia	Coal	51%	51%

[10] The wholly owned subsidiary Anglo Coal Holdings Australia Limited holds the proportionately consolidated jointly controlled operations.

[11] Dartbrook ceased to be a significant joint venture in the year.

39. Events occurring after end of year

On 18 January 2007, Exxaro (formerly the non-iron ore operations of Kumba Resources) exercised its option (included in the original Kumba restructuring agreement effected on 28 November 2006, refer to note 32) to acquire 100% of Namakwa Sands as well as a 26% interest in each of Black Mountain and Gamsberg. Sale proceeds include a base price of $314 million (ZAR 2,195 million) as well as adjustments for working capital, exploration expenditure, capital expenditure and tax recoupments. The sale is contingent on conversion of old order mining rights.

On 8 February 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, an empowered coal company housing key future domestic and export focused coal operations. Anglo Coal has signed a Heads of Agreement (HoA) with Inyosi, a newly formed broad based BEE company through which Inyosi will acquire 27% of Anglo Inyosi Coal. This will create a company valued at ZAR 7 billion incorporating several key Anglo Coal assets, namely the existing Kriel colliery and the greenfield projects of Elders, Zondagsfontein, New Largo and Heidelberg. Anglo Coal South Africa will retain the following collieries: Greenside, Goedehoop, Isibonelo, Kleinkopje, Landau, New Denmark, New Vaal and Mafube, a 50:50 joint venture with Eyesizwe. Anglo American will own 73% of Anglo Inyosi Coal.

With the exception of the above and the proposed final dividend for 2006, disclosed in note 10, there have been no material reportable events since 31 December 2006.

40. Financial statements of the parent company

a) Balance sheet of the Company, Anglo American plc

US$ million	Note	2006	2005
Fixed assets			
Fixed asset investments	40c	12,875	12,875
Current assets			
Amounts due from subsidiaries		630	337
Prepayments and other debtors		124	158
Cash at bank and in hand		2	33
		756	528
Creditors due within one year			
Cash held on behalf of subsidiaries		(70)	(37)
Amounts owed to subsidiaries		(3,946)	(3,534)
Other creditors		(4)	(9)
		(4,020)	(3,580)
Net current liabilities		(3,264)	(3,052)
Total assets less current liabilities		9,611	9,823
Long term liabilities			
Convertible bond		–	(1,058)
Deferred tax liabilities		–	(11)
Net assets		9,611	8,754
Capital and reserves			
Called-up share capital	40b	771	747
Share premium account	40b	2,713	1,637
Capital redemption reserve	40b	82	82
Other reserves	40b	1,955	1,955
Share-based payment reserve	40b	15	9
Convertible debt reserve	40b	–	131
Profit and loss account	40b	4,075	4,193
Total shareholders' funds (equity)		9,611	8,754

The financial statements were approved by the Board of directors on 20 February 2007.

Tony Trahar
Chief executive

René Médori
Finance director

Notes to the financial statements continued

40. Financial statements of the parent company continued

b) Reconciliation of movements in equity shareholders' funds

US$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves	Share-based payment reserve	Convertible debt reserve	Profit and loss account[1]	Total
Balance at 1 January 2005	747	1,633	82	1,955	4	128	906	5,455
Profit for the financial year	–	–	–	–	–	–	3,720	3,720
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	240	240
Share-based payments	–	–	–	–	5	–	–	5
Shares issued	–	4	–	–	–	–	–	4
Transfers	–	–	–	–	–	3	(3)	–
Dividends paid[2]	–	–	–	–	–	–	(670)	(670)
Balance at 1 January 2006	747	1,637	82	1,955	9	131	4,193	8,754
Pro it for the financial year	–	–	–	–	–	–	3,511	3,511
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	265	265
Share-based payments	–	–	–	–	6	–	–	6
Shares issued and reclassification on conversion of bond	24	1,076	–	–	–	(32)	–	1,068
Convertible debt reserve transfer to retained earnings	–	–	–	–	–	(109)	109	–
Deferred tax recognised in reserves	–	–	–	–	–	10	(2)	8
Share buybacks	–	–	–	–	–	–	(2,010)	(2,010)
Dividends paid[2]	–	–	–	–	–	–	(1,991)	(1,991)
Balance at 31 December 2006	**771**	**2,713**	**82**	**1,955**	**15**	**–**	**4,075**	**9,611**

[1] At 31 December 2006, $358 million (2005: $316 million) of the Company profit and loss account of $4,075 million (2005: $4,193 million) was not distributable under the Companies Act 1985.

[2] Dividends paid relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's articles of association.

The audit fee in respect of the parent company was $28,000 (2005: $27,000).

c) Fixed asset investments

US$ million	2006 Investments in subsidiaries' equity	2005 Investments in subsidiaries' equity
Cost		
At 1 January	12,883	12,459
Acquisitions	–	1,408
Disposals	–	(885)
Transfer of long term loans to amounts due from subsidiaries	–	(99)
At 31 December	12,883	12,883
Provisions for impairment		
At 1 January	(8)	(8)
Charge for the year	–	–
At 31 December	(8)	(8)
Net book value		
At 31 December	12,875	12,875

d) Accounting policies: Anglo American plc, the Company

The Anglo American plc (the Company) balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

A summary of the principal accounting policies is set out below.

The preparation of financial statements in accordance with UK GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, following implementation of these standards, actual results may differ from those estimated.

As permitted by section 230 of the Companies Act, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to $3,511 million (2005: $3,720 million).

Significant accounting policies

Retirement benefits

The Company operates both defined benefit and defined contribution schemes for its employees as well as post retirement medical plans. As the Company has elected to take advantage of the exemption included in FRS 17 *Retirement Benefits* in respect of multi-employer defined benefit pension schemes, these schemes are accounted for as though they were defined contribution schemes. For defined contribution schemes the amount charged to the income statement is the contributions paid or payable during the year.

Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant. For those share schemes which do not include non-market vesting conditions, the fair value is determined using the Monte Carlo method at the grant date and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements is set out in note 28 to the consolidated financial statements of the Group for the year ended 31 December 2006.

Investments

Investments represent equity holdings in subsidiaries, joint ventures and associates and are held at cost.

Convertible debt

Convertible bonds denominated in the functional currency of the entity issuing the shares are regarded as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recorded within borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible bond.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Ore Reserves and Mineral Resources estimates

Introduction

The Ore Reserve and Mineral Resource estimates presented in this report are prepared in accordance with the Anglo American plc Policy for the Reporting of Ore Reserves and Mineral Resources*. This policy requires that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 edition (the JORC Code) be used as a minimum standard. Some AA plc subsidiaries have a primary listing in South Africa where public reporting is carried out according to the South African Code for Reporting of Mineral Resources and Mineral Reserves 2000 edition (the SAMREC Code). The SAMREC Code is similar to the JORC Code and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC (2004) and SAMREC (2000) Codes.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the matters based on their information in the form and context in which it appears. The names of the Competent Persons are lodged with the Anglo American plc company secretaries in London and are available on request.

Anglo American Group Companies are subject to a comprehensive programme of audits aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The audits are conducted by suitably qualified Competent Persons from within a particular division, another division of the Company or from independent consultants. The frequency and depth of the audits is a function of the risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource, the overall value thereof and time that has lapsed since an independent third party audit has been conducted. Those operations/projects subject to independent, third party audits during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

The estimates of Ore Reserves and Mineral Resources are as at 31 December 2006. Unless otherwise stated, Mineral Resources are additional to those resources which have been modified to produce the Ore Reserves. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code. Metric units are used throughout the report. In addition alternative units are also used for Anglo Platinum and AngloGold Ashanti.

* A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004, and effectively transferred custodianship of the previously privately held mineral rights to the State. Mining companies were given up to two years to apply for prospecting permit conversions and five years to apply for mining licence conversions for existing operations.

A Prospecting Right is a new order right that is valid for up to five years, with the possibility of a further extension of three years, that can be obtained either by the conversion of existing old order prospecting permits or through new applications. An Exploration Right is identical to a Prospecting Right, but is commodity specific in respect of petroleum and gas and is valid for up to three years which can be renewed for a maximum of 3 periods not exceeding two years each.

A Mining Right is a new order right valid for up to 30 years obtained either by the conversion of an old order mining licence, or as a new order right pursuant to the exercise of the exclusive right of the holder of a new order Prospecting Right, or pursuant to an application for a new Mining Right. A Production Right is identical to a Mining Right, but is commodity specific in respect of petroleum and gas.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for new order Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant reserves and resources have been included in the statement;
- Where applications for the conversion of old order mining licenses to new order Mining Rights have not yet been submitted and the required deadline (typically April 2009) for submission has not passed, the relevant reserves and resources have been included in the statement;
- Where applications for new order Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant resources have been included in the statement (any associated comments appear in the footnotes).

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Platinum

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The South African Code for Reporting of Mineral Resources and Mineral Reserves, The SAMREC Code, 2000). Rounding of figures may cause computational discrepancies. The Mineral Resources are additional to the Ore Reserves. Mineral Resources are reported over an economic and mineable resource cut appropriate to specific ore deposits which form the basis of the consolidated reef figures. The figures reported represent 100% of the Mineral Resources and Ore Reserves attributable to Anglo Platinum Limited unless otherwise noted. Anglo American plc's interest in Anglo Platinum is 75.37%.

Anglo Platinum Ore Reserves	Classification	Tonnes(1) million 2006	2005	Grade(2) g/t 2006	2005	Contained metal tonnes 2006	2005	Contained metal million troy ounces 2006	2005
Merensky Reef(4)				4E PGE	4E PGE			Moz	Moz
	Proved	95.5	98.6	5.54	5.42	529.1	534.4	17.0	17.2
	Probable	105.9	118.7	5.78	5.70	612.4	676.8	19.7	21.8
	Total	**201.4**	**217.3**	**5.67**	**5.57**	**1,141.5**	**1,211.2**	**36.7**	**38.9**
UG2 Reef(5)				4E PGE	4E PGE			Moz	Moz
	Proved	347.2	279.5	4.57	4.03	1,585.1	1,127.4	51.0	36.2
	Probable	403.5	420.8	4.37	4.12	1,761.6	1,735.6	56.6	55.8
	Total	**750.7**	**700.3**	**4.46**	**4.09**	**3,346.7**	**2,863.0**	**107.6**	**92.0**
Platreef(6)				4E PGE	4E PGE			Moz	Moz
	Proved	319.6	276.9	3.27	3.21	1,045.5	889.8	33.6	28.6
	Proved (stockpiles)(7)	16.4	12.4	2.66	2.76	43.7	34.1	1.4	1.1
	Probable	110.8	59.1	3.67	3.29	406.9	194.1	13.1	6.2
	Total	**446.9**	**348.3**	**3.35**	**3.21**	**1,496.0**	**1,118.0**	**48.1**	**35.9**
All Reefs				4E PGE	4E PGE			Moz	Moz
	Proved	778.7	667.4	4.11	3.87	3,203.3	2,585.7	103.0	83.1
	Probable	620.3	598.6	4.48	4.35	2,781.0	2,606.5	89.4	83.8
	Total	1,399.0	1,265.9	4.28	4.10	5,984.2	5,192.2	192.4	166.9
	Total (alternative units)(3)	1,542.1Mton	1,395.5Mton	0.125oz/t	0.120oz/t				
Tailings(8)				4E PGE	4E PGE			Moz	Moz
	Proved	–	–	–	–	–	–	–	–
	Probable	43.6	48.2	1.00	0.98	43.7	47.2	1.4	1.5
	Total	43.6	48.2	1.00	0.98	43.7	47.2	1.4	1.5
	Total (alternative units)(3)	48.1Mton	53.2Mton	0.029oz/t	0.029oz/t				

A Joint Venture (JV) agreement has been finalised with the Bakgatla-Ba-Kgafela tribe affecting the Merensky and UG2 Ore Reserves of Union Section.

(1) **Tonnage:** quoted as metric tonnes.

(2) **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).

(3) **Alternative units:** tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/t).

(4) **Merensky Reef:** The 2006 exploration programme at Amandelbult Section lead to an increase in the estimate of the geological losses and a decrease in the stope width which accounts for the decrease in Probable Ore Reserves.

(5) **UG2 Reef:** Increases are mainly due to the conversion of Mineral Resources to Ore Reserves at Twickenham Platinum Mine Project (pre-feasibility study completed) and additional drilling at both Amandelbult Section and Lebowa Platinum Mine.

(6) **Platreef:** Geo-technical constraints imposed in 2005 at PPRust North were reviewed and revised by an independent consultant. As a result the pit was re-designed, accounting for the increase in the Ore Reserves and a subsequent decrease in Measured Mineral Resources.

(7) **Platreef stockpiles:** These are reported separately as Proved Ore Reserves and aggregated into the summation tabulations.

(8) **Tailings:** These are reported separately as Ore Reserves but are not aggregated in the total Ore Reserve figures.

The following operations/projects were reviewed during 2006 by an external third party consulting firm: Ga-Phasha PGM Project, Der Brochen Project, Booysendal Project, BRPM JV (Styldrift).

Anglo Platinum Mineral Resources	Classification	Tonnes[(1)] million		Grade[(2)] g/t		Contained metal tonnes		Contained metal million troy ounces	
		2006	2005	2006	2005	2006	2005	2006	2005
Merensky Reef[(4)]				4E PGE	4E PGE			Moz	Moz
	Measured	96.4	68.4	5.42	5.62	523.0	384.7	16.8	12.4
	Indicated	248.3	250.0	5.39	5.30	1,337.8	1,326.2	43.0	42.6
	Measured and Indicated	**344.7**	**318.4**	**5.40**	**5.37**	**1,860.7**	**1,710.9**	**59.8**	**55.0**
	Inferred	1,095.9	1,057.8	5.48	5.54	6,010.9	5,863.5	193.3	188.5
	Total	**1,440.6**	**1,376.2**	**5.46**	**5.50**	**7,871.6**	**7,574.4**	**253.1**	**243.5**
UG2 Reef[(5)]				4E PGE	4E PGE			Moz	Moz
	Measured	312.3	262.7	5.52	5.48	1,725.3	1,438.1	55.5	46.2
	Indicated	634.3	660.7	5.37	5.45	3,404.9	3,601.6	109.5	115.8
	Measured and Indicated	**946.6**	**923.4**	**5.42**	**5.46**	**5,130.3**	**5,039.6**	**164.9**	**162.0**
	Inferred	1,321.4	1,394.3	5.54	5.41	7,325.5	7,550.2	235.5	242.7
	Total	**2,268.0**	**2,317.7**	**5.49**	**5.43**	**12,455.7**	**12,589.8**	**400.5**	**404.8**
Platreef[(6)]				4E PGE	4E PGE			Moz	Moz
	Measured	158.8	206.1	1.91	2.58	303.2	531.2	9.7	17.1
	Indicated	791.2	715.0	2.22	2.46	1,757.7	1,757.1	56.5	56.5
	Measured and Indicated	**950.0**	**921.2**	**2.17**	**2.48**	**2,061.0**	**2,288.3**	**66.3**	**73.6**
	Inferred	1,449.4	1,472.5	1.82	1.79	2,643.9	2,629.2	85.0	84.5
	Total	**2,399.4**	**2,393.7**	**1.96**	**2.05**	**4,704.9**	**4,917.5**	**151.3**	**158.1**
All Reefs				4E PGE	4E PGE			Moz	Moz
	Measured	567.6	537.2	4.50	4.38	2,551.5	2,354.0	82.0	75.7
	Indicated	1,673.8	1,625.8	3.88	4.11	6,500.5	6,684.9	209.0	214.9
	Measured and Indicated	**2,241.4**	**2,163.0**	**4.04**	**4.18**	**9,052.0**	**9,038.9**	**291.0**	**290.6**
	Inferred	3,866.7	3,924.6	4.13	4.09	15,980.3	16,042.9	513.8	515.8
	Total	**6,108.1**	**6,087.6**	**4.10**	**4.12**	**25,032.3**	**25,081.8**	**804.8**	**806.4**
	Total (alternative units)[(3)]	**6,732.9Mton**	**6,710.4Mton**	**0.120oz/t**	**0.120oz/t**				
Tailings[(7)]				4E PGE	4E PGE			Moz	Moz
	Measured	–	–	–	–	–	–	–	–
	Indicated	152.3	161.9	1.06	1.05	160.9	170.2	5.2	5.5
	Measured and Indicated	**152.3**	**161.9**	**1.06**	**1.05**	**160.9**	**170.2**	**5.2**	**5.5**
	Inferred	–	–	–	–	–	–	–	–
	Total	**152.3**	**161.9**	**1.06**	**1.05**	**160.9**	**170.2**	**5.2**	**5.5**
	Total (alternative units)[(3)]	**167.9Mton**	**178.5Mton**	**0.031oz/t**	**0.031oz/t**				

A new Joint Venture (JV) agreement has been finalised with the Bakgatla-Ba-Kgafela tribe affecting the Merensky and UG2 Mineral Resources of Union Section, Rooderand 46 JQ - Portion 2 and Magazynskraal 3 JQ.

(1) **Tonnage:** quoted as metric tonnes.

(2) **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).

(3) **Alternative units:** tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/t).

(4) **Merensky Reef:** Measured Resource tonnes increase as a result of additional drilling and higher geo-scientific confidence in the estimates at BRPM JV (Styldrift) and Modikwa JV.

(5) **UG2 Reef:** The increase in the UG2 Measured Resource is mainly due to increased confidence in the estimates obtained through an extensive drilling programme and updated resource evaluation modelling at Rustenburg Section, Amandelbult Section, Lebowa Platinum Mine, BRPM JV and Modikwa JV.

(6) **Platreef:** Measured Mineral Resources decrease is due to conversion to Ore Reserves at PPRust North (new pit design). Additional drilling information at Zwartfontein North identified structural complexities resulting in a reallocation to Indicated Resources. These decreases are offset by an increased planned pit-depth at Zwartfontein South.

(7) **Tailings:** These are reported separately as Mineral Resources but are not aggregated in the total Mineral Resource figures.

Where applications for new order Prospecting Rights have been initially refused by the relevant authorities and are still the subject of ongoing judicial review and Anglo Platinum has a reasonable expectation that the Prospecting Rights will be granted in due course, the relevant resources have been included in the statement. Approximately 66Moz of Mineral Resources are affected.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Anglo Platinum Ore Reserves Other Projects	Classification	Tonnes[1] million 2006	2005	Grade[2] g/t 2006	2005	Contained metal tonnes 2006	2005	Contained metal million troy ounces 2006	2005
Zimbabwe				4E PGE	4E PGE			Moz	Moz
Unki – Great Dyke	Proved	5.2	5.2	3.60	3.81	18.8	19.9	0.6	0.6
	Probable	43.2	43.2	3.81	3.81	164.5	164.5	5.3	5.3
	Total	**48.4**	**48.4**	**3.78**	**3.81**	**183.3**	**184.4**	**5.9**	**5.9**
	Total (alternative units)[3]	53.4Mton	53.4Mton	0.110oz/t	0.111oz/t				

Anglo Platinum Mineral Resources Other Projects	Classification	Tonnes[1] million 2006	2005	Grade[2] g/t 2006	2005	Contained metal tonnes 2006	2005	Contained metal million troy ounces 2006	2005
Zimbabwe				4E PGE	4E PGE			Moz	Moz
Unki – Great Dyke	Measured	7.9	7.9	4.08	4.08	32.1	32.1	1.0	1.0
	Indicated	11.7	11.7	4.28	4.28	49.9	49.9	1.6	1.6
	Measured and Indicated	**19.5**	**19.5**	**4.20**	**4.20**	**82.1**	**82.1**	**2.6**	**2.6**
	Inferred	98.7	98.7	4.29	4.29	423.5	423.5	13.6	13.6
	Total	**118.2**	**118.2**	**4.28**	**4.28**	**505.6**	**505.6**	**16.3**	**16.3**
	Total (alternative units)[3]	130.3Mton	130.3Mton	0.125oz/t	0.125oz/t				
South Africa				3E PGE	3E PGE			Moz	Moz
Anooraq – Anglo Platinum JV[4] Platreef	Measured	–	–	–	–	–	–	–	–
	Indicated	88.3	88.3	1.35	1.35	119.3	119.2	3.8	3.8
	Measured and Indicated	**88.3**	**88.3**	**1.35**	**1.35**	**119.3**	**119.2**	**3.8**	**3.8**
	Inferred	52.0	52.0	1.23	1.23	64.0	64.0	2.1	2.1
	Total	**140.4**	**140.4**	**1.31**	**1.31**	**183.3**	**183.3**	**5.9**	**5.9**
	Total (alternative units)[3]	154.7Mton	154.7Mton	0.038oz/t	0.038oz/t				
Sheba's Ridge[5]				3E PGE	3E PGE			Moz	Moz
	Measured	143.1	143.1	0.74	0.74	106.3	106.3	3.4	3.4
	Indicated	109.6	109.6	0.80	0.80	88.1	88.1	2.8	2.8
	Measured and Indicated	**252.7**	**252.7**	**0.77**	**0.77**	**194.4**	**194.4**	**6.3**	**6.3**
	Inferred	18.7	18.7	0.71	0.71	13.3	13.3	0.4	0.4
	Total	**271.4**	**271.4**	**0.77**	**0.77**	**207.7**	**207.7**	**6.7**	**6.7**
	Total (alternative units)[3]	299.1Mton	299.1Mton	0.022oz/t	0.022oz/t				
Canada				3E PGE	3E PGE			Moz	Moz
River Valley[6]	Measured	4.3	4.3	1.79	1.79	7.6	7.6	0.2	0.2
	Indicated	11.0	11.0	1.20	1.20	13.3	13.3	0.4	0.4
	Measured and Indicated	**15.3**	**15.3**	**1.37**	**1.37**	**20.9**	**20.9**	**0.7**	**0.7**
	Inferred	1.2	1.2	1.24	1.24	1.5	1.5	0.0	0.0
	Total	**16.5**	**16.5**	**1.36**	**1.36**	**22.4**	**22.4**	**0.7**	**0.7**
	Total (alternative units)[3]	18.2Mton	18.2Mton	0.040oz/t	0.040oz/t				
Brazil				3E PGE	3E PGE			Moz	Moz
Pedra Branca[7]	Measured	–	–	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–	–	–
	Measured and Indicated	–	–	–	–	–	–	–	–
	Inferred	6.6	6.5	2.27	2.27	15.0	14.7	0.5	0.5
	Total	**6.6**	**6.5**	**2.27**	**2.27**	**15.0**	**14.7**	**0.5**	**0.5**
	Total (alternative units)[3]	7.3Mton	7.2Mton	0.066oz/t	0.066oz/t				

Platinum continued

[1] **Tonnage:** quoted as metric tonnes.

[2] **Grade:** **4E PGE** is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).
3E PGE is the sum of platinum, palladium and gold grades in grammes per tonne (g/t).

[3] **Alternative units:** tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/t).

[4] **Anooraq-Anglo Platinum JV:** Anglo Platinum holds an attributable interest of 50%. A cut-off of US$20 gross metal value per tonne was applied.

[5] **Sheba's Ridge:** Anglo Platinum holds an attributable interest of 35%. A cut-off of US$10.5 per tonne total revenue contribution from the constituent metals was applied.

[6] **River Valley:** Anglo Platinum holds an attributable interest of 50%. A cut-off of 0.7 g/t (platinum + palladium) was applied.

[7] **Pedra Branca:** Anglo Platinum holds an attributable right of 51%. A cut-off of 0.7 g/t (3E) was applied.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Gold

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The South African Code for Reporting of Mineral Resources and Mineral Reserves, The SAMREC Code, 2000). Rounding of figures may cause computational discrepancies. AngloGold Ashanti reports Mineral Resources 'as inclusive of those Mineral Resources modified to produce the Ore Reserve' (JORC), i.e. the Ore Reserves are included in the Mineral Resource figures. The figures reported represent 100% of the Mineral Resources and Ore Reserves attributable to AngloGold Ashanti. Anglo American plc's interest in AngloGold Ashanti is 41.67%.

AngloGold Ashanti Ore Reserves	Classification	Tonnes[1] million 2006	2005	Grade g/t 2006	2005	Contained metal tonnes 2006	2005	Contained metal million troy ounces[2] 2006	2005
South Africa	Proved	15.5	14.5	7.86	7.54	122.0	109.0	3.9	3.5
	Probable	181.6	188.7	3.99	3.84	724.7	725.0	23.3	23.3
	Total	**197.2**	**203.2**	**4.29**	**4.10**	**846.7**	**834.0**	**27.2**	**26.8**
Argentina[3]	Proved	0.9	1.6	7.09	7.99	6.1	12.6	0.2	0.4
	Probable	6.9	4.5	6.22	6.53	42.7	29.2	1.4	0.9
	Total	**7.7**	**6.0**	**6.32**	**6.91**	**48.8**	**41.8**	**1.6**	**1.3**
Australia[4]	Proved	54.9	47.7	1.18	1.16	64.7	55.2	2.1	1.8
	Probable	133.2	102.5	1.02	1.17	135.4	120.2	4.4	3.9
	Total	**188.0**	**150.2**	**1.06**	**1.17**	**200.1**	**175.3**	**6.4**	**5.6**
Brazil	Proved	3.7	2.7	5.60	6.01	20.8	16.2	0.7	0.5
	Probable	10.3	9.8	7.40	7.45	76.3	73.2	2.5	2.4
	Total	**14.0**	**12.5**	**6.92**	**7.14**	**97.1**	**89.4**	**3.1**	**2.9**
Ghana	Proved	50.8	39.5	2.13	1.94	108.2	76.7	3.5	2.5
	Probable	74.5	46.7	3.10	5.44	231.3	254.0	7.4	8.2
	Total	**125.3**	**86.1**	**2.71**	**3.84**	**339.5**	**330.7**	**10.9**	**10.6**
Guinea	Proved	18.2	23.6	0.60	0.62	10.8	14.5	0.3	0.5
	Probable	52.7	36.7	0.85	1.00	45.0	36.6	1.4	1.2
	Total	**70.9**	**60.3**	**0.79**	**0.85**	**55.8**	**51.1**	**1.8**	**1.6**
Mali[5]	Proved	15.7	9.7	1.79	2.75	28.0	26.5	0.9	0.9
	Probable	20.8	9.3	2.85	3.95	59.1	36.5	1.9	1.2
	Total	**36.4**	**18.9**	**2.39**	**3.34**	**87.1**	**63.1**	**2.8**	**2.0**
Namibia[6]	Proved	5.3	1.2	1.08	1.85	5.8	2.2	0.2	0.1
	Probable	10.1	8.9	1.63	1.65	16.5	14.7	0.5	0.5
	Total	**15.5**	**10.1**	**1.44**	**1.67**	**22.3**	**16.9**	**0.7**	**0.5**
Tanzania	Proved	4.0	22.1	0.97	3.40	3.9	75.1	0.1	2.4
	Probable	74.9	40.4	3.47	4.69	259.6	189.2	8.3	6.1
	Total	**79.0**	**62.4**	**3.34**	**4.23**	**263.5**	**264.3**	**8.5**	**8.5**
USA[7]	Proved	93.4	87.4	0.93	0.86	87.0	75.4	2.8	2.4
	Probable	35.6	31.8	0.91	0.86	32.5	27.4	1.0	0.9
	Total	**129.0**	**119.1**	**0.93**	**0.86**	**119.5**	**102.7**	**3.8**	**3.3**
Total	Proved	262.4	249.8	1.74	1.86	457.3	463.4	14.7	14.9
	Probable	600.6	479.2	2.70	3.14	1,623.1	1,506.0	52.2	48.4
	Total	**863.0**	**729.0**	**2.41**	**2.70**	**2,080.4**	**1,969.4**	**66.9**	**63.3**
	Total (alternative units)[2]	951.3Mton	803.6Mton	0.070oz/t	0.079oz/t				

(1) **Tonnage:** quoted as metric tonnes.

(2) **Alternative units:** tonnage in million short tons (Mton), grade in troy ounces per short ton (oz/t) and contained metal in million troy ounces (Moz).

(3) **Argentina:** Cerro Vanguardia – increase in Moz due to a successful exploration programme and increased gold price.

(4) **Australia:** Boddington – increase in Moz due to a successful exploration programme resulting in an upgrade of Inferred Mineral Resources in the pit as well as increased gold and copper prices, Sunrise Dam – increase in Moz due to the inclusion of North-Wall Cutback and Cosmo Ore-bodies as a result of an increased gold price.

(5) **Mali:** Sadiola – increase in Moz due to the inclusion of the Deep Sulphide Project, Yatela – increase in Moz due to the inclusion of an additional cutback, Morila – increase in Moz as marginal ore is now economic due to the increased gold price.

(6) **Namibia:** Navachab – increase in Moz as marginal ore is now economic and the pit is larger due to the increased gold price.

(7) **USA:** Cripple Creek and Victor – increase in Moz due to a planned extension of life.

Gold continued

AngloGold Ashanti Mineral Resources	Classification	Tonnes[1] million 2006	2005	Grade g/t 2006	2005	Contained metal tonnes 2006	2005	Contained metal million troy ounces[2] 2006	2005
South Africa	Measured	27.3	31.4	13.97	13.66	381.0	429.4	12.2	13.8
	Indicated	528.5	435.3	3.89	4.76	2,054.4	2,073.9	66.1	66.7
	Inferred	28.4	29.7	5.66	6.68	160.7	198.3	5.2	6.4
	Total	**584.2**	**496.4**	**4.44**	**5.44**	**2,596.1**	**2,701.6**	**83.5**	**86.9**
Argentina[3]	Measured	11.4	10.8	2.35	2.35	26.7	25.2	0.9	0.8
	Indicated	17.5	15.3	3.24	3.54	56.6	54.2	1.8	1.7
	Inferred	10.4	6.5	3.03	3.49	31.4	22.7	1.0	0.7
	Total	**39.2**	**32.6**	**2.92**	**3.14**	**114.7**	**102.2**	**3.7**	**3.3**
Australia[4]	Measured	71.2	62.4	1.08	1.15	76.6	71.9	2.5	2.3
	Indicated	213.9	164.5	0.87	1.04	186.3	171.5	6.0	5.5
	Inferred	233.3	143.0	0.73	1.01	170.3	144.7	5.5	4.7
	Total	**518.4**	**369.9**	**0.84**	**1.05**	**433.2**	**388.1**	**13.9**	**12.5**
Brazil	Measured	8.6	8.2	6.16	6.60	52.7	54.0	1.7	1.7
	Indicated	18.5	16.2	7.35	7.71	136.3	125.0	4.4	4.0
	Inferred	25.7	28.5	7.11	7.04	182.9	200.7	5.9	6.5
	Total	**52.8**	**52.9**	**7.04**	**7.18**	**371.9**	**379.8**	**12.0**	**12.2**
Ghana[8]	Measured	82.1	101.2	3.60	3.33	295.7	336.6	9.5	10.8
	Indicated	93.3	64.9	4.77	4.83	445.4	313.7	14.3	10.1
	Inferred	43.9	41.9	6.47	5.82	284.2	244.0	9.1	7.8
	Total	**219.3**	**208.0**	**4.67**	**4.30**	**1,025.3**	**894.4**	**33.0**	**28.8**
Guinea[9]	Measured	18.7	23.6	0.60	0.62	11.2	14.7	0.4	0.5
	Indicated	74.1	58.7	0.83	1.03	61.5	60.3	2.0	1.9
	Inferred	131.4	90.4	0.66	0.63	86.4	57.2	2.8	1.8
	Total	**224.1**	**172.7**	**0.71**	**0.77**	**159.1**	**132.3**	**5.1**	**4.3**
Mali[10]	Measured	18.8	17.3	1.90	2.02	35.7	35.1	1.1	1.1
	Indicated	23.4	32.5	2.80	2.58	65.6	83.7	2.1	2.7
	Inferred	16.7	36.0	2.48	1.93	41.5	69.6	1.3	2.2
	Total	**59.0**	**85.8**	**2.42**	**2.19**	**142.8**	**188.3**	**4.6**	**6.1**
Namibia[11]	Measured	11.4	10.3	0.81	0.88	9.3	9.1	0.3	0.3
	Indicated	53.8	27.9	1.29	1.42	69.1	39.5	2.2	1.3
	Inferred	33.7	6.0	1.16	1.20	38.9	7.1	1.3	0.2
	Total	**98.9**	**44.2**	**1.19**	**1.26**	**117.3**	**55.8**	**3.8**	**1.8**
Tanzania[12]	Measured	4.0	25.8	0.97	3.40	3.9	87.7	0.1	2.8
	Indicated	114.2	63.0	3.32	4.56	379.2	287.1	12.2	9.2
	Inferred	24.3	7.5	3.09	5.23	75.2	39.1	2.4	1.3
	Total	**142.5**	**96.2**	**3.22**	**4.30**	**458.3**	**413.9**	**14.7**	**13.3**
USA	Measured	180.3	146.0	0.82	0.95	148.3	138.2	4.8	4.4
	Indicated	95.7	72.9	0.75	0.91	71.5	66.1	2.3	2.1
	Inferred	14.1	8.2	0.59	0.73	8.3	6.0	0.3	0.2
	Total	**290.0**	**227.2**	**0.79**	**0.93**	**228.1**	**210.3**	**7.3**	**6.8**
Total	Measured	433.7	437.1	2.40	2.75	1,041.1	1,202.0	33.5	38.6
	Indicated	1,232.8	951.1	2.86	3.44	3,525.9	3,275.1	113.4	105.3
	Inferred	561.9	397.8	1.92	2.49	1,079.8	989.5	34.7	31.8
	Total	**2,228.5**	**1,786.0**	**2.53**	**3.06**	**5,646.8**	**5,466.6**	**181.6**	**175.7**
	Total (alternative units)[2]	2,456.4Mton	1,968.7Mton	0.074oz/t	0.089oz/t				

[8] **Ghana:** Obuasi – increase in Moz due to exploration and changes in estimation methodology below 50 level area.

[9] **Guinea:** Siguiri – increase mainly in Inferred Mineral Resources due to successful exploration and increased gold price.

[10] **Mali:** Sadiola – decrease in Moz due to a change in modelling methodology when compared to the 2005 Mineral Resource.

[11] **Namibia:** Navachab – increase in Moz due to successful exploration and increased gold price.

[12] **Tanzania:** Geita – increase in Moz due to updated Mineral Resource Models, successful exploration and increased gold price.

In accordance with its external Audit policy it is AngloGold Ashanti's intention to audit the 2006 Mineral Resources and Ore Reserves for the following operations early in 2007: Geita, Morila, Sadiola, Yatela, AGA Minceração (Cuiaba only), Cripple Creek and Victor, Obuasi.

An external audit of the 2006 Mineral Resources and Ore Reserves at Mponeng was completed in October 2006.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Coal

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The South African Code for Reporting of Mineral Resources and Mineral Reserves, The SAMREC Code, 2000). Rounding of figures may cause computational discrepancies. The Coal Resources are additional to those resources which have been modified to produce the Coal Reserves.

Anglo Coal Reserves[1]	Reported[2] %	Attributable[2] %	Classification	Tonnes million[3] 2006	Tonnes million[3] 2005	Saleable Yield[4] % 2006	Saleable Heat content[5] kcal/kg 2006	Tonnes million[3] 2006	Tonnes million[3] 2005
Export Metallurgical				ROM[1]	ROM[1]		GAR[5]	SALEABLE[1]	SALEABLE[1]
Australia			Proved	387	381	77	7,410	311	305
			Probable	224	252	69	7,130	163	185
	100	68.1	Total	611	633	74	7,310	474	490
South Africa			Proved	5	5	61	6,530	3	3
			Probable	2	3	61	6,470	1	2
	100	100	Total	7	8	61	6,510	4	5
Export Thermal									
Australia			Proved	129	152	87	6,440	115	134
			Probable	29	70	89	6,430	26	59
	100	63.6	Total	158	222	88	6,440	141	193
Colombia			Proved	208	239	100	6,130	211	241
			Probable	65	75	100	6,220	66	76
	33.3	33.3	Total	272	314	100	6,150	277	317
South Africa			Proved	187	204	61	6,210	114	122
			Probable	283	246	60	6,190	172	141
	97.6	97.6	Total	470	450	60	6,200	287	263
Venezuela			Proved	37	39	100	7,120	38	40
			Probable	–	–	–	–	–	–
	24.9	24.9	Total	37	39	100	7,120	38	40
Total Export			Proved	951	1,020	81	6,740	793	845
			Probable	603	646	69	6,570	428	463
			Total	1,555	1,666	76	6,680	1,221	1,308
Domestic Power Generation									
Australia			Proved	211	221	98	4,610	206	216
			Probable	32	32	98	4,530	32	31
	100	100	Total	243	253	98	4,600	238	247
South Africa			Proved	551	554	95	4,080	537	538
			Probable	194	270	100	4,870	194	270
	100	100	Total	745	824	96	4,290	730	808
Domestic Synfuels									
South Africa			Proved	99	106	100	5,240	99	106
			Probable	–	–	–	–	–	–
	100	100	Total	99	106	100	5,240	99	106
Total Domestic			Proved	861	882	96	4,350	842	860
			Probable	226	302	100	4,820	225	301
			Total	1,087	1,184	97	4,450	1,067	1,161
Total Coal Reserves			Proved	1,813	1,902	88	5,510	1,635	1,705
			Probable	829	948	77	5,970	654	764
			Total	2,642	2,850	85	5,640	2,288	2,469

Footnotes appear at the end of the section.

Export Metallurgical refers to operations where the main product is coking coal and/or coal for pulverised coal injection (PCI), primarily for the export market.

Export Thermal refers to operations that primarily produce thermal coal for the export market.

Domestic Power Generation refers to operations that produce coal for, and are typically tied to power stations.

Domestic Synfuels refers to operations in South Africa that produce coal for supply to Sasol for the production of synthetic fuel and chemicals.

Anglo Coal Coal Resources[6] Mine Leases	Reported[2] %	Attributable[2] %	Classification	Tonnes[3] million 2006	2005	Heat content[5] kcal/kg 2006	2005
Export Metallurgical				MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Australia			Measured	150	171	6,990	6,970
			Indicated	172	170	6,890	6,980
	100	73.7	**Measured and Indicated**	**323**	**341**	**6,940**	**6,980**
			Inferred in Mine Plan[7]	14	54	7,120	6,870
South Africa			Measured	9	9	6,930	6,920
			Indicated	16	16	7,080	7,080
	100	100	**Measured and Indicated**	**25**	**25**	**7,030**	**7,030**
			Inferred in Mine Plan[7]	–	–	–	–
Export Thermal							
Australia			Measured	1	47	6,520	6,420
			Indicated	15	22	6,520	6,140
	100	82.7	**Measured and Indicated**	**17**	**69**	**6,520**	**6,330**
			Inferred in Mine Plan[7]	3	6	6,540	6,540
Colombia			Measured	68	68	6,520	6,600
			Indicated	330	280	6,210	6,350
	33.3	33.3	**Measured and Indicated**	**398**	**348**	**6,270**	**6,400**
			Inferred in Mine Plan[7]	1	1	7,220	7,420
South Africa			Measured	170	303	5,970	5,900
			Indicated	170	191	5,890	6,100
	96.4	96.4	**Measured and Indicated**	**340**	**494**	**5,930**	**5,970**
			Inferred in Mine Plan[7]	60	85	6,530	5,850
Venezuela			Measured	–	–	–	–
			Indicated	28	33	7,880	7,590
	24.9	24.9	**Measured and Indicated**	**28**	**33**	**7,880**	**7,590**
			Inferred in Mine Plan[7]	–	–	–	–
Total Export			Measured	398	598	6,470	6,340
			Indicated	731	712	6,390	6,500
			Measured and Indicated	**1,129**	**1,310**	**6,420**	**6,430**
			Inferred in Mine Plan[7]	78	147	6,650	6,270
Domestic Power Generation							
Australia			Measured	251	253	5,000	5,000
			Indicated	353	354	4,800	4,670
	100	100	**Measured and Indicated**	**604**	**607**	**4,880**	**4,810**
			Inferred in Mine Plan[7]	1	1	3,770	3,770
South Africa			Measured	109	131	4,170	4,200
			Indicated	91	92	4,900	5,060
	100	100	**Measured and Indicated**	**200**	**223**	**4,500**	**4,560**
			Inferred in Mine Plan[7]	66	45	4,640	5,070
Domestic Synfuels							
South Africa			Measured	–	–	–	–
			Indicated	26	26	5,330	5,330
	100	100	**Measured and Indicated**	**26**	**26**	**5,330**	**5,330**
			Inferred in Mine Plan[7]	–	–	–	–
Total Domestic							
			Measured	360	384	4,750	4,730
			Indicated	470	472	4,850	4,780
			Measured and Indicated	**830**	**856**	**4,810**	**4,760**
			Inferred in Mine Plan[7]	67	46	4,620	5,040
Total Mine Leases							
			Measured	758	982	5,650	5,710
			Indicated	1,201	1,184	5,790	5,810
			Measured and Indicated	**1,959**	**2,166**	**5,730**	**5,770**
			Inferred in Mine Plan[7]	144	192	5,710	5,960

Footnotes appear at the end of the section.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Coal continued

Anglo Coal Coal Resources[6] Projects	Reported[2] %	Attributable[2] %	Classification	Tonnes[3] million 2006	2005	Heat content[5] kcal/kg 2006	2005
				MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Australia			Measured	489	370	6,280	6,310
			Indicated	734	390	6,390	6,500
	100	81.0	Measured and Indicated	1,223	760	6,350	6,410
China			Measured	110	–	6,540	–
			Indicated	389	–	6,600	–
	100	60.0	Measured and Indicated	499	–	6,590	–
South Africa			Measured	285	210	4,830	5,080
			Indicated	1,311	2,245	4,640	4,430
	100	100	Measured and Indicated	1,596	2,455	4,670	4,490
Total Projects			Measured	883	580	5,840	5,860
			Indicated	2,435	2,635	5,480	4,740
			Measured and Indicated	3,318	3,215	5,580	4,940

Mine Leases and Projects	Classification	Tonnes[3] million 2006	2005	Heat content[5] kcal/kg 2006	2005
		MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Total Coal Resources	Measured	1,641	1,562	5,760	5,770
	Indicated	3,636	3,819	5,580	5,070
	Measured and Indicated	5,277	5.381	5,640	5,280
	Inferred in Mine Plan[7]	144	192	5,710	5,970

Brown Coal Resources	Reported[2] %	Attributable[2] %	Classification	Tonnes[3] million 2006	2005	Heat content[5] kcal/kg 2006	2005
				MTIS[6]	MTIS[6]	GAR[5]	GAR[5]
Australia			Measured	4,028	–	1,820	–
			Indicated	2,448	–	1,790	–
	100	100	Measured and Indicated	6,476	–	1,810	–

Gas

The Gas Reserve estimates are compiled in accordance with the Society of Petroleum Engineers and World Petroleum Council guidelines.

Anglo Coal Gas Reserves[8]	Reported[2] %	Attributable[2] %	Classification	Volume[8] million m³ 2006	2005	Energy Content[8] PJ 2006	2005
Coal Bed Methane				SALEABLE[8]	SALEABLE[8]	SALEABLE[8]	SALEABLE[8]
Australia			Proved: 1P	1,814	456	68	17
			Probable: 2P-1P	2,875	724	107	27
	100	51.0	Total 2P	4,689	1,180	175	44

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis, which represent the tonnes delivered to the plant, and on a Saleable reserve tonnage basis, which represent the product tonnes produced.

(2) Reported (%) and Attributable (%) refers to 2006 only. For the 2005 Reported and Attributable figures, please refer to the previous Annual Report.

(3) Includes 100% of Coal Reserves and Coal Resources of consolidated entities and the Group's share of joint ventures and associates where applicable. Where the Group's share is more than 50%, then 100% of the reserves and resources are reported. The tonnage is quoted as metric tonnes and abbreviated as Mt for million tonnes.

(4) Yield (%) 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.

(5) The coal quality for the Coal Reserves is quoted as a weighted average of the heat content of all saleable coal products on a Gross As Received (GAR) basis. The coal quality for the Coal Resources is reported on an in situ heat content Gross As Received (GAR) basis.

Coal quality parameters for the Coal Reserves for Metallurgical and 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 Power Generation and Synfuels Collieries meet the specifications of the individual supply contracts.

(6) Coal Resources are quoted on a Mineable Tonnage In Situ (MTIS) basis in addition to those resources which have been modified to produce the reported Coal Reserves.

(7) Inferred in Mine Plan refers to Inferred Coal Resources that are included in the life of mine schedule of the respective Collieries but which are not reported as Coal Reserves.

(8) Gas Reserves are reported in terms of saleable volume (million cubic metres) and saleable energy (Petajoules (PJ), or one thousand trillion Joules).

Material changes to Run of Mine (ROM) Coal Reserves from 2005 to 2006 (excluding depletion by mining):

Export Thermal – Australia: The decrease is due mainly to the closure of Dartbrook and the re-allocation of Coal Reserves to Coal Resources (55 Mt).

Export Thermal – Colombia: The decrease is mainly due to a reduction in recovery extraction factors applied to the life of mine plan at Cerrejon (25 Mt).

Domestic Power Generation – South Africa: The decrease is primarily due to a decrease in New Denmark extraction factors (27 Mt) and the transfer of Mafube reserves from Domestic Power Generation to Export Thermal (23 Mt).

Material changes to Coal Resources (Mine Leases) from 2005 to 2006:

Export Metallurgical – Australia: The decrease is attributed mainly to the exclusion of Inferred Resources in the mine plan due to change in mining layout at Dawson North (40 Mt).

Export Thermal – Australia: The decrease is mainly due to the closure of Dartbrook and the transfer to Projects (69 Mt).

Export Thermal – Colombia: The increase is as a result of the inclusion of Cerrejón Sur resources (50 Mt).

Export Thermal – South Africa: The decrease is brought about by the rationalisation of resources in the Elders Block (52 Mt), the conversion of Coal Resources to Coal Reserves at Goedehoop (25 Mt) and at Greenside (42 Mt), the exclusion of resources as a result of a change in economic assumptions at Kleinkopje (64 Mt) and at Landau (22 Mt). This is offset by the transfer of resources at Mafube from Domestic Power Generation to Export Thermal (29 Mt).

Export Thermal – Venezuela: The decrease is as a result of resource block refinement following exploration drilling at Guasare (5 Mt).

Material changes to Coal Resources (Projects) from 2005 to 2006:

Australia: The increase is due mainly to the inclusion of resources at Theodor South (262 Mt) and Dartbrook (222 Mt).

China: The increase is the result of the JV with the Shanxi Geological Bureau and initial assessment of the Xiwan resources (499 Mt).

South Africa: The decrease is attributed to:
Elders: Change in cut-off parameters and resource sterilisation by wetland (80 Mt);
Mafube: Transfer to Export Thermal with the approval of the Mafube Project (51 Mt);
Vaalbank: Re-allocation from Indicated Coal Resources to Inferred Coal Resources due to re-evaluation of the coal quality model in line with Anglo Coal standards (744 Mt);
South Rand: Inclusion of resources (18 Mt).

Material changes to Brown Coal Resources from 2005 to 2006:

Australia: The increase is due to the initial evaluation of the Brown Coal Resources at Monash Energy (6,476 Mt).

Material changes to Gas Reserves from 2005 to 2006:

Australia: The increase in Coal Bed Methane Gas Reserves is due to the acquisition of the Origin gas properties. (3,509 million m^3).

Impact of the Minerals and Petroleum Resources Development Act (MPRDA) on the reporting of Coal Resources and Coal Reserves in South Africa

As at 31 December 2006, a total of 40.1 million tonnes of the reported Coal Resources in Projects were associated with two applications for new order Prospecting Rights that have been initially refused and are now the subject of ongoing legal process and discussions with the relevant authorities. Anglo Coal currently expects that the outcome of such review and discussions will be favourable and accordingly the relevant resources have been included in the statement.

Audits

Audits were carried out in 2006 on the following operations and project areas:

South Africa: Isibonelo, Maccauvlei East, Elders, Vaalbank.

Australia: Callide Coalfields (Boundary Hill Ext.), German Creek, Grosvenor.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Base Metals

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

Copper Division Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade %Cu 2006	Grade %Cu 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Los Bronces (OP)	100							
Sulphide (TCu)		Proved	581.3	588.1	0.92	0.93	5,348	5,469
Flotation		Probable	190.3	194.8	0.74	0.75	1,408	1,461
		Total	**771.6**	**782.9**	**0.88**	**0.89**	**6,756**	**6,930**
Sulphide (TCu)		Proved	583.6	569.9	0.42	0.42	2,393	2,394
Dump Leach		Probable	553.8	567.0	0.34	0.34	1,883	1,928
		Total	**1,137.4**	**1,136.9**	**0.38**	**0.38**	**4,276**	**4,321**
El Soldado (OP and UG)[1]	100							
Sulphide (TCu)		Proved	76.1	77.1	1.05	1.04	796	802
Flotation		Probable	49.9	62.2	0.83	0.86	415	535
		Total	**126.0**	**139.3**	**0.96**	**0.96**	**1,211**	**1,337**
Mantos Blancos (OP)	100							
Sulphide (ICu)[2]		Proved	8.0	3.1	1.13	1.47	90	46
Flotation		Probable	24.8	17.4	0.88	0.94	217	164
		Total	**32.8**	**20.5**	**0.94**	**1.02**	**307**	**209**
Oxide (ASCu)[3]		Proved	1.1	0.9	0.85	0.98	10	9
Vat Leach		Probable	28.7	17.1	0.56	0.77	160	132
		Total	**29.8**	**18.0**	**0.57**	**0.78**	**170**	**140**
Oxide (ASCu)		Proved	0.5	0.3	0.26	0.30	1	1
Dump Leach		Probable	8.2	7.3	0.29	0.32	24	23
		Total	**8.7**	**7.6**	**0.29**	**0.32**	**25**	**24**
Mantoverde (OP)	100							
Oxide (ASCu)		Proved	56.5	56.2	0.64	0.63	360	354
Heap Leach		Probable	10.7	9.9	0.59	0.55	63	54
		Total	**67.2**	**66.1**	**0.63**	**0.62**	**423**	**409**
Oxide (ASCu)		Proved	32.3	35.2	0.37	0.37	120	130
Dump Leach		Probable	11.6	11.9	0.39	0.38	45	45
		Total	**43.9**	**47.1**	**0.38**	**0.37**	**165**	**175**
Collahuasi (OP)	44.0							
Oxide and Mixed (TCu)[4]		Proved	14.3	16.0	0.99	1.06	142	170
Heap Leach		Probable	16.9	19.2	0.97	1.01	164	194
		Total	**31.2**	**35.2**	**0.98**	**1.03**	**306**	**364**
Sulphide (TCu)		Proved	193.5	229.3	1.09	1.10	2,108	2,525
Flotation – direct feed		Probable	1,145.8	1,154.3	0.97	0.97	11,164	11,248
		Total	**1,339.3**	**1,383.6**	**0.99**	**1.00**	**13,272**	**13,773**
Low Grade Sulphide (TCu)		Proved	–	–	–	–	–	–
Flotation – stockpile		Probable	380.5	385.3	0.53	0.53	2,003	2,027
		Total	**380.5**	**385.3**	**0.53**	**0.53**	**2,003**	**2,027**

Mining method: UG = Underground, OP = Open Pit.
TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

Copper Division Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade %Cu 2006	Grade %Cu 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Los Bronces (OP)	100							
Sulphide (TCu) Flotation		Measured	118.1	54.0	0.50	0.57	584	308
		Indicated	958.9	542.1	0.46	0.50	4,411	2,711
		Measured and Indicated	**1,077.0**	**596.1**	**0.46**	**0.51**	**4,995**	**3,018**
		Inferred in Mine Plan	17.9	21.6	0.67	0.64	120	138
Sulphide (TCu) Dump Leach		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
		Measured and Indicated	–	–	–	–	–	–
		Inferred in Mine Plan	66.3	112.3	0.33	0.31	218	347
El Soldado (OP and UG)	100							
Sulphide (TCu) Flotation		Measured	42.9	54.8	0.67	0.82	287	449
		Indicated	48.8	37.8	0.74	0.75	363	284
		Measured and Indicated	**91.7**	**92.6**	**0.71**	**0.79**	**650**	**733**
		Inferred in Mine Plan	14.2	39.9	0.71	0.72	101	287
Mantos Blancos (OP)	100							
Sulphide (ICu) Flotation		Measured	12.6	18.6	0.83	0.85	105	158
		Indicated	71.7	92.7	0.83	0.77	595	714
		Measured and Indicated	**84.3**	**111.3**	**0.83**	**0.78**	**700**	**872**
		Inferred in Mine Plan	2.8	1.3	1.02	1.12	29	15
Oxide (ASCu) Vat Leach		Measured	1.0	1.0	0.66	0.62	6	6
		Indicated	12.6	10.3	0.57	0.61	72	63
		Measured and Indicated	**13.6**	**11.3**	**0.58**	**0.61**	**78**	**69**
		Inferred in Mine Plan	1.7	0.8	0.67	0.65	11	5
Oxide (ASCu) Dump Leach		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
		Measured and Indicated	–	–	–	–	–	–
		Inferred in Mine Plan	0.8	0.7	0.27	0.29	2	2
Mantoverde (OP)	100							
Oxide (ASCu)[5] Heap Leach		Measured	50.6	47.8	0.39	0.42	197	201
		Indicated	56.8	48.2	0.37	0.38	210	183
		Measured and Indicated	**107.4**	**96.0**	**0.38**	**0.40**	**407**	**384**
		Inferred in Mine Plan	0.3	–	0.60	–	2	–
Oxide (ASCu) Dump Leach		Measured	1.2	1.2	0.32	0.32	4	4
		Indicated	1.7	1.5	0.31	0.30	5	5
		Measured and Indicated	**2.9**	**2.7**	**0.31**	**0.31**	**9**	**8**
		Inferred in Mine Plan	0.4	–	0.34	–	2	–
Collahuasi (OP)	44.0							
Oxide and Mixed (TCu) Heap Leach		Measured	0.1	0.1	0.97	0.97	1	1
		Indicated	1.8	1.8	1.09	1.09	20	20
		Measured and Indicated	**1.9**	**1.9**	**1.09**	**1.09**	**21**	**20**
		Inferred in Mine Plan	0.5	0.5	0.74	0.74	4	4
Sulphide (TCu) Flotation – direct feed		Measured	12.3	12.3	0.86	0.86	105	106
		Indicated	189.1	189.1	0.89	0.89	1,680	1,680
		Measured and Indicated	**201.4**	**201.5**	**0.89**	**0.89**	**1,785**	**1,785**
		Inferred in Mine Plan	202.2	202.2	0.93	0.93	1,878	1,878
Low Grade Sulphide (TCu) Flotation – stockpile		Measured	35.0	36.3	0.45	0.45	157	162
		Indicated	238.3	238.8	0.46	0.46	1,108	1,110
		Measured and Indicated	**273.3**	**275.0**	**0.46**	**0.46**	**1,265**	**1,272**
		Inferred in Mine Plan	106.9	106.9	0.48	0.48	510	510

Mining method: UG = Underground, OP = Open Pit.
TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

[1] **El Soldado:** Decreases are attributable to depletion, additional drilling information, changes in economic assumptions and appropriately modified pit design.

[2] **Mantos Blancos Sulphide (ICu) Flotation:** Increases are attributable to a lower cut-off grade, positively affecting the resource definition and consequently the Ore Reserves.

[3] **Mantos Blancos Oxide (ASCu) Vat Leach:** Additional exploration, a lower cut-off and a new pit design account for the additional Ore Reserves.

[4] **Collahuasi Oxide and Mixed (TCu):** Decreases are due to depletion.

[5] **Mantoverde Oxide (ASCu) Heap Leach:** Gains are due to a decrease in the cut-off grade and successful exploration.

The Ore Reserves and Mineral Resources of the following operations were audited during 2006 by third party, independent auditors: Los Bronces, El Soldado, Mantoverde.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Base Metals continued

Zinc Division Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Black Mountain (UG)	100							
Deeps[1]								
Zinc					%Zn	%Zn		
		Proved	0.2	–	2.34	–	6	–
		Probable	11.5	12.8	3.88	3.79	446	483
		Total	**11.7**	**12.8**	**3.84**	**3.79**	**452**	**483**
Copper					%Cu	%Cu		
		Proved			0.25	–	1	–
		Probable			0.76	0.73	88	93
		Total			**0.75**	**0.73**	**89**	**93**
Lead					%Pb	%Pb		
		Proved			3.27	–	8	–
		Probable			3.92	3.90	451	497
		Total			**3.91**	**3.90**	**459**	**497**
Lisheen (UG)[2]	100							
Zinc					%Zn	%Zn		
		Proved	7.5	6.8	11.61	13.20	869	902
		Probable	3.8	3.7	12.69	15.58	487	583
		Total	**11.3**	**10.6**	**11.97**	**14.04**	**1,356**	**1,485**
Lead					%Pb	%Pb		
		Proved			2.07	2.30	155	157
		Probable			1.43	1.92	55	72
		Total			**1.85**	**2.16**	**210**	**229**
Skorpion (OP)[3]	100							
Zinc					%Zn	%Zn		
		Proved	7.7	8.4	12.72	12.73	982	1,070
		Probable	5.2	6.1	9.68	9.35	506	570
		Total	**13.0**	**14.5**	**11.49**	**11.31**	**1,488**	**1,640**

Mining method: UG = Underground, OP = Open Pit.
For the polymetallic deposits, the tonnage figures apply to each metal.

(1) **Black Mountain (Deeps):** Decrease is due to depletions. Reserves include 11,748 kt of silver ore at 56.21 g/t as a by product.

(2) **Lisheen:** Decrease is due to depletions partially offset by a gain due to conversion of resources to reserves.

(3) **Skorpion:** The decrease is primarily due to mining depletions partially offset by a gain due to new grade control information.

Zinc Division Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Black Mountain (UG)	100							
Deeps[4]								
Zinc					%Zn	%Zn		
		Measured	1.8	1.7	2.00	2.93	35	50
		Indicated	6.1	4.3	3.59	4.36	218	185
		Measured and Indicated	**7.8**	**6.0**	**3.23**	**3.95**	**253**	**235**
		Inferred in Mine Plan	–	–	–	–	–	–
Copper					%Cu	%Cu		
		Measured			0.43	0.54	8	9
		Indicated			0.74	0.85	45	36
		Measured and Indicated			**0.67**	**0.76**	**52**	**45**
		Inferred in Mine Plan			–	–	–	–
Lead					%Pb	%Pb		
		Measured			2.22	3.80	39	65
		Indicated			3.74	4.30	227	183
		Measured and Indicated			**3.40**	**4.16**	**266**	**248**
		Inferred in Mine Plan			–	–	–	–
Swartberg[5]								
Zinc					%Zn	%Zn		
		Measured	–	–	–	–	–	–
		Indicated	17.3	17.2	0.63	0.62	109	107
		Measured and Indicated	**17.3**	**17.2**	**0.63**	**0.62**	**109**	**107**
		Inferred in Mine Plan	–	–	–	–	–	–
Copper					%Cu	%Cu		
		Measured			–	–	–	–
		Indicated			0.70	0.70	121	121
		Measured and Indicated			**0.70**	**0.70**	**121**	**121**
		Inferred in Mine Plan			–	–	–	–
Lead					%Pb	%Pb		
		Measured			–	–	–	–
		Indicated			2.87	2.85	497	491
		Measured and Indicated			**2.87**	**2.85**	**497**	**491**
		Inferred in Mine Plan			–	–	–	–
Lisheen (UG) [6]	100							
Zinc					%Zn	%Zn		
		Measured	1.0	1.4	12.84	13.80	132	194
		Indicated	0.6	1.0	12.68	12.11	74	122
		Measured and Indicated	**1.6**	**2.4**	**12.78**	**13.09**	**206**	**317**
		Inferred in Mine Plan	0.5	0.9	17.16	16.56	81	150
Lead					%Pb	%Pb		
		Measured			2.38	2.39	24	34
		Indicated			1.55	1.54	9	16
		Measured and Indicated			**2.08**	**2.04**	**34**	**49**
		Inferred in Mine Plan			2.84	2.80	13	25
Skorpion (OP) [7]	100							
Zinc					%Zn	%Zn		
		Measured	0.0	–	6.99	–	2	–
		Indicated	0.2	–	6.94	–	15	–
		Measured and Indicated	**0.2**	–	**6.95**	–	**17**	–
		Inferred in Mine Plan	0.8	0.3	9.18	9.19	72	31

Mining method: UG = Underground, OP = Open Pit.
For the polymetallic deposits, the tonnage figures apply to each metal.

(4) **Black Mountain (Deeps):** Resource gain is due to new information from exploration drilling. Mineral Resources contain 7,833 kt of silver ore at 45.95 g/t as a by product.

(5) **Black Mountain (Swartberg):** The Swartberg mine has been placed on care and maintenance from January 2007. As a result the ore reserves have accordingly been removed from the mine plan and converted to mineral resources. Mineral Resources contain 17,323 kt of silver ore at 35.00 g/t as a by product.

(6) **Lisheen:** Mineral Resources decrease due to conversion to Ore Reserves, reclassification and sterilisation of final support pillars.

(7) **Skorpion:** Increase due to inclusion of Measured and Indicated Resources located outside the current pit limit and changes to the method of classification of Inferred Resources.

The Ore Reserves and Mineral Resources of the following operations were audited during 2006 by third party, independent auditors: Lisheen and Skorpion.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Base Metals continued

Nickel Division Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Loma de Níquel (OP)	91.4							
Laterite					%Ni	%Ni		
		Proved	11.9	12.7	1.51	1.52	180	193
		Probable	22.6	23.3	1.46	1.46	329	340
		Total	**34.5**	**36.0**	**1.48**	**1.48**	**509**	**533**
Codemin (OP)	100							
Laterite					%Ni	%Ni		
		Proved	3.2	3.2	1.33	1.33	42	42
		Probable	0.5	0.5	1.33	1.33	7	7
		Total	**3.7**	**3.7**	**1.33**	**1.33**	**49**	**49**

Nickel Division Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Loma de Níquel (OP)[1]	91.4							
Laterite					%Ni	%Ni		
		Measured	1.0	0.8	1.41	1.40	15	11
		Indicated	4.6	4.8	1.44	1.45	67	70
		Measured and Indicated	**5.7**	**5.6**	**1.44**	**1.44**	**81**	**81**
		Inferred in Mine Plan	1.6	–	1.38	–	22	–
Codemin (OP)	100							
Laterite					%Ni	%Ni		
		Measured	3.3	3.4	1.29	1.29	43	43
		Indicated	3.5	3.5	1.25	1.25	44	44
		Measured and Indicated	**6.9**	**6.9**	**1.27**	**1.27**	**87**	**87**
		Inferred in Mine Plan	–	–	–	–	–	–

Niobium Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Catalão (OP)	100							
Niobium					$\%Nb_2O_5$	$\%Nb_2O_5$		
Carbonatite		Proved	7.0	7.0	1.15	1.15	80	80
		Probable	6.8	7.6	1.44	1.45	98	110
		Total	**13.8**	**14.6**	**1.29**	**1.30**	**178**	**189**

Mining method: OP = Open Pit.

[1] **Loma de Níquel:** Inferred in Mine Plan not reported in 2005.

Heavy Minerals Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal million tonnes 2006	Contained metal million tonnes 2005
Namakwa Sands (OP)[1]	100							
Ilmenite					%Ilm	%Ilm		
		Proved	79.9	168.3	5.0	4.2	4.0	7.1
		Probable	268.9	168.9	3.7	3.4	9.9	5.8
		Total	**348.8**	**337.2**	**4.0**	**3.8**	**13.9**	**12.9**
Zircon					%Zir	%Zir		
		Proved			1.2	1.1	1.0	1.8
		Probable			0.9	0.8	2.5	1.4
		Total			**1.0**	**0.9**	**3.5**	**3.2**
Rutile					%Rut	%Rut		
		Proved			0.2	0.2	0.2	0.4
		Probable			0.2	0.2	0.5	0.3
		Total			**0.2**	**0.2**	**0.7**	**0.7**

Heavy Minerals Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal million tonnes 2006	Contained metal million tonnes 2005
Namakwa Sands (OP)[2]	100							
Ilmenite					%Ilm	%Ilm		
		Measured	116.5	177.8	3.5	3.4	4.1	6.0
		Indicated	143.6	106.1	3.4	2.9	4.9	3.0
		Measured and Indicated	**260.1**	**283.9**	**3.5**	**3.2**	**9.0**	**9.0**
		Inferred in mine plan	175.7	181.1	2.7	2.2	4.7	4.0
Zircon					%Zir	%Zir		
		Measured			0.7	0.8	0.8	1.3
		Indicated			0.7	0.8	1.0	0.8
		Measured and Indicated			**0.7**	**0.8**	**1.8**	**2.1**
		Inferred in mine plan			0.6	0.6	1.1	1.0
Rutile					%Rut	%Rut		
		Measured			0.2	0.1	0.2	0.2
		Indicated			0.2	0.2	0.2	0.2
		Measured and Indicated			**0.2**	**0.2**	**0.4**	**0.4**
		Inferred in mine plan			0.1	0.1	0.2	0.3

Mining method: OP = Open Pit.
For the multi-product deposits, the tonnage figures apply to each product.

(1) **Namakwa Sands:** Gains are due to the conversion of resources to reserves and an increase in resources resulting from reinterpretation of the geological model based on improved assay information.

(2) **Namakwa Sands:** Decrease due to conversion of resources to reserves and downgrading of resources to Inferred not in Mine Plan (which are not reported) partially offset by gains from reclassification based on new drilling and improved assay information.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Base Metals continued

Projects Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Quellaveco (OP)[1]	80.0							
Copper Sulphide Flotation					%Cu	%Cu		
		Proved	250.1	250.1	0.76	0.76	1,901	1,901
		Probable	688.3	688.3	0.59	0.59	4,061	4,061
		Total	**938.4**	**938.4**	**0.64**	**0.64**	**5,962**	**5,962**
Barro Alto (OP)[2]	100							
Nickel Laterite					%Ni	%Ni		
		Proved	13.2	22.6	1.64	1.85	216	418
		Probable	27.2	7.0	1.81	1.79	492	125
		Total	**40.4**	**29.6**	**1.75**	**1.83**	**708**	**542**
Gamsberg (OP)[3]	100							
Zinc					%Zn	%Zn		
		Proved	34.4	34.6	7.55	7.55	2,597	2,613
		Probable	110.3	110.3	5.55	5.55	6,124	6,124
		Total	**144.7**	**144.9**	**6.03**	**6.03**	**8,721**	**8,737**

Projects Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	Contained metal thousand tonnes 2006	Contained metal thousand tonnes 2005
Quellaveco (OP)	80.0							
Copper Sulphide Flotation					%Cu	%Cu		
		Measured	1.5	1.5	0.53	0.53	8	8
		Indicated	176.7	176.7	0.46	0.46	813	813
		Measured and Indicated	**178.2**	**178.2**	**0.46**	**0.46**	**821**	**821**
		Inferred in Mine Plan	–	–	–	–	–	–
Barro Alto (OP)[4]	100							
Nickel Laterite					%Ni	%Ni		
		Measured	–	0.8	–	1.63	–	13
		Indicated	16.9	21.2	1.36	1.36	230	288
		Measured and Indicated	**16.9**	**22.0**	**1.36**	**1.37**	**230**	**301**
		Inferred in Mine Plan	37.5	–	1.56	–	585	–

Mining method: OP = Open Pit.

(1) **Quellaveco:** Based on a feasibility study completed in 2000.

(2) **Barro Alto:** Based on a feasibility study completed in 2006. Ore Reserve gains due to conversion of existing resources to reserves based on new drilling information. Small volumes of ore from Barro Alto are currently being processed at the Codemin plant.

(3) **Gamsberg:** Based on a feasibility study completed in 2000 and reviewed in 2006 to account for current economic and financial assumptions. The Mine Plan includes an additional 54,200 kt at 4.10 %Zn of Inferred Mineral Resources.

(4) **Barro Alto:** Resource gain based on new drilling information and inclusion of Inferred in Mine Plan, which was not reported in 2005.

Ferrous Metals and Industries

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The South African Code for Reporting of Mineral Resources and Mineral Reserves (The SAMREC Code, 2000). Rounding of figures may cause computational discrepancies. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc via Kumba Iron Ore is stated separately. Mineral Resource estimates for Kumba are inclusive of those resources which have been modified to produce the Ore Reserve estimates.

Kumba Iron Ore Iron Ore Ore Reserves	Attributable %	Classification	Tonnes million 2006	 2005	Grade 2006	 2005	Saleable product million tonnes 2006	 2005
Sishen Iron Ore Mine (OP)[1]	37.3				% Fe	% Fe		
		Proved	813	727	58.1	59.3	567@65.8 %Fe	600@65.7 %Fe
		Probable	241	294	57.2	58.1	226@63.9 %Fe	243@64.0 %Fe
		Total	**1,054**	**1,021**	**57.9**	**59.0**	**793@65.3 %Fe**	**843@65.2 %Fe**
Thabazimbi Iron Ore Mine (OP)[2]	47.5				% Fe	% Fe		
		Proved	7	10	61.6	61.2	6@64.5 %Fe	9@64.1% Fe
		Probable	2	4	60.9	60.2	2@63.9 %Fe	3@63.6% Fe
		Total	**10**	**14**	**61.4**	**60.9**	**8@64.3 %Fe**	**13@63.9% Fe**
Sishen South Iron Ore Project (OP)	47.5				% Fe	% Fe		
		Proved	134	101	65.4	64.8		
		Probable	31	66	64.2	63.3		
		Total	**166**	**167**	**65.2**	**64.2**		

Kumba Iron Ore Iron Ore Mineral Resources	Attributable %	Classification	Tonnes million 2006	 2005	Grade 2006	 2005
Sishen Iron Ore Mine (OP and UG)	37.3				%Fe	%Fe
Open Pit[3]		Measured	1,398	1,477	57.0	57.4
		Indicated	422	480	56.2	56.5
		Measured and Indicated	**1,819**	**1,957**	**56.8**	**57.2**
Underground[4]		Measured	115	94	64.6	64.9
		Indicated	266	223	64.3	64.7
		Measured and Indicated	**381**	**316**	**64.4**	**64.8**
Thabazimbi Iron Ore Mine (OP and UG)	47.5				%Fe	%Fe
Open Pit[5]		Measured	8	11	62.1	62.1
		Indicated	3	4	61.4	61.6
		Measured and Indicated	**11**	**15**	**61.9**	**62.0**
Underground		Measured	12	12	62.2	62.1
		Indicated	14	14	61.8	61.3
		Measured and Indicated	**27**	**27**	**62.0**	**61.7**
Sishen South (OP)[6]	47.5				%Fe	%Fe
Advanced project		Measured	156	140	65.4	65.4
		Indicated	150	108	64.8	64.4
		Measured and Indicated	**306**	**248**	**65.1**	**65.0**
Zandrivierspoort (OP)	23.7				%Fe	%Fe
Project		Measured	–	–	–	–
		Indicated	447	447	34.9	34.9
		Measured and Indicated	**447**	**447**	**34.9**	**34.9**

Mining method: UG = Underground, OP = Open Pit.

The tonnage is quoted as metric tonnes and abbreviated as Mt for million tonnes.

(1) **Sishen Iron Ore Mine – DMS and jig plant:** The increase in Proved Ore Reserve tonnes is the result of a new optimising programme that allowed for the blending of previously stockpiled material. The decrease in saleable product tonnes is mainly due to the reduction of ROM Reserves as a result of geological re-interpretation as well as a slight drop in plant yield brought about by the exclusion of selective mining tonnes due to changes in mine planning criteria. 17Mt Inferred Mineral Resource tonnes fall within the final pit layout; these are not included in the Ore Reserve figure.

(2) **Thabazimbi Iron Ore Mine – within current pit layouts:** Mining depletion accounts for most of the decrease along with an updated geological model, and as a result of an external review of the drill hole spacing, a portion of the reserve has been re-allocated to Inferred Resources. 4Mt Inferred Mineral Resource tonnes fall within the final pit layout; these are not included in the Ore Reserve figure.

(3) **Sishen Iron Ore Mine – Open Pit (DMS and jig plant):** Resources decrease mainly as a result of a re-interpretation of the solids model, mining depletion and stockpile growth.

(4) **Sishen Iron Ore Mine – Underground:** Resources increase due to conglomeratic ore now being included.

(5) **Thabazimbi Iron Ore Mine – Open Pit:** The major decrease in the resources is due to mining depletion and the re-allocation of Indicated Resources to Inferred Resources.

(6) **Sishen South:** Advanced Project – Additional exploration drilling, an updated mineral resource model and pit design account for the increased tonnage.

The Ore Reserves and Mineral Resources of the following operation was audited during 2006 by third party, independent auditors: Thabazimbi Iron Ore Mine.

Ore Reserves and Mineral Resources estimates continued

(stated as at 31 December 2006)

Ferrous Metals and Industries continued

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The South African Code for Reporting of Mineral Resources and Mineral Reserves, The SAMREC Code, 2000). Rounding of figures may cause computational discrepancies. The Manganese Mineral Resources are reported as inclusive of those Mineral Resources modified to produce the Ore Reserve figures, i.e. the Ore Reserves are included in the Mineral Resource figures. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately.

Manganese Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	% Yield 2006	% Yield 2005
Hotazel Manganese Mines (OP)[1]	40.0				%Mn	%Mn		
Mamatwan		Proved	42.3	22.4	37.6	37.9		
		Probable	6.7	15.0	37.2	37.7		
		Total	49.0	37.4	37.5	37.8		
Wessels		Proved	2.4	1.9	48.0	48.0		
		Probable	11.6	9.3	48.0	48.0		
		Total	14.0	11.2	48.0	48.0		
GEMCO (OP)[2]	40.0				%Mn	%Mn		
		Proved	55.5	61.7	48.5	48.5	53.4	51.3
		Probable	36.0	39.6	47.2	47.2	51.0	47.0
		Total	91.5	101.2	48.0	48.0	52.5	49.1

Manganese Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005	% Yield 2006	% Yield 2005
Hotazel Manganese Mines (OP)[3]	40.0				%Mn	%Mn		
Mamatwan		Measured	53.1	29.5	37.6	37.9		
		Indicated	10.6	21.0	37.2	37.7		
		Measured and Indicated	63.7	50.5	37.5	37.7		
Wessels		Measured	4.8	3.6	48.1	48.1		
		Indicated	19.6	20.4	48.0	47.9		
		Measured and Indicated	24.4	24.0	48.0	47.9		
GEMCO (OP)[4]	40.0				%Mn	%Mn		
		Measured	61.2	63.8	48.9	48.3	42.0	42.0
		Indicated	42.7	50.2	47.3	46.9	38.0	38.0
		Measured and Indicated	103.9	113.9	48.2	47.0	40.4	38.9

Vanadium Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005
Highveld (OP)[5]	29.2				$\%V_2O_5$	$\%V_2O_5$
		Proved	19.7	21.9	1.68	1.68
		Probable	3.0	3.1	1.70	1.70
		Total	22.7	24.9	1.68	1.69

Vanadium Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005
Highveld (OP)	29.2				$\%V_2O_5$	$\%V_2O_5$
		Measured	–	–	–	–
		Indicated	244.0	244.0	1.70	1.70
		Measured and Indicated	244.0	244.0	1.70	1.70

Mining method: OP = Open Pit.

Mamatwan tonnages stated as Wet Metric Tonnes. Wessels tonnages stated as Dry Metric Tonnes.

(1) **Hotazel Managanese Mines:** The changes are due to a new improved 3D resource model which was constructed during 2006 and a change in the classification criteria.

(2) **GEMCO:** The Ore Reserves reported are stated with total tonnage but report the grade values only above the nominated cut-off of 40% Mn product grade. The grade is reported using beneficiated grades, as beneficiated grades are used; in mine scheduling, quality control and blending (rather than in situ grades). Changes are due to depletion and a significant drop in price assumptions.

(3) **Hotazel Manganese Mines:** The changes are due to a new improved 3D resource model which was constructed during 2006 and a change in the classification criteria.

(4) **GEMCO:** The primary cause of change in the resource estimate was depletion. A second effect was a more detailed methodology in which the plan areas for resource determination were generated, explicitly excluding mined out and off lease areas.

(5) **Highveld:** The Ore Reserve grades and tonnages are reported after crushing, washing and screening.

Industrial Minerals

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

Phosphate products Ore Reserves	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005
Copebrás (OP)[(1)]	73.0					
					$\%P_2O_5$	$\%P_2O_5$
		Proved	84.3	48.0	13.3	12.9
		Probable	152.3	69.7	13.4	13.6
		Total	**236.6**	**117.7**	**13.3**	**13.3**

Phosphate products Mineral Resources	Attributable %	Classification	Tonnes million 2006	Tonnes million 2005	Grade 2006	Grade 2005
Copebrás (OP)[(2)]	73.0					
					$\%P_2O_5$	$\%P_2O_5$
		Measured	0.5	4.4	12.4	12.9
		Indicated	20.3	27.8	11.4	13.6
		Measured and Indicated	**20.9**	**32.2**	**11.4**	**13.5**
		Inferred in Mine Plan	15.8	–	12.9	–

(1) **Copebrás:** The majority of the increase is due to exploration, subsequent model update to include area FFG04 (mining permit application submitted, but not yet approved) and conversion of resources to reserves from areas 5 and Old Mine.

(2) **Copebrás:** Decrease in Measured and Indicated Resources due to updated modelling and the conversion of resources to reserves. Inferred in Mine Plan not reported in 2005.

Anglo Paper and Packaging

The Mondi Group in South Africa owns and manages an attributable 269,692 (2005: 295,067) hectares of sustainable man-made forests. All of its producing forests have been certified by the Forestry Stewardship Council. The planned average annual harvest is currently 4.2 Mt.

The reduction in hectares from 2005 to 2006 is mainly due to the sale of NECF.

Production statistics

The figures below include the entire output of consolidated entities and the Group's share of joint ventures, joint arrangements and associates where applicable, except for De Beers and Collahuasi in Base Metals which are quoted on a 100% basis.

	2006	2005
Anglo Platinum (troy ounces)[(1)(2)]		
Platinum	2,863,900	2,502,000
Palladium	1,563,000	1,376,700
Rhodium	331,700	333,500
	4,758,600	4,212,200
Nickel (tonnes)[(3)]	21,700	20,900
Gold	115,400	119,100
AngloGold Ashanti (gold in troy ounces)[(2)(4)]		
South Africa	1,506,500	2,676,000
Argentina	128,900	211,000
Australia	260,900	455,000
Brazil	193,200	346,000
Ghana	359,200	680,000
Guinea	146,400	246,000
Mali	318,400	528,000
Namibia	51,500	81,000
Tanzania	187,900	613,000
USA	164,300	330,000
	3,317,200	6,166,000
De Beers (diamonds recovered – carats)		
100% basis (Anglo American 45%)		
Debswana	34,293,000	31,890,000
Namdeb	2,084,800	1,774,000
De Beers Consolidated Mines	14,568,900	15,156,000
Williamson	189,400	190,000
	51,136,100	49,010,000
Anglo Coal (tonnes)		
South Africa		
Eskom	34,821,200	34,327,900
Trade – Thermal	22,754,000	20,281,100
Trade – Metallurgical	1,768,200	2,268,800
	59,343,400	56,877,800
Australia[(5)]		
Thermal	15,258,400	15,214,800
Metallurgical	9,195,600	9,390,300
	24,454,000	24,605,100
South America		
Thermal	11,008,900	10,066,000
Total	94,806,300	91,548,900
Anglo Coal (tonnes)		
South Africa		
Bank	477,600	3,202,200
Greenside	2,778,100	2,730,000
Goedehoop	8,534,500	6,298,600
Isibonelo	4,020,100	1,358,300
Kriel	12,318,400	12,030,900
Kleinkopje	3,898,400	4,483,500
Landau	4,102,400	3,682,900
New Denmark	5,508,500	4,139,400
New Vaal	16,275,000	17,100,000
Nooitgedacht	711,000	794,400
Mafube	719,400	1,057,600
	59,343,400	56,877,800

(1) Includes Anglo Platinum's share of Northam Platinum Limited: 76,700 ounces platinum, palladium and rhodium; 1,800 ounces gold; and 400 tonnes nickel (2005: 77,700 ounces platinum, palladium and rhodium; 1,600 ounces gold; and 400 tonnes nickel).

(2) See the published results of Anglo Platinum Limited, Northam Limited and AngloGold Ashanti Limited for further analysis of production information.

(3) Also disclosed within total attributable nickel production of Anglo Base Metals.

(4) Gold production for AngloGold Ashanti reflects 100% of that company's production to 20 April 2006 and the Group's share of production thereafter. 100% production for AngloGold Ashanti in 2006 was 5,635,000 ounces (2005: 6,166,000 ounces).

(5) 2006 and 2005 exclude Dartbrook which was closed in the year. Production for Dartbrook was 792,000 tonnes in 2006 and 1,495,500 tonnes in 2005.

			2006	2005
Anglo Coal (tonnes) (continued)				
Australia[1]				
Callide			9,816,100	9,500,000
Drayton			4,136,300	4,099,000
German Creek (Capcoal)			3,165,400	3,560,000
Jellinbah East			887,400	851,100
Moranbah			2,928,500	3,432,800
Dawson Complex			3,520,300	3,162,200
			24,454,000	24,605,100
South America				
Carbones del Guasare			1,531,700	1,409,700
Carbones del Cerrejón			9,477,200	8,656,300
			11,008,900	10,066,000
Total			94,806,300	91,548,900
Anglo Base Metals				
Copper				
Collahuasi				
100% basis (Anglo American 44%)				
Ore mined		tonnes	45,843,300	40,705,000
Ore processed	Oxide	tonnes	6,390,300	6,461,000
	Sulphide	tonnes	41,347,700	36,659,000
Ore grade processed	Oxide	%Cu	1.0	0.9
	Sulphide	%Cu	1.0	1.0
Production	Copper concentrate	dmt	1,312,400	1,234,000
	Copper cathode	tonnes	59,800	60,700
	Copper in concentrate	tonnes	380,200	366,400
Total copper production for Collahuasi		tonnes	440,000	427,100
Minera Sur Andes				
Los Bronces mine				
Ore mined		tonnes	22,346,200	22,146,000
Marginal ore mined		tonnes	35,538,000	27,936,000
Las Tortolas concentrator	Ore processed	tonnes	20,514,700	21,034,000
	Ore grade processed	%Cu	1.0	1.0
	Average recovery	%	88.1	88.3
Production	Copper concentrate	dmt	555,900	510,000
	Copper cathode	tonnes	42,500	38,800
	Copper in concentrate	tonnes	183,500	188,500
	Total	tonnes	226,000	227,300
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	5,812,300	2,907,000
	Open pit – marginal ore mined	tonnes	110,800	384,000
	Underground (sulphide)	tonnes	2,028,600	1,996,000
	Total	tonnes	7,951,700	5,287,000
Ore processed	Oxide	tonnes	654,200	665,000
	Sulphide	tonnes	7,527,700	7,004,000
Ore grade processed	Oxide	%Cu	1.4	1.3
	Sulphide	%Cu	1.0	1.1
Production	Copper concentrate	dmt	222,900	210,500
	Copper cathode	tonnes	6,500	6,500
	Copper in concentrate	tonnes	62,200	60,000
	Total	tonnes	68,700	66,500

[1] 2006 and 2005 exclude production at Dartbrook which was closed in the year. Production for Dartbrook was 792,000 tonnes in 2006 and 1,495,500 tonnes in 2005.

Production statistics continued

			2006	2005
Anglo Base Metals (continued)				
Chagres Smelter				
Copper concentrate smelted		tonnes	183,200	144,800
Production	Copper blister/anodes	tonnes	173,400	138,100
	Acid	tonnes	499,200	371,900
Total copper production for the Minera Sur Andes group		tonnes	294,700	293,800
Mantos Blancos				
Mantos Blancos mine				
Ore processed	Oxide	tonnes	4,533,800	4,535,000
	Sulphide	tonnes	3,979,800	3,954,000
	Marginal ore mined	tonnes	6,307,300	5,337,000
Ore grade processed	Oxide	%Cu (soluble)	0.8	0.8
	Sulphide	%Cu (insoluble)	1.1	1.1
	Marginal ore	%Cu (soluble)	0.8	0.4
Production	Copper concentrate	dmt	123,800	105,300
	Copper cathode	tonnes	49,100	48,600
	Copper in concentrate	tonnes	42,600	39,100
	Total	tonnes	91,700	87,700
Mantoverde mine				
Ore processed	Oxide	tonnes	9,502,300	9,439,000
	Marginal ore	tonnes	4,879,900	3,625,000
Ore grade processed	Oxide	%Cu (soluble)	0.7	0.7
	Marginal ore	%Cu (soluble)	0.3	0.3
Production	Copper cathode	tonnes	60,300	62,000
Black Mountain		tonnes	3,400	3,200
Total Anglo Base Metals copper production		tonnes	643,800	634,600
Anglo Platinum				
Production[(1)]		tonnes	11,400	11,500
Total attributable copper production		tonnes	655,200	646,100
Nickel, Niobium and Mineral Sands				
Nickel				
Codemin				
Ore mined		tonnes	487,600	528,600
Ore processed		tonnes	518,600	521,400
Ore grade processed		%Ni	2.1	2.1
Production		tonnes	9,800	9,600
Loma de Níquel				
Ore mined		tonnes	1,324,300	1,317,000
Ore processed		tonnes	1,205,000	1,169,000
Ore grade processed		%Ni	1.6	1.6
Production		tonnes	16,600	16,900
Total Anglo Base Metals nickel production		tonnes	26,400	26,500
Anglo Platinum				
Production[(1)]		tonnes	21,700	20,900
Total attributable nickel production		tonnes	48,100	47,400
Niobium				
Catalão				
Ore mined		tonnes	795,400	723,100
Ore processed		tonnes	813,900	672,300
Ore grade processed		Kg Nb/tonne	10.9	11.0
Production		tonnes	4,700	4,000

(1) Includes Anglo Platinum's share of Northam production.

			2006	2005
Anglo Base Metals (continued)				
Mineral Sands				
Namakwa Sands				
Ore mined		tonnes	17,382,700	18,100,000
Production	Ilmenite	tonnes	272,200	316,100
	Rutile	tonnes	28,200	29,100
	Zircon	tonnes	128,400	128,600
Smelter production	Slag tapped	tonnes	133,900	164,400
	Iron tapped	tonnes	88,900	105,400
Zinc and Lead				
Black Mountain				
Ore mined		tonnes	1,544,500	1,413,000
Ore processed		tonnes	1,403,800	1,350,000
Ore grade processed	Zinc	%Zn	3.4	3.3
	Lead	%Pb	4.1	3.7
	Copper	%Cu	0.4	0.4
Production	Zinc in concentrate	tonnes	34,100	32,100
	Lead in concentrate	tonnes	48,300	42,200
	Copper in concentrate	tonnes	3,400	3,200
Lisheen				
Ore mined		tonnes	1,605,900	1,527,000
Ore processed		tonnes	1,527,600	1,461,000
Ore grade processed	Zinc	%Zn	12.3	12.0
	Lead	%Pb	2.1	2.0
Production	Zinc in concentrate	tonnes	170,700	159,300
	Lead in concentrate	tonnes	23,100	20,800
Skorpion				
Ore mined		tonnes	1,456,500	1,199,000
Ore processed		tonnes	1,311,800	1,280,000
Ore grade processed	Zinc	%Zn	11.8	12.4
Production	Zinc	tonnes	129,900	132,800
Total attributable zinc production		tonnes	334,700	324,200
Total attributable lead production		tonnes	71,400	63,000

Production statistics continued

		2006	2005
Anglo Industrial Minerals			
Aggregates	tonnes	92,268,200	85,887,000
Lime products	tonnes	1,428,900	1,428,100
Concrete	m^3	8,526,800	8,353,200
Sodium tripolyphosphate	tonnes	71,100	106,000
Phosphates	tonnes	901,500	1,036,200
Anglo Ferrous Metals and Industries			
Kumba Iron Ore Limited (unbundled from Kumba Resources Limited)[(1)]			
Iron ore production			
Lump	tonnes	18,639,800	18,747,000
Fines	tonnes	12,470,300	12,240,000
Total iron ore	tonnes	31,110,100	30,987,000
Scaw Metals			
Rolled products	tonnes	409,000	386,500
Cast products	tonnes	166,900	133,900
Grinding media	tonnes	481,800	461,400
Highveld Steel			
Rolled products	tonnes	767,300	684,000
Continuous cast blocks	tonnes	863,100	874,900
Vanadium slag	tonnes	65,000	66,800
Samancor			
Manganese ore	mtu m	109	88
Manganese alloys	tonnes	256,300	309,000
Tongaat-Hulett[(2)]			
Sugar	tonnes	897,300	1,055,000
Aluminium	tonnes	203,300	192,000
Starch and glucose	tonnes	573,100	595,000
Anglo Paper and Packaging			
Mondi Packaging			
Packaging papers	tonnes	2,894,700	2,705,700
Corrugated board and boxes	m m^2	2,103	2,081
Paper bags	m units	3,606	3,282
Coating and release liners	m m^2	2,360	1,681
Pulp – external	tonnes	180,200	174,700
Mondi Business Paper			
Uncoated wood free paper	tonnes	2,012,300	1,890,000
Newsprint	tonnes	187,100	186,900
Pulp – external	tonnes	114,100	127,700
Wood chips	bone dry tonnes	886,600	1,142,100
Mondi Packaging South Africa			
Packaging papers	tonnes	369,300	373,000
Corrugated board and boxes	m m^2	328	330
Newsprint joint ventures			
Newsprint (attributable share)	tonnes	320,900	316,500

(1) 2006 and 2005 data shown above exclude production from Kumba Resources Limited (Exxaro) which ceased to be a subsidiary during the year and is now held as a financial asset investment.

(2) Includes Hippo Valley's production, which was acquired by a subsidiary of Tongaat-Hulett during the year.

Exchange rates and commodity prices

	2006	2005
US$ exchange rates		
Average spot prices for the year		
South African rand	**6.77**	6.37
Sterling	**0.54**	0.55
Euro	**0.80**	0.80
Australian dollar	**1.33**	1.31
Chilean peso	**530**	559
Closing spot prices		
South African rand	**7.00**	6.35
Sterling	**0.51**	0.58
Euro	**0.76**	0.85
Australian dollar	**1.27**	1.36
Chilean peso	**533**	512

		2006	2005
Commodity prices			
Average market prices for the year			
Gold	US$/oz	**604**	445
Platinum	US$/oz	**1,142**	897
Palladium	US$/oz	**321**	201
Rhodium	US$/oz	**4,571**	2,056
Copper	US cents/lb	**305**	167
Nickel	US cents/lb	**1,095**	668
Zinc	US cents/lb	**148**	63
Lead	US cents/lb	**58**	44
European eucalyptus pulp price (CIF)	US$/tonne	**638**	582

Key financial data

US$ million (unless otherwise stated)	2006	2005	2004
Group revenue including associates	38,637	34,472	31,938
Less: share of associates' revenue	(5,565)	(5,038)	(5,670)
Group revenue	33,072	29,434	26,268
Operating profit including associates before special items and remeasurements	9,832	6,376	4,697
Special items and remeasurements (excluding financing special items and remeasurements)	376	(455)	933
Net finance costs (including remeasurements), taxation and minority interests of associates	(481)	(320)	(399)
Total profit from operations and associates	9,727	5,601	5,231
Net finance costs (including special items and remeasurements)	(165)	(393)	(367)
Profit before tax	9,562	5,208	4,864
Income tax expense	(2,640)	(1,275)	(923)
Profit for the financial year	6,922	3,933	3,941
Minority interests	(736)	(412)	(440)
Profit attributable to equity shareholders of the Company	6,186	3,521	3,501
Underlying earnings[1]	5,471	3,736	2,684
Earnings per share ($)	4.21	2.43	2.44
Underlying earnings per share ($)	3.73	2.58	1.87
Ordinary dividend per share (US cents)	108.0	90.0	70.0
Special dividend per share (US cents)	67.0	33.0	–
Weighted average number of shares outstanding (million)	1,468	1,447	1,434
EBITDA[2]	12,197	8,959	7,031
EBITDA interest cover[3]	45.5	20.0	18.5
Operating margin (before special items and remeasurements)	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share)	3.5	2.9	2.7
Balance Sheet			
Intangible and tangible assets	25,632	33,368	35,816
Other non-current assets and investments	7,819	5,375	5,375
Working capital	3,246	3,719	3,715
Other net current liabilities	(1,177)	(1,492)	(611)
Other non-current liabilities and obligations	(5,790)	(8,399)	(8,339)
Net debt	(3,324)	(4,993)	(8,243)
Net assets classified as held for sale	721	–	–
Net assets	27,127	27,578	27,713
Minority interests	(2,856)	(3,957)	(4,588)
Equity attributable to the equity shareholders of the Company	24,271	23,621	23,125
Total capital[4]	30,451	32,571	35,956
Cash inflows from operations	10,057	7,265	5,291
Dividends received from associates and financial asset investments	288	470	396
Return on capital employed[5]	32.4%	19.2%	14.6%
EBITDA/average total capital[4]	38.7%	26.0%	21.2%
Net debt to total capital[6]	12.9%	17.0%	25.4%

US$ million (unless otherwise stated)	2003[7]	2002[7][8]
Group turnover including share of joint ventures and associates	24,909	20,497
Less: Share of joint ventures' turnover	(1,060)	(1,066)
Share of associates' turnover	(5,212)	(4,286)
Group turnover – subsidiaries	18,637	15,145
Operating profit before exceptional items	2,892	3,332
Operating exceptional items	(286)	(81)
Total operating profit	2,606	3,251
Non-operating exceptional items	386	64
Net interest expense	(319)	(179)
Profit on ordinary activities before taxation	2,673	3,136
Taxation on profit on ordinary activities	(749)	(1,042)
Taxation on exceptional items	13	(3)
Equity minority interests	(345)	(528)
Profit for the financial year	1,592	1,563
Underlying earnings[1]	1,694	1,759
Earnings per share ($)	1.13	1.11
Underlying earnings per share ($)	1.20	1.25
Dividend per share (US cents)	54.0	51.0
Basic number of shares outstanding (million)	1,415	1,411
EBITDA[2]	4,785	4,792
EBITDA interest cover[3]	9.3	50.5
Operating margin (before exceptional items)	11.6%	16.3%
Dividend cover (based on underlying earnings)	2.2	2.5
Balance Sheet		
Intangible and tangible fixed assets	26,646	18,841
Investments	7,206	6,746
Working capital	1,903	822
Provisions for liabilities and charges	(3,954)	(2,896)
Net debt	(8,633)	(5,578)
Equity minority interests	(3,396)	(2,304)
Total shareholders' funds (equity)	19,772	15,631
Total capital[4]	31,801	23,513
Net cash inflow from operating activities	3,184	3,618
Dividends received from joint ventures and associates	426	258
Return on capital employed[5]	10.7%	17.5%
EBITDA/average total capital[4]	17.3%	24.4%
Net debt to total capital[6]	32.0%	27.9%

Years 2004, 2005 and 2006 are prepared under IFRS. Years 2002 and 2003 are prepared under UK GAAP.

(1) Underlying earnings is net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements, and any related tax and minority interests.

(2) EBITDA is operating profit before special items, operating remeasurements (2002 to 2003: exceptional items), depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates.

(3) EBITDA interest cover is EBITDA divided by net finance costs excluding other net financial income, exchange gains and losses on monetary assets and liabilities, amortisation of discounts on provisions, special items and financial remeasurements (2002 to 2003: exceptional items), but including share of associates' net interest expense.

(4) Total capital is net assets excluding net debt.

(5) Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.

(6) Net debt to total capital is calculated as net debt divided by total capital less investments in associates.

(7) 2002 and 2003 have been restated to reflect the adoption of UITF abstract 38 *Accounting for ESOP trusts*.

(8) 2002 has been restated for the adoption of FRS 19 *Deferred Tax*.

Summary by business segment

US$ million	Revenue[1] 2006	Revenue[1] 2005	EBITDA[2] 2006	EBITDA[2] 2005	Operating profit/(loss)[3] 2006	Operating profit/(loss)[3] 2005	Underlying earnings/(loss) 2006	Underlying earnings/(loss) 2005
Platinum	5,861	3,714	2,845	1,282	2,398	854	1,265	483
Gold	1,740	2,644	843	871	467	332	178	105
Diamonds	3,148	3,316	541	655	463	583	227	430
Coal	3,333	3,349	1,082	1,243	864	1,019	640	724
South Africa	1,394	1,441	437	525	380	470	279	333
Australia	1,398	1,383	397	459	279	323	216	224
South America	541	525	271	273	227	240	163	174
Projects and corporate	–	–	(23)	(14)	(22)	(14)	(18)	(7)
Base Metals	6,252	3,647	4,214	1,990	3,876	1,678	2,647	1,240
Copper	4,537	2,597	3,238	1,590	3,019	1,381	1,908	983
Collahuasi	1,442	712	1,037	468	962	397	586	257
Minera Sur Andes[4]	2,219	1,306	1,640	824	1,533	724	996	529
Mantos Blancos[4]	876	579	563	299	526	261	328	195
Other	–	–	(2)	(1)	(2)	(1)	(2)	2
Nickel, Niobium, Mineral Sands	799	609	451	296	405	249	270	202
Catalão	66	49	26	20	25	18	15	17
Codemin	219	136	144	75	136	69	96	68
Loma de Níquel	334	249	229	153	209	132	134	92
Namakwa Sands	180	175	52	48	35	30	25	25
Zinc	916	441	588	157	516	102	525	100
Black Mountain	148	80	42	12	31	10	38	10
Lisheen	396	147	280	62	265	50	287	54
Skorpion	372	214	266	83	220	42	200	36
Other	–	–	(63)	(53)	(64)	(54)	(56)	(45)
Industrial Minerals	4,291	4,073	580	618	336	370	266	267
Tarmac	4,009	3,784	539	570	315	340	258	256
Copebrás	282	289	41	48	21	30	8	11
Ferrous Metals and Industries	6,519	6,773	1,560	1,779	1,360	1,456	583	757
Kumba	2,259	1,936	879	734	778	568	302	261
Highveld Steel	1,023	1,127	247	472	230	436	79	232
Scaw Metals	1,233	1,029	188	145	160	121	106	85
Samancor Group	425	634	51	164	52	144	38	103
Tongaat-Hulett	1,572	1,423	207	188	154	131	55	49
Boart Longyear	–	618	–	87	–	67	–	35
Other	7	6	(12)	(11)	(14)	(11)	3	(8)
Paper and Packaging	7,493	6,956	923	916	477	495	274	296
Mondi Packaging	4,132	3,798	528	528	287	293	208	194
Mondi Business Paper	2,215	2,050	297	310	130	163	51	100
Other	1,146	1,108	98	78	60	39	15	2
Exploration	–	–	(132)	(150)	(132)	(150)	(113)	(115)
Corporate Activities	–	–	(259)	(245)	(277)	(261)	(496)	(451)
	38,637	34,472	12,197	8,959	9,832	6,376	5,471	3,736

[1] Revenue includes the Group's share of revenue of joint ventures and associates. Base Metals' revenue is shown after deduction of treatment charges and refining charges (TC/RCs).

[2] EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and share of EBITDA of associates.

[3] Operating profit includes operating profit before special items and remeasurements from subsidiaries and joint ventures and share of operating profit (before interest, tax, minority interests, special items and remeasurements) of associates.

[4] Revenue in 2006 and 2005 includes intercompany sales from Mantos Blancos to Minera Sur Andes. The external revenue in 2006 is $2,372 million (2005: $1,386 million) for Minera Sur Andes and $723 million (2005: $499 million) for Mantos Blancos.

Reconciliation of subsidiaries' and associates' reported earnings to the underlying earnings included in the consolidated financial statements

for the year ended 31 December 2006 – note only key reported lines are reconciled

	2006 US$ million
AngloGold Ashanti Limited	
IFRS adjusted headline earnings (published)	413
Exploration	16
Depreciation on assets fair valued on acquisition	(26)
Deferred tax on depreciation on assets fair valued on acquisition	8
Other	10
Minorities' share of profit during subsidiary period up to 20 April 2006	(69)
Share of earnings not attributable to Anglo American's 41.7% shareholding from 20 April 2006	(174)
Contribution to Anglo American plc underlying earnings	**178**

	2006 US$ million
Anglo Platinum Limited	
IFRS headline earnings (US$ equivalent of published)	1,771
Exchange rate difference	(40)
Exploration	30
Adjustment to profit on disposal[1]	16
Other adjustments	(6)
	1,771
Minority interest	(454)
Depreciation on assets fair valued on acquisition (net of tax)	(52)
Contribution to Anglo American plc underlying earnings	**1,265**

[1] The BEE cost included in the current year transaction in respect of the disposal of 15% of Union section by Anglo Platinum is calculated in accordance with IFRS 2 *Share-based Payment*. This is excluded from Anglo American's 'Underlying earnings' as it is considered to be part of the profit or loss on disposal, however this amount is included in Anglo Platinum's 'Headline earnings' as defined by the Johannesburg Stock Exchange.

	2006 US$ million
DB Investments (DBI)	
DBI underlying earnings before class action payment (100%)[1]	425
Adjustments[2]	18
DBI underlying earnings – Anglo American plc basis (100%)	443
Anglo American plc's 45% ordinary share interest	199
Income from preference shares	28
Contribution to Anglo American plc underlying earnings	**227**

[1] DBI underlying earnings is stated before costs of $57 million in relation to the amended class action settlement agreement, and profits of $229 million and $105 million relating to the Ponahalo BEE transaction and sale of interest in Fort à la Corne, respectively.

[2] Adjustments include the reclassification of the actuarial gains and losses booked to the income statement by DBsa under the corridor mechanism of IAS 19 *Employee Benefits*.

	2006 US$ million
Kumba Iron Ore Limited (KIO)	
IFRS pro forma headline earnings (US$ equivalent of published)[1]	314
Depreciation on assets fair valued on acquisition (net of tax)	(6)
Adjustment to profit on disposal[2]	23
Other adjustments	(3)
	328
Minority interest	(66)
KIO contribution to Anglo American plc underlying earnings	262
Add contribution from Kumba non-iron ore	40
Kumba contribution to Anglo American plc underlying earnings	**302**

[1] The KIO IFRS pro forma headline earnings for the year ended 31 December 2006 assume a minority interest of 20% in KIO's underlying mining assets.

[2] The BEE cost in respect of KIO's disposal of 3% of the issued share capital of Sishen Iron Ore Company (Pty) Limited (SIOC) to the SIOC Community Development Trust, as part of the conditions of the Kumba Resources empowerment transaction, is calculated in accordance with IFRS 2 *Share-based Payment*. This is excluded from Anglo American's 'Underlying earnings' as it is considered to be part of the Kumba empowerment transaction. This amount, however, is included in KIO's 'Headline earnings' as defined by the Johannesburg Stock Exchange.

	2006 US$ million
Highveld Steel and Vanadium Corporation Limited	
IFRS headline earnings (US$ equivalent of published)	154
Adjustment in respect of disposal group accounting[1]	13
Other adjustments	(7)
	160
Minority interest	(81)
Contribution to Anglo American plc underlying earnings	**79**

[1] Highveld was reclassified as 'Assets classified as held for sale' during the year and, therefore, in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the Group ceased recording depreciation from the point of reclassification.

	2006 US$ million
The Tongaat-Hulett Group Limited	
IFRS headline earnings (US$ equivalent of published)	104
Minority interest	(54)
	50
Add Anglo American plc's share of Hulamin	5
Contribution to Anglo American plc underlying earnings	**55**

Shareholder information

Annual General Meeting
Will be held at 11:00 am on Tuesday 17 April 2007, at The Royal Society, 6-9 Carlton House Terrace, London, SW1Y 5AG.

Shareholders' diary 2007/8

Interim results announcement	August 2007
Interim dividend payment	September 2007
Annual results announcement	February 2008
Annual report	March 2008
AGM	April 2008
Final dividend	May 2008

Shareholding enquiries
Enquiries relating to shareholdings should be made to the Company's UK Registrars, Lloyds TSB or the South African Transfer Secretaries, Link Market Services South Africa (Pty) Ltd, at the relevant address below:

UK Registrars
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA
England
Telephone:
In the UK: 0870 609 2286
From outside the UK: +44 121 415 7558

Transfer Secretaries in South Africa
Link Market Services South Africa (Pty) Ltd
11 Diagonal Street
Johannesburg 2001, South Africa
(PO Box 4844 Johannesburg 2000)
Telephone: +27 (0) 11 834 2266

Enquiries on other matters should be addressed to the Company Secretary at the following address:

Registered and Head Office
Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England
Telephone: +44 (0)20 7968 8888
Fax: +44 (0)20 7968 8500
Registered number: 3564138
Website: www.angloamerican.co.uk

Additional information on a wide range of shareholder services can be found in the Shareholder Information section of the Notice of Annual General Meeting and on the Group's website.

Other Anglo American publications

- 2006 Annual Review
- 2006 Interim Report
- 2006/7 Fact Book
- 2006 Notice of AGM and Shareholder Information Booklet
- 2006 Report to Society
- Optima – Anglo American's current affairs journal
- Good Neighbours: Our Work With Communities
- Good Citizenship: Our Business Principles
- Investing in the future – Black Economic Empowerment

If you would like to receive copies of Anglo American's publications, please write to:

Investor and Corporate Affairs Department
Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN, England

Alternatively, publications can be ordered online at:
http://www.angloamerican.co.uk/newsandmedia/reportsandpublications/request/requestreportpopup/

The 2006 Annual Review and the booklet containing the Notice of AGM and other shareholder information are available free of charge from the Company, its UK Registrars and South African Transfer Secretaries.

Charitable partners
This is just a selection of the charities which we have worked with in 2006:

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Telephone +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
Registered number 3564138

www.angloamerican.co.uk

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